

Letters & Communications 03/22/25

20	02/25/25	Email from Kenneth Kodysz at USA DEBUSK
21	02/25/25	Email from Tim Beers to Kenneth Kooyz at USA DEBUSK
22	02/26/25	Consumer Confidence Report for 2024 from Pace
23	03/06/25	Letter to Butte County Elections re Appointment of New Board Members to LMWD
24	03/07/25	Letter from PG&E stating check for \$500 mailed to LMWD for Easement granted for PG&E lines at Lake Madrone
25	03/10/25	Letter from LAFCO re special meeting of Commission's Budget Committee on 03/13/25 at 10:00 a.m.
26	03/10/25	Email from LAFCO re Municipal Service Review (MSR) and Sphere of Influence (SOI) of Berry Creek Community Services District (report affects LMWD) Hearing on 04/03/25
27	03/12/25	Welcome packet from State Compensation Insurance Fund with Endorsement Agreement and misc. information
28		
29		
30		
31		
32		
33		
34		
35		
36		
37		
38		
39		
40		
41		
42		
43		
44		

Vicki Hoggins

From: Kenneth Kodysz <kkodysz@usadebusk.com>
Sent: Tuesday, February 25, 2025 4:00 PM
To: Timothy Beers
Cc: Robert; Vicki Hoggins
Subject: RE: {External} Bid Selection for Lake Madrone Water Districts 2025 Lake Sediment Removal Project

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Tim,

Thank you for your detailed responses and the opportunity to bid the project. We sincerely appreciate the effort and thought your team put into the evaluation, and the feedback provided. Unfortunately, we found out about your project late and only had a few days to prepare our bid. I worked extensively with Robert Lyons at a previous company and hold him in high regard.

Best Regards,
Kenn Kodysz
Regional Account Manager
National Tank Cleaning and Separation
USA DeBusk
(661) 444-4734
kkodysz@usadebusk.com



From: Timothy Beers <tjb.forest18@gmail.com>
Sent: Tuesday, February 25, 2025 2:51 PM
To: Kenneth Kodysz <kkodysz@usadebusk.com>
Cc: Robert Hammer <rhammer@usadebusk.com>; Vicki Hoggins <vhoggins@minasianlaw.com>
Subject: {External} Bid Selection for Lake Madrone Water Districts 2025 Lake Sediment Removal Project

CAUTION: This email originated from outside of the organization. Do not click links or open attachments unless you recognize the sender and know the content is safe.

Good afternoon, Kenn,

I'm sorry for not getting back to you sooner about Saturday's bid opening. We received bids from only two companies, ODIN Environmental Solutions LLC, and yourselves.

There are a lot of similarities between the two bids; however, there were also some key differences that tended to favor ODIN.

The following summary describes the rationale by which the bid proposal from ODIN was selected, followed by the principal reasons why the bid proposal from USA Debusk was rejected.

1. Cost: ODIN ($\$3,354,300/42,000$ cubic yards = \$79.86 per cubic yard). USA Debusk ($\$3,614,243/43,000$ cubic yards = \$84.05 per cubic yard).
2. Efficiency: ODIN intends to deploy equipment capable of moving approximately 736 cubic yards of sediment per day. While USA Debusk intends to only move approximately 439 cubic yards of sediment per day. ODIN's workers will work 10 hours a day, six days a week, while USA Debusk's workers will work 12 hours a day, six days a week.
3. Length of time for the project to be completed: ODIN anticipates moving 43,000 cubic yards in 59 days, while USA Debusk anticipates moving 43,000 cubic yards in 98 days.
4. Potential disturbance to District facilities: ODIN will discharge hydraulic sediment as a slurry into ODIN's mechanical dewatering plant that separates sediment above 150 microns and piles it up so that it can be hauled directly down the hill to Bangor Aggregate. The dredge return water will be routed from the dewatering plant back to Galen Creek. The dredge doesn't use any cables, and the footprint of the dewatering plant will be approximately 50' by 50'. On the other hand, Debusk would need to dig out the Pit Area, creating a pit that will be 3 to 4 feet deep and cover approximately 0.8-acres. Their dredge does require cables and will discharge hydraulic sediment as a slurry into the Pit Area for dewatering. The slurry will separate naturally in the upper end of the Pit Area and the water pumped with the sand will be returned to the lake at the other end of the Pit Area. As the sand builds up and dewateres, the sand will be pulled out of the Pit Area with an excavator to be loaded into trucks. Trucks will be loaded daily removing the sand off site.
5. Communication and dependability: ODIN visited the project site twice, took sediment samples, used a drone to help determine how much sediment there might be in the Lake, I had over a dozen emails and phone calls with Tino Maestas, and they turned their bid proposal in on time. No one at USA Debusk ever visited the project site, ever sent me any emails or tried to communicate by phone, and your bid was 6 days late. Yes, Robert Lyons, who I understand, just started working for you, was at the work site in the fall of 2023 and is very familiar with LMWD Sediment Removal Procedure, we also have a lot of confidence in Robert but know very little about you and your company.

I hope this helps to explain why we have chosen ODIN over USA Debusk. We greatly appreciate receiving your bid and if we have any future sediment removal projects, we will be sure to reach out to you.

If you have any questions, please contact me,

Tim Beers
President of the Lake Madrone Water District Board
(916) 704-0839

Vicki Hoggins

From: Timothy Beers <tjb.forest18@gmail.com>
Sent: Tuesday, February 25, 2025 4:33 PM
To: Kenneth Kodysz
Cc: Robert; Vicki Hoggins
Subject: Re: {External} Bid Selection for Lake Madrone Water Districts 2025 Lake Sediment Removal Project

This sender is trusted.

Yes, we have a great deal of respect for Robert and I'm sure that if you and he were given more time to work on your bid, the outcome might have been different.

Tim Beers
President of the Lake Madrone Water District Board
(916) 704-0839

On Tue, Feb 25, 2025 at 4:00 PM Kenneth Kodysz <kkodysz@usadebusk.com> wrote:

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Regional Account Manager

National Tank Cleaning and Separation

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kkodysz@usadebusk.com



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If you have any questions, please contact me,

Tim Beers

President of the Lake Madrone Water District Board

(916) 704-0839

2024 Consumer Confidence Report Lake Madrone Water District

TERMS USED IN THIS REPORT

Maximum Contaminant Level (MCL): The highest level of a contaminant that is allowed in drinking water. Primary MCLs are set as close to the PHGs (or MCLGs) as is economically and technologically feasible. Secondary MCLs are set to protect the odor, taste, and appearance of drinking water.

Maximum Contaminant Level Goal (MCLG) or Public Health Goal (PHG): The level of a contaminant in drinking water below which there is no known or expected risk to health. MCLGs are set by the USEPA. PHGs are set by the California EPA.

Maximum Residual Disinfectant Level (MRDL): The highest level of a disinfectant allowed in drinking water. There is convincing evidence that addition of a disinfectant is necessary for control of microbial contaminants.

Maximum Residual Disinfectant Level Goal (MRDLG): The level of a drinking water disinfectant below which there is no known or expected risk to health. MRDLGs do not reflect the benefits of the use of disinfectants to control microbial contaminants.

Primary Drinking Water Standards (PDWS): MCLs and MRDLs for contaminants that affect health along with their monitoring, reporting and water treatment requirements.

Secondary Drinking Water Standards (SDWS): MCLs for contaminants that affect taste, odor or appearance of the drinking water. Contaminants with SDWSs do not affect the health at the MCL.

Treatment Technique (TT): A required process intended to reduce the level of a contaminant in drinking water.

Regulatory Action Level (AL): The concentration of a contaminant which, if exceeded, triggers treatment or other requirements that a water system must follow.

Variations and Exemptions: Department permission to exceed an MCL or not comply with a treatment technique under certain conditions.

Level 1 Assessment: A level 1 assessment is a study of the water system to identify potential problems and determine (if possible) why an *E. coli* MDL violation has occurred and/or why total coliform bacteria have been found in our water system.

Level 2 Assessment: A level 2 assessment is a very detailed study of the water system to identify potential problems and determine (if possible) why an *E. coli* MDL violation has occurred and/or why total coliform bacteria have been found in our water system on multiple occasions.

ND: not detectable at testing limit

ppm: parts per million or milligrams per liter (mg/L)

ppb: parts per billion or micrograms per liter (ug/L)

ppt: parts per trillion or nanograms per liter (ng/L)

ppq: parts per quadrillion or picograms per liter (pg/L)
pCi/L: picocuries per liter (a measure of radiation)

The sources of drinking water (both tap water and bottled water) include rivers, lakes, streams, ponds, reservoirs, springs, and wells. As water travels over the surface of the land or through the ground, it dissolves naturally-occurring minerals and, in some cases, radioactive materials, and can pick up substances resulting from the presence of animals or from human activity.

Contaminants that may be present in source water include:

Microbial contaminants (such as viruses and bacteria) that may come from sewage treatment plants, septic systems, agricultural livestock operations, and wildlife;

Inorganic contaminants (such as salts and metals) that can be naturally-occurring or result from urban storm water runoff, industrial or domestic wastewater discharges, oil and gas production, mining, or farming;

Pesticides and herbicides that may come from a variety of sources such as agriculture, urban storm water runoff, and residential uses;

Organic chemical contaminants, including synthetic and volatile organic chemicals that are byproducts of industrial processes and petroleum production, and can also come from gas stations, urban storm water runoff, agricultural application, and septic systems

Radioactive contaminants, that can be naturally-occurring or be the result of oil and gas production and mining activities.

In order to ensure that tap water is safe to drink, the USEPA and the State Water Resources Control Board prescribe Regulations that limit the amount of certain contaminants in water provided by public water systems. The U.S. Food and Drug Administration regulations and California law also establish limits for contaminants in bottled water that must provide the same protection for public health.

Please note that drinking water, including bottled water, may reasonably be expected to contain at least small amounts of some contaminants. The presence of contaminants does not necessarily indicate that the water poses a health risk. More information about contaminants and potential health effects can be obtained by calling the U.S. EPA's Safe Drinking Water Hotline (1-800-426-4791).

Some people may be more vulnerable to contaminants in drinking water than the general population. Immuno-compromised persons such as persons with cancer undergoing chemotherapy, persons who have undergone organ transplants, people with HIV/AIDS or other immune system disorders, some elderly, and infants can be particularly at risk from infections. These people should seek advice about drinking water from their health care providers. US EPA/Centers for Disease Control (CDC) guidelines on appropriate means to lessen the risk of infection by *Cryptosporidium* and other microbial contaminants are available from the Safe Drinking Water Hotline (1-800-426-4791).

Este informe contiene información muy importante sobre su agua para beber. Favor de comunicarse Lake Madrone WD a 530-552-2116 para asistirlo en español.

For questions or concerns about your drinking water you may attend our monthly meetings held the 4th Saturday of the month or you may contact:

Shane McCabe
530-552-2116

These tables list all of the drinking water contaminants that were *detected* during the most recent sampling for each constituent. The presence of these contaminants in the water does not necessarily indicate that the water poses a health risk. The State Board allows us to monitor for certain contaminants less than once per year because the concentrations of these contaminants do not change frequently. Some of the data, though representative of the water quality, are more than one year old. Any violation of an AL, MCL, MRDL, or TT is asterisked and explained below.

TABLE 1 - SAMPLING RESULTS SHOWING THE DETECTION OF COLIFORM BACTERIA					
Microbiological Contaminants	Highest No. of detections	No. of months in violation	MCL	MCLG	Typical Source of Bacteria
<i>E. coli</i>	(in the year) 0	0	(a)	0	Human and animal fecal waste
(a) Routine and repeat samples are total coliform-positive and either is <i>E. coli</i> -positive, or system fails to take repeat samples following <i>E. coli</i> -positive routine sample or system fails to analyze total coliform-positive repeat sample for <i>E. coli</i> .					

TABLE 2 - SAMPLING RESULTS SHOWING THE DETECTION OF LEAD AND COPPER						
Lead and Copper	No. of samples collected	90 th percentile level detected	No. sites exceeding AL	AL	PHG	Typical Source of Contaminant
Lead (ppb) 08/04/19	5	ND	None	15	0.2	Internal corrosion of household water plumbing systems; discharges from industrial manufacturers; erosion of natural deposits
Copper (ppm) 08/04/19	5	2.75*	1	1.3	0.3	Internal corrosion of household plumbing systems; erosion of natural deposits; leaching from wood preservatives

If present, elevated levels of lead can cause serious health problems, especially for pregnant women and young children. Lead in drinking water is primarily from materials and components associated with service lines and home plumbing. Lake Madrone WD is responsible for providing high quality drinking water, but cannot control the variety of materials used in plumbing components. When your water has been sitting for several hours, you can minimize the potential for lead exposure by flushing your tap for 30 seconds to 2 minutes before using water for drinking or cooking. If you are concerned about lead in your water, you may wish to have your water tested. Information on lead in drinking water, testing methods, and steps you can take to minimize exposure is available from the Safe Drinking Water Hotline (1-800-426-4791) or at <http://www.epa.gov/lead>.

TABLE 3 - SAMPLING RESULTS FOR SODIUM AND HARDNESS						
Chemical or Constituent (and reporting units)	Sample Date	Level Detected	Range of Detections	MCL	PHG (MCLG)	Typical Source of Contaminant
Sodium (ppm)	12/23/24	7.1		none	none	Salt present in the water and is generally naturally occurring
Hardness (ppm)	12/23/24	20		none	none	Sum of polyvalent cations present in the water, generally magnesium and calcium, and are usually naturally occurring

TABLE 4 - DETECTION OF CONTAMINANTS WITH A PRIMARY DRINKING WATER STANDARD						
Chemical or Constituent (and reporting units)	Sample Date	Level Detected	Range of Detections	MCL [MRDL]	PHG (MCLG) [MRDLG]	Typical Source of Contaminant
Copper (ppm)	12/23/24	0.003		(AL=1.3)	0.3	Internal corrosion of household plumbing systems; erosion of natural deposits; leaching from wood preservatives
Barium (ppm)	12/23/24	0.01		1	2	Discharges of oil drilling wastes and from metal refineries; erosion of natural deposits

TABLE 5 - DETECTION OF CONTAMINANTS WITH A SECONDARY DRINKING WATER STANDARD						
Chemical or Constituent (and reporting units)	Sample Date	Level Detected	Range of Detections	SMCL	PHG (MCLG)	Typical Source of Contaminant
Chloride (ppm)	12/23/24	1.0		500	N/A	Runoff/leaching from natural deposits; seawater influence
Specific Conductance (µS/cm)	12/23/24	79		1600	N/A	Substances that form ions when in water; seawater influence
Total Dissolved Solids (ppm)	12/23/24	76		1000	N/A	Runoff/leaching from natural deposits
Zinc (ppm)	12/23/24	0.003		5.0	N/A	Runoff/leaching from natural deposits; industrial wastes
Sulfate (ppm)	12/23/24	0.5		500	N/A	Runoff/leaching from natural deposits; industrial wastes

* There are no PHGs, MCLGs, or mandatory standard health effects language for these constituents because secondary MCLs are set on the basis of aesthetics.

**Consumer Confidence Report
Certification Form**

Submit by July 1, 2025 to:
Butte County Environmental Health
202 Mira Loma Drive
Oroville, CA 95965

Water System Name: Lake Madrone Water District

Water System Number 0400014

The water system named above hereby certifies that its Consumer Confidence Report was distributed on _____ (date) to customers (and appropriate notices of availability have been given). Further, the system certifies that the information contained in the report is correct and consistent with the compliance monitoring data previously submitted to the State Water Resources Control Board, Division of Drinking Water (DDW).

Certified by: Name: _____
Signature: _____
Title: _____
Phone Number: () _____ Date: _____

To summarize report delivery used and good-faith efforts taken, please complete this page by checking all items that apply and fill-in where appropriate:

- CCR was distributed by mail or other direct delivery methods (attach description of other direct delivery methods used).
- "Good faith" efforts were used to reach non-bill paying consumers. Those efforts included the following methods:
 - Posting the CCR at the following URL: www._____
 - Mailing the CCR to postal patrons within the service area (attach zip codes used)
 - Advertising the availability of the CCR in news media (attach copy of press release)
 - Publication of the CCR in a local newspaper of general circulation (attach a copy of the published notice, including name of newspaper and date published)
 - Posted the CCR in public places (attach a list of locations)
 - Delivery of multiple copies of CCR to single-billed addresses serving several persons, such as apartments, businesses, and schools
 - Delivery to community organizations (attach a list of organizations)
 - Other (attach a list of other methods used)
- For systems serving at least 100,000 persons: Posted CCR on a publicly-accessible internet site at the following URL: www._____
- For privately-owned utilities: Delivered the CCR to the California Public Utilities Commission

To certify electronic delivery of the CCR, use the certification form on the State Water Board's website at http://www.swrcb.ca.gov/drinking_water/certlic/drinkingwater/CCR.shtml



2218 Railroad Avenue
 Redding, California 96001
 voice 530.243.7234

Invoice

Invoice To
 LAKE MADRONE WATER DISTRICT
 DISTRICT BUSINESS
 POST OFFICE BOX 933
 OROVILLE, CA 95965-0933

Invoice Number 252801389
Invoice Date 02/25/25
Customer ID # 28-100298
Terms Due Upon Receipt

PO Number
Bid / Contract DISCOUNTED PRICING - 20%

Remit Payment To:
 Pace Analytical Services LLC
 Post Office Box 684056
 Chicago IL 60695-4056

Received: 02/25/25
Submitted By: SHANE MCCABE
 LAKE MADRONE WATER DISTRICT
Project(s): DRINKING WATER MONITORING
Project Number(s): CCR
Work Order(s): 25B0769

Quantity	Matrix	Analysis/Description	Unit Cost	Extended Cost
Pace Analytical Services LLC - Redding CA				
1	Drinking Water	Consumer Confidence Report [0 day]	\$263.00	\$263.00
			Invoice Total	\$263.00

Go to www.pacelabs.com/my-account to pay with a credit or debit card or ACH.

TIN 41-1821617

A credit card surcharge of up to 3% may be added to any payments made via credit card.

Vicki Hoggins

From: Vicki Hoggins
Sent: Thursday, March 6, 2025 3:48 PM
To: Timothy Beers
Cc: Roger Williams; 'Vickery, Jess'; Leah Janowski; Paul Minasian; Andrew McClure
Subject: Letter to Butte County Elections Office re Appointment of New Board Members of LMWD
Attachments: 03-06-25.Butte Co Clerk.new Directors appointed.pdf

Ladies and Gentlemen:

The attached letter was mailed to the Butte County Elections Office today.

Vicki Hoggins

Assistant to Paul R. Minasian, Esq. and Andrew J. McClure, Esq.



P O Box 1679 / 1681 Bird Street, Oroville, California 95965

(530) 533-2885 / facsimile (530) 533-0197

The information contained in this electronic mail transmission is confidential and intended to be sent only to the stated recipient of the transmission. It may therefore be protected from unauthorized use or dissemination by the attorney-client and/or attorney work product privileges. If you are not the intended recipient or the intended recipient's agent, you are hereby notified that any review, use, dissemination, distribution or copying of this communication is strictly prohibited. You are also asked to notify us immediately by telephone and to return the document to us immediately via e-mail at the address shown above. Thank you.



ANDREW J. McCLURE
amcclure@minasianlaw.com

March 6, 2025

Butte County Elections Office
155 Nelson Avenue
Oroville, California 95965

Re: 2025 Appointments to Board of Directors of Lake Madrone Water District

Dear Elections Office:

This letter is to notify you of two appointments by the Board of Directors of Lake Madrone Water District to the Board of Directors of Lake Madrone Water District as follows:

Jason G. Patane
131 Chatfield Ave.
Biggs, CA 95916

Elizabeth A. Haydon
22 Forest View Way, P.O. Box 85
Berry Creek, CA 95916

Jason takes the place of Jess Vickery and Elizabeth takes the place of Roger D. Williams, whose terms would have expired the first Friday in December of 2027. Both Jason and Elizabeth will stand for election this year.

Please change your records accordingly. Thank you.

Very truly yours,

MINASIAN LAW, LLP

By: 
PAUL R. MINASIAN

PRM/vlh
cc: Lake Madrone Water District

24

Received
MAR 10 2025
Minasian Law Firm

March 7, 2025

Lake Madrone Water District
P.O. Box 1679
Oroville, CA 95965

RE: PG&E North Complex Fire Rebuild Program
Property located in Berry Creek, CA
Butte County Assessor's Parcel Number: 062-120-069

Dear Property Owner:

Thank you for your cooperation in working with PG&E in support of the North Complex Fire Rebuild Program. A check in the amount of \$500 is being mailed out by PG&E to the mailing address above (Reference: Bill # 110956). Please let me know if you do not receive the payment.

A copy of the recorded Easement Deed will be forwarded to you when it is available. Should you have any further questions, please feel free to contact me at mregan@interwestgrp.com or at 415.272.0325.

Sincerely,

Merv Regan

Merv Regan
Real Estate Services
Interwest Consulting Group

Vicki Hoggins

From: Bradford, Krystal <kbradford@buttecounty.net>
Sent: Monday, March 10, 2025 11:40 AM
To: City of Oroville; Carmen Santana; earteaga@gridley.ca.us; City of Biggs; Town of Paradise; Mark Sorensen; Kitts, Melissa; Pickett, Andy; Nuzum, Danielle; agrimm@chicorec.com; Bangor Cemetery District; Berry Creek Community Services District ; Butte County Mosquito & Vector Control District; Walker, Thad; Butte Creek Drainage District; Hobbs, Debbie; Chico Area Recreation & Park District ; Clerk of the Board; Kitts, Melissa; Spence, Jeff; Skaggs, Jason; Andrew McClure; Durham Mosquito Abatement District; Durham Recreation & Park District ; Kelly Parsons; Violeta Singletery; Brian Wilson FRRPD (Water-Kat Moss); Feather River Recreation & Park District ; Angie Cote; Kimsheew Cemetery District ; McClure, Melanie; Lake Oroville Area Public Utility District; John Glaspie; Spreen, Misty; Paradise Recreation & Park District; Paradise Recreation & Park District ; Paradise Park and Recreation Dis; Knight, Jay; Reclamation District No. 833 ; Richardson Springs Community Services District ; Richardson Springs Community Services District ; Parsley, Joanne; Paul Minasian; Hodson, Michael; Manley, Eric; Biggs-West Gridley Water District; Butte Water District ; Durham Irrigation District; Durham Irrigation District ; Vicki Hoggins; Lake Madrone Water District ; Lake Oroville Area Public Utility District ; Paradise Irrigation District; Paradise Irrigation District; Paradise Irrigation District; Richvale Irrigation District; Richvale Irrigation District ; Richvale Sanitary District; South Feather Water & Power Agency ; Thermalito Water & Sewer District; Al McGreehan; Connelly, Bill; Bo Sheppard; Bruce Johnson; Don Rust; Don Rust (drust@countyofglenn.net); Greg Bolin; Kimmelshue, Tod; Larry Bradley; Ruth Duncan; srbetts@att.net; Ritter, Tami
Cc: Costa, Shannon; Lucas, Steve; Broderson, Jill
Subject: Special Meeting Notice - Butte LAFCo 2025/26 Budget Committee
Attachments: Butte LAFCo Budget Committee Agenda (3-13-2025).pdf

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Good Morning,

Attached is an agenda for a special meeting of the Commission's Budget Committee. The meeting has been scheduled for Thursday, March 13, 2025 @ 10:00 a.m., and will be held at the Butte LAFCo office located at 1453 Downer Street, Suite C, Oroville.

Thank you,

Krystal Bradford
 Office Manager
 Butte Local Agency Formation Commission
 1453 Downer Street, Suite C
 Oroville, CA 95965
 530.538.7784



BUTTE LOCAL AGENCY FORMATION COMMISSION
1453 DOWNER STREET, SUITE C, OROVILLE, CALIFORNIA 95965
TELEPHONE (530) 538-7784 FAX (530) 538-2847

**SPECIAL MEETING OF THE COMMISSION
BUDGET COMMITTEE**

Date & Time: **Thursday, March 13, 2025 @ 10:00 a.m.**

Location: **Butte LAFCO Office, 1453 Downer Street, Suite C, Oroville, CA**

AGENDA

ALL ITEMS ARE OPEN FOR PUBLIC COMMENT

1. CALL TO ORDER

1.1 Roll Call

2. BUSINESS

2.1 Preliminary Budget for FY 2025-26.

The Committee will review and consider the Preliminary Budget for FY 2025-26 and will provide direction to staff with respect to the preparation of draft Budget which will be presented to the Commission at a noticed public hearing scheduled for April 3, 2025.

3. PUBLIC COMMENT ON ITEMS NOT ON THE AGENDA

4. ADJOURNMENT

TO THOSE WHO PARTICIPATE IN LAFCO PROCEEDINGS: California Government Code Section 84308 requires you to disclose campaign contributions to LAFCO Commissioners if they amount to \$250 or more and were made within the law twelve months. Please announce your applicable campaign contributions when you speak.

Any disabled person needed special accommodates to participate in the Committee proceeding is requested to contact LAFCO staff at 530-538-7784 prior to meeting and arrangements will be made to accommodate you.

Any person may address the Committee during the "Public Comment".

Copies of the Agenda documents relative to an Agenda may be obtained from the Clerk of the Committee at a cost of \$.10 per page.

**BUTTE LOCAL AGENCY FORMATION COMMISSION
NOTICE OF PUBLIC HEARING**

Notice is hereby given by the Butte Local Agency Formation Commission that a public hearing will be held on Thursday, April 3, 2025, at 9:00 a.m., in the City of Oroville Council Chambers, located at 1735 Montgomery Street, Oroville, CA, regarding the following:

NOTICE OF RELEASE OF DRAFT MUNICIPAL SERVICE REVIEWS and SPHERE OF INFLUENCE PLANS FOR COMMUNITY SERVICES DISTRICTS IN BUTTE COUNTY and PUBLIC HEARING TO CONSIDER ADOPTION OF THESE MUNICIPAL SERVICE REVIEWS and SPHERE OF INFLUENCE PLANS, BUTTE LAFCO FILE NO. 25-03

Pursuant to Government Code § 56430, the Butte Local Agency Formation Commission (LAFCo) will hold a public hearing to review and consider adoption of the Municipal Service Review (MSR) and Sphere of Influence (SOI) Updates for the following special districts: Richardson Springs Community Services District (RSCSD), Buzztail Community, Services District (BCSD), and Berry Creek Community Services District (BCCSD). The MSRs evaluate each district's services, infrastructure capacity, financial stability, governance, and future service needs. The Commission will also consider whether any modifications to the districts' Spheres of Influence (SOI) are necessary. Pursuant to the California Environmental Quality Act (CEQA) (Public Resources Code § 21000 et seq.), LAFCo intends to find this action exempt from environmental review under CEQA Guidelines § 15306 (Class 6 - Information Collection) and § 15061(b)(3) (General Rule Exemption), as the project involves data collection, evaluation, and administrative actions that do not result in physical changes to the environment.

A draft copy of the MSRs will be available for public review and comment from March 10, 2025, to April 3, 2025, at <https://www.buttelafco.org/> and at the LAFCo office located at 1453 Downer Street, Suite C, Oroville, CA 95965. Members of the public are invited to submit written comments during the public comment period or provide input during the public hearing.

Written comments on the Public Review Draft Municipal Service Reviews and Sphere of Influence Plans should be returned to the LAFCo office by April 2, 2025, either by mail or via e-mail to Shannon Costa, Butte LAFCo Deputy Executive Officer, at scosta@buttecounty.net.

Information regarding this project is on file and available for public viewing at the office of the Local Agency Formation Commission, 1453 Downer Street, Suite C, Oroville, CA, 95965, or can be obtained by calling (530) 538-7151, Monday through Thursday between 9:00 a.m. and 4:00 p.m.

CHAPTER 2. BERRY CREEK COMMUNITY SERVICES DISTRICT



DRAFT

AGENCY PROFILE

DISTRICT NAME	BERRY CREEK COMMUNITY SERVICE DISTRICT
WEBSITE	None
CONTACT PERSON	Jeff Davis, District Manager
ADDRESS	
PHONE	(530) 613-4166
EMAIL	jeffreyd@live.com
SERVICE AREA INFORMATION	152 parcels and 191 acres
ESTIMATED POPULATION	42
DATE OF FORMATION	November 17, 1987
ENABLING LEGISLATION	BOS Resolution No. 87-269; LAFCo Resolution No. 87-28
GOVERNING BODY	California Government Code Section 61000 et seq Five Member Board of Directors
AUTHORIZED SERVICES PROVIDED	Domestic water, road maintenance
DISTRICT SNAPSHOT	The Berry Creek CSD serves a rural area in Butte County, focusing on water distribution and road maintenance. Following the 2020 North Complex Fire, much of the district's infrastructure was rebuilt, though the population has decreased significantly. Financially, the district operates on limited revenue from water rates.
FINANCIAL SUMMARY	2023-2024 Revenues: \$47,531.51 2023-2024 Expenditures: \$45,772.73 2023-2024 Net Income: \$1,758.78

EXECUTIVE SUMMARY

The Berry Creek Community Services District (BCCSD) is a small, rural service district formed in 1987, providing domestic water and road maintenance services. Located in Butte County, California, the district serves the Ponderosa Pines Subdivision, encompassing 152 residential parcels over 191 acres. The district's service area suffered devastating losses in the 2020 North Complex Fire, which destroyed much of its infrastructure and drastically reduced its customer base. Post-fire, BCCSD has struggled to maintain services with limited revenue, as water sales have decreased.

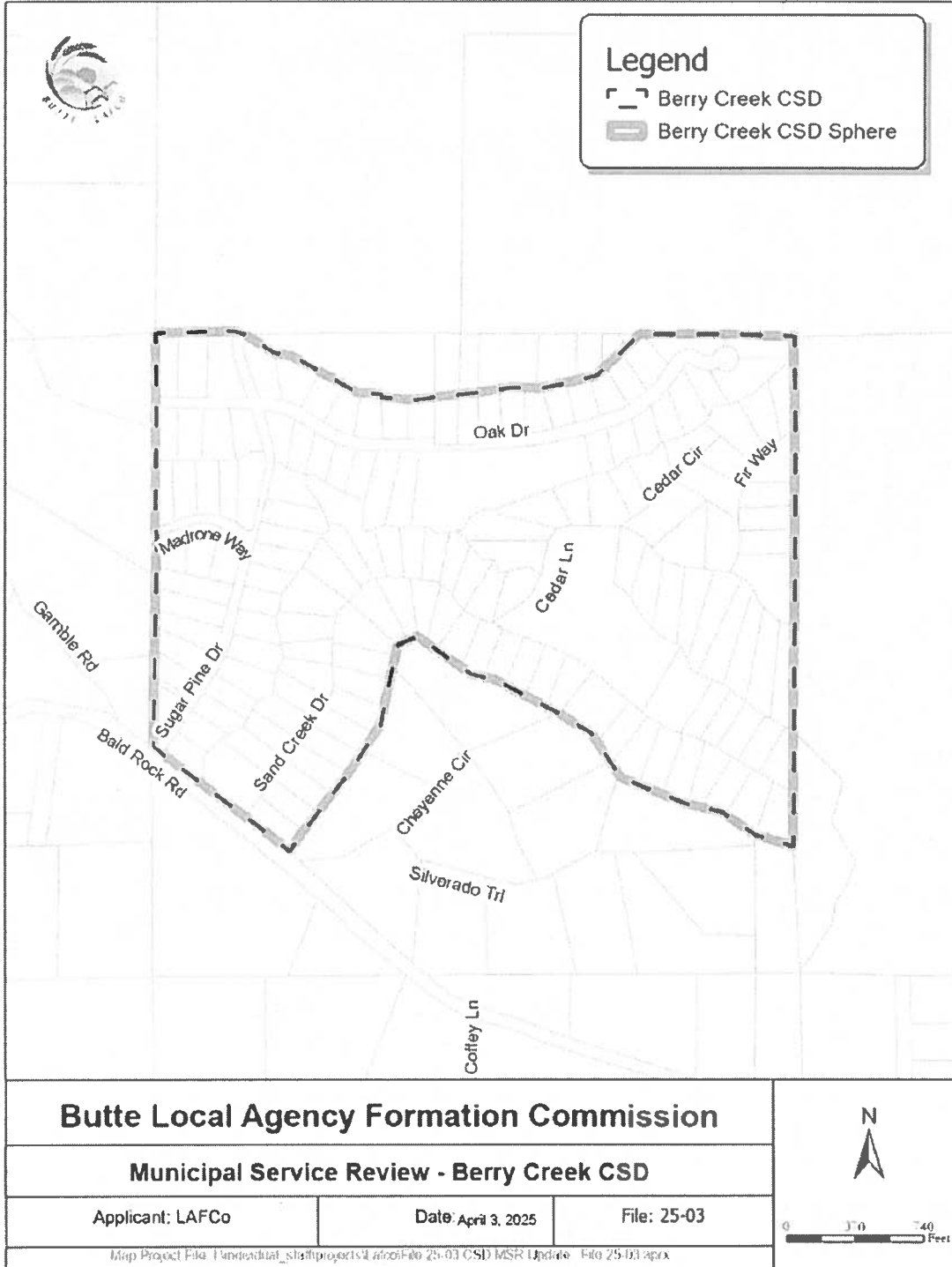
Following the fire, BCCSD rebuilt its water distribution system with support from the South Feather Water and Power Agency. However, the district continues to face challenges related to aging infrastructure, limited growth potential, and compliance with state-mandated reporting and training requirements for elected officials. Components of the district's well and treatment infrastructure are relatively new following the rebuild, but its distribution lines remain vulnerable due to their age and location in rugged terrain.

Financially, BCCSD relies on a mix of water fees, parcel assessments, and minimal reserves to cover operating expenses. The district lacks a long-term financial plan, which may affect its sustainability, especially as it faces high costs for potential infrastructure repairs. Recommendations for the district include adopting a Capital Improvement Plan (CIP), enhancing community engagement, and pursuing interagency agreements for shared resources and emergency assistance.

BCCSD's Sphere of Influence is currently coterminous with its boundaries, and expansion has not been requested nor is it likely due to the limited capacity of infrastructure and challenging geography. Future planning will focus on maintaining essential services rather than growth, with a focus on sustaining current infrastructure and ensuring resilience against future natural disasters.

DISTRICT OVERVIEW

DISTRICT MAP



Butte Local Agency Formation Commission

Municipal Service Review - Berry Creek CSD

Applicant: LAFCo

Date: April 3, 2025

File: 25-03

Map Project File: I:\administrat_staff\projects\2503\Final 25-03 CSD MSR Update - File 25-03.aprx

BACKGROUND

The Ponderosa Pines Subdivision was developed in 1963 in the unincorporated Berry Creek area of eastern Butte County. The original subdivision featured 171 lots for residential development, accessed by a series of privately maintained roadways within the subdivision. The development was initially provided domestic water service by the privately held Berry Creek Water Company and the landowners formed the Paradise Pines Homeowners Association (HOA) which provided road maintenance services. Following the dissolution of the Berry Creek Water Company in 1986, the landowners requested the formation of a community services district (CSD) to operate the water distribution service. Subsequently, the Berry Creek Community Services District (BCCSD) was officially formed on November 17, 1987 with the power to provide domestic water services ⁴. On October 4, 1988, the powers to provide road maintenance services were added to the BCCSD replacing the HOA for this service component ⁵.

The BCCSD is empowered by LAFCo to provide two services under the CSD law: 1) supply water to the residents in the district in the same manner as a municipal district formed pursuant to the Municipal Water District Law of 1911, Division 20, and 2) Acquire, construct, improve, maintain and operate street lighting and landscaping on public rights-of-way and public easements, and; acquire, construct, and maintain streets, roads, rights-of-way, drains, curbs, culverts, gutters, and sidewalks. This includes management of the water distribution system which includes five wells, a 90,000-gallon water storage tank, and distribution lines. The district also manages the hydrant system for fire suppression and road maintenance associated with repairs done to distribution pipes located under the roadways.

DISTRICT BOUNDARY AND SPHERE OF INFLUENCE

The districts boundary generally includes parcels on Oak Drive, south to Sand Creek Circle, east to Fir Way, and west to Sugar Pine Drive, including Madrone Way. There are approximately 152 parcels in the district boundary.

The Sphere of Influence (SOI) for the BCCSD is coterminous with its service boundary, meaning the SOI aligns precisely with the district's existing boundaries. This indicates that the BCCSD is not expected to expand its service area beyond its current limits, as its infrastructure and resources are deemed adequate for serving the residents within its established borders and it is unlikely additional territory will need to be served. The districts SOI was established in 2006.

REGIONAL SETTING

The BCCSD is located in southeastern Butte County, a region characterized by its proximity to the Sierra Nevada foothills and Lake Oroville, one of California's largest reservoirs. The area's terrain ranges from rolling hills to rugged, forested slopes, with the lake serving as a critical water resource and a major recreational asset for both residents and visitors. The region's natural beauty and recreational opportunities, including boating, fishing, and hiking, make Lake Oroville a key feature of the local economy and lifestyle.

⁴ Berry Creek Community Services District. (1987). HISTORIC FORMATION DOCUMENTS: RESOLUTION 87-269 [PDF file]. Butte County Board of Supervisors

⁵ Berry Creek Community Services District. (1988). HISTORIC FORMATION DOCUMENTS: RESOLUTION 88-170 [PDF file]. Butte County Board of Supervisors

Despite these amenities, southeastern Butte County is predominantly rural, with small, dispersed communities like Berry Creek and has limited infrastructure. The area's isolation presents challenges in terms of municipal service delivery, particularly with regard to transportation, emergency response, and public utilities. Access to services such as healthcare, fire protection, and law enforcement is complicated by the region's geography and low population density.

The region around Lake Oroville has been affected by wildfire events, particularly the 2020 North Complex Fire, which highlighted the need for improved fire prevention and emergency management systems. Recovery efforts and fire mitigation measures are ongoing, as communities work to strengthen infrastructure and resilience against future disasters.

BERRY CREEK COMMUNITY

The unincorporated community of Berry Creek has a rich history that dates back to the establishment of its first post office in 1875⁶. Originally known as Berry Valley, the community has evolved over the years, with its population expanding and contracting due to various factors, including wildfires. Berry Creek is a rural community nestled in the Sierra Nevada foothills, known for its natural beauty and proximity to Lake Oroville and Bald Rock. Historically, the area was home to the Maidu people, and the Berry Creek Rancheria of Maidu Indians is located nearby, reflecting the region's Indigenous heritage.

Berry Creek continues to be a close-knit community with a focus on rebuilding and recovery. The Berry Creek Community Association plays an active role in representing residents and supporting local initiatives. Berry Creek was officially recognized as a census-designated place (CDP) starting with the 2010 U.S. Census, and the 2020 census reported a population of 1,637.



Image 2 Berry Creek School circa 1940's (CSU Chico Digital Collections)

⁶ Berry Creek Rancheria of Maidu Indians. (2023). BERRY CREEK RANCHERIA HISTORY. Wikipedia. https://en.wikipedia.org/wiki/Berry_Creek_Rancheria_of_Maidu_Indians

NORTH COMPLEX FIRE

The North Complex Fire, which began as a series of lightning-caused fires on August 17, 2020, in the Plumas National Forest, became one of California's most devastating wildfires⁷. Initially referred to as the Bear Fire and part of the larger North Complex, it grew rapidly due to dry conditions and high winds. By September 8, 2020, the fire made a destructive run into Butte County, severely impacting communities like Berry Creek, Feather Falls, and others.

The fire ultimately burned over 318,935 acres and resulted in the tragic loss of 16 lives, while destroying over 2,300 structures. The fire was fully contained by December 3, 2020.

The BCCSD lost the majority of its customer base during the North Complex Fire and has faced significant administrative and service challenges in the aftermath. The fire's destruction greatly reduced the number of residents and properties served by the district, leading to a substantial decline in revenue from water sales and other services. This loss has made it difficult for the BCCSD to maintain its infrastructure, cover operational costs, and meet its regulatory obligations. The district's struggles since the fire highlight the challenges of sustaining essential services in a community that has been severely impacted by a natural disaster.

The water distribution system for the BCCSD was severely damaged by the fire⁸. The fire melted and destroyed all electrical components of the pump system, destroyed the small structure that housed the pump system, melted the interior lining of the 90,000-gallon holding tank, and scorched much of the pipe system associated with the pumps. The caps to each of the underground wells were melted as well. The district received substantial mutual aid from the nearby South Feather Water and Power Agency, who provided staff to replace the pump electrical system and assist in the evaluation of the water supply.

Since the date of the fire, the district has replaced all the necessary components associated with the pumps, tanks, and distribution lines. The water distribution system was subject to rigorous testing by the California State Water Resources Control Board, Division of Drinking Water. The system was continuously flushed and tested for a period of time before receiving clearance from the State. After three months of testing, the district was able to reconnect and provide domestic water to the six remaining homes in the district that survived the fire.

GROWTH AND POPULATION PROJECTIONS

Understanding population growth patterns allows for more informed decisions regarding land use planning, zoning, and the development of new residential, commercial, and industrial areas. This evaluation helps local agencies anticipate where growth is likely to occur and plan for the efficient delivery of services to those areas. It also plays a role in financial planning, as increased demand for services often requires additional funding for infrastructure improvements and maintenance.

⁷ Cal Fire. (2020). NORTH COMPLEX FIRE INCIDENT INFORMATION. <https://www.fire.ca.gov/incidents/2020/8/18/north-complex-fire/>

⁸ Davis, J. (2024, October 10). Interview with the general manager of Berry Creek Community Services District

LAND USE AND ZONING

The BCCSD serves the Ponderosa Pines Subdivision; a portion of the overall unincorporated community of Berry Creek. The County of Butte has land use authority over parcels in the district. All 152 parcels within the BCCSD are identified as Low-Density Residential (LDR) by the Butte County General Plan and are zoned LDR (Low Density Residential). These parcels collectively cover a total of 191.56 acres. The LDR zoning designation is designed to allow single-family homes in suburban or rural areas, with housing densities ranging from 0.2 to 6 units per acre. This land use designation is intended to maintain a balance between development and the preservation of open space, natural landscapes, and the rural character of the county. It typically features larger lots than higher-density designations, with homes primarily being detached, single-family residences. The LDR designation supports controlled growth while preserving the scenic and environmental qualities of the area.

The Butte County General Plan includes an Area Plan Overlay specifically for the Berry Creek Area⁹. This overlay designation is designed to guide the future development of Berry Creek by incorporating rural residential, retail, public, and agricultural uses. The purpose of the Berry Creek Area Plan Overlay is to support community-based planning efforts to ensure sustainable growth, reflecting local priorities. It allows the Berry Creek community to have a voice in shaping land use and infrastructure improvements that align with the area's rural character. There has been no progress made on the Berry Creek Community Plan as of the date of publishing of this MSR.

Until an official Area Plan is adopted, development in Berry Creek is regulated by the underlying land use designations set by the County. This means that any new development proposals would need to comply with land use designations and zoning, which focus on maintaining the balance between development and conservation. The BCCSD should play an active and integral role in the development of the Berry Creek Area Plan. As a local entity responsible for providing essential services to the community, the Berry Creek CSD possesses valuable insight into the infrastructure needs, service demands, and unique challenges faced by residents of the area.

REGIONAL GROWTH TRENDS

The Butte County Association of Governments (BCAG) has projected long-term regional growth for Butte County from 2022 to 2045, taking into account population, housing, and employment trends¹⁰. According to the *2022-2045 Draft Growth Forecast*, the county is expected to experience moderate population and housing growth, with population increases ranging from 18% to 29%, depending on various scenarios. The City of Chico is projected to see the most significant growth, both in population and housing units, followed by unincorporated areas of the county and the Town of Paradise. These forecasts incorporate the impacts of significant events like the Camp Fire and North Complex Fire, which affected population stability and housing demand in many parts of the county.

⁹ Butte County. (2010). BERRY CREEK AREA PLAN. In BUTTE COUNTY GENERAL PLAN 2030 (pp. 1-30). Butte County Department of Development Services. <https://www.buttecounty.net/dds>

¹⁰ Butte County Association of Governments. (2023). LONG-TERM REGIONAL GROWTH FORECASTS 2022-2045 (DRAFT). Butte County Association of Governments

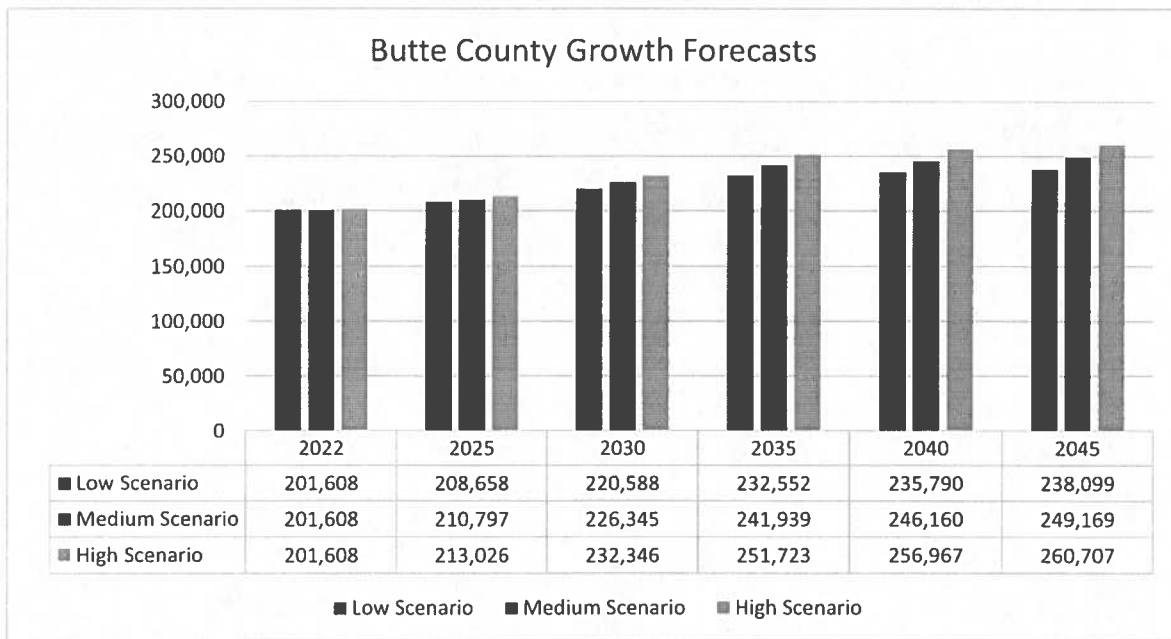


Table 1 2022-2045 BCAG Draft Growth Forecasts for Butte County

For smaller communities like Berry Creek, which was heavily impacted by the North Complex Fire, the forecast is more uncertain. The growth projections for unincorporated areas of the county, which include Berry Creek, indicate a moderate increase in population and housing units by 2045, with an overall increase of 16% to 25% depending on the scenario. However, given the extent of damage caused by the fires and the challenges associated with rebuilding, the actual growth in the Berry Creek area may be slower than the countywide averages. Recovery efforts and infrastructure improvements, particularly in water systems and housing, will likely play a critical role in shaping the future growth of the Berry Creek community.

PROJECTED POPULATION GROWTH

Utilizing U.S. Census Bureau's 2018-2022 American Community Survey information which concludes that the average household size in Butte County is 2.49 persons per household, it is estimated that the current population in the district is 42 people (2.49 person per household x 17 current service connections)¹¹. The district experienced a dramatic reduction in population as a result of the 2020 North Complex Fire. Any population growth in the BCCSD in the coming years will largely be driven by the repopulation of the community following the devastation caused by the fire. As recovery efforts continue, any future population increase will likely come from former residents returning to the area after their homes are rebuilt, or new residents attracted by the opportunity to settle in a recovering,

¹¹ U.S. Census Bureau. (2022). QUICKFACTS: BUTTE COUNTY, CALIFORNIA. American Community Survey 5-Year Estimates (2018-2022). Retrieved from <https://www.census.gov/quickfacts/fact/table/buttecountycalifornia/PST045223>

rural community. Rebuilding efforts will require significant investment in infrastructure, particularly in water services, housing, and fire safety improvements, all of which will be critical to supporting repopulation.

Rebuilding in Berry Creek following the 2020 North Complex Fire presents numerous challenges for residents and the community at large. The region's rugged, mountainous terrain and remote location make the rebuilding process particularly difficult. Limited road access complicates the transportation of construction materials. These logistical hurdles increase both the cost and time required to rebuild homes and restore services in the community.

In addition to these geographic challenges, residents must navigate stringent building codes and environmental regulations aimed at improving fire safety. New construction must adhere to stricter fire-resistant standards, including the use of fireproof materials, creating defensible space around structures, and meeting updated zoning laws for high fire-risk areas. While these regulations are crucial for reducing future fire risks, they add complexity to the rebuilding process and often raise costs for homeowners, many of whom may already be financially stretched from fire losses.

One of the most significant obstacles for Berry Creek residents is securing affordable homeowners' insurance. Due to the high wildfire risk in the region, many insurance companies have stopped offering coverage or have raised premiums drastically. Homeowners in Berry Creek often find themselves pushed into the California FAIR Plan; a state-run insurance program designed as a last-resort option for those unable to find coverage elsewhere. However, the FAIR Plan offers limited coverage and typically comes at a higher cost than traditional insurance, leaving many residents with insufficient protection against future risks or unable to fully fund the rebuilding of their homes.

FUTURE DEMAND

The BCCSD has limited capacity for growth due to several factors tied to its zoning, geography, and infrastructure. Prior to the North Complex Fire, the BCCSD had 52 service connections which is 33-percent of the capacity the system was designed to accommodate (171 lots). Post fire, the district reports 17 active individual service connections (due to rebuilding after the fire); or about 32-percent of the previous demand for service¹². The water system and other essential services were designed to support the low-density residential population, and significant upgrades would be required to accommodate any larger-scale development. The cost and logistical challenges associated with expanding infrastructure in a rural area also act as a barrier to growth.

All parcels within the district are zoned as Low-Density Residential (LDR), which inherently restricts higher-density development. This zoning designation allows for only a limited number of residential units per acre, ensuring that the area remains rural and preserving its open spaces. While this helps maintain the character of the community, it also limits opportunities for significant population growth.

Additionally, the district's geographic location in a rural, fire-prone area further restricts growth potential. The North Complex Fire in 2020 devastated much of Berry Creek, destroying homes and displacing residents. The recovery and rebuilding process has been slow, and future growth will depend heavily on the pace of reconstruction and the ability of residents to return. This makes the district more focused on repopulation rather than expansion.

Future demand for water from the BCCSD is likely to remain lower than it was prior to the North Complex Fire and may never return to previous demand levels. This ongoing decline in demand presents challenges for the district, as

¹² Davis, J. (2024, October 10). Interview with the general manager of Berry Creek Community Services District

lower water sales impact revenue, making it harder to sustain the water system's infrastructure and operations. The reduced demand may also lead the BCCSD to consider downsizing or restructuring its services to adapt to the new reality, ensuring long-term sustainability despite the diminished customer base.

DETERMINATIONS

Growth and Population Projections – Determination 1

The BCCSD should play an active and integral role in the development of the Berry Creek Area Plan. As a local entity responsible for providing essential services to the community, the Berry Creek CSD possesses valuable insight into the infrastructure needs, service demands, and unique challenges faced by residents of the area.

Growth and Population Projections – Determination 2

The BCCSD has limited capacity for growth due to several factors tied to its zoning, geography, and infrastructure. Any population growth in the BCCSD in the coming years will largely be driven by the repopulation of the community following the devastation caused by the North Complex Fire in 2020.

Growth and Population Projections – Determination 3

Future demand for water from the BCCSD is likely to remain lower than it was before the North Complex Fire and may never return to previous demand levels. The recovery and rebuilding process has been slow, and future growth will depend heavily on the pace of reconstruction and the ability of residents to return. This makes the district more focused on repopulation rather than expansion.

LOCATION AND CHARACTERISTICS OF DISADVANTAGED UNINCORPORATED COMMUNITIES

Senate Bill 244, which became effective in January 2012, requires LAFCo to evaluate any Disadvantaged Unincorporated Communities (DUCs), including the location and characteristics of any such communities, when preparing an MSR that addresses agencies that provide water, wastewater, or structural fire protection services. DUCs are typically defined as areas with median household incomes lower than 80% of the statewide median. Understanding the location and extent of DUCs is essential for assessing service provision and understanding whether there is equity in service provision between DUCs and other communities within the district. This involves comparing the level of services, infrastructure investment, and resource allocation in DUCs with more affluent areas. The review looks for disparities in service quality, availability, and investment that may indicate inequities. If inequities are found, the MSR may recommend actions to ensure that DUCs receive an equitable share of resources and attention.

BUTTE COUNTY DUCS

In Butte County, Disadvantaged Unincorporated Communities (DUCs) have been identified in several areas, including portions of Magalia, portions of Thermalito, South Chico, North Biggs, South Gridley, Eastern Oroville, and portions

of Berry Creek. These areas meet the state criteria for DUCs, which are defined by a median household income of less than 80% of the statewide median.

Berry Creek is an unincorporated community in Butte County with a population of approximately 1,006 residents¹³. The community has a median household income of \$45,547, which is significantly below the statewide median of \$75,235. This income level is less than 80% of the statewide median, meeting the criteria for a Disadvantaged Unincorporated Community (DUC) as defined by California law.

Additionally, Berry Creek has a poverty rate of 30.9%, indicating economic challenges within the community. The area is predominantly White (79.3%), with Hispanic or Latino residents comprising 9.84% of the population. The median age is 56.3 years, suggesting an older population compared to state averages.

Berry Creek residents receive fire protection service by the California Department of Forestry and Fire Protection (Cal Fire). Domestic water and wastewater treatment through individual onsite wells and septic systems, respectively. Special consideration will be given to any DUCs affected by future annexation proposals consistent with GC §56375(8)(A). When considering the community of Berry Creek under Senate Bill 244, the community is currently receiving adequate essential municipal services of fire, water, and wastewater.

DETERMINATIONS

Disadvantaged Unincorporated Communities – Determination 1

The BCCSD is located outside of, but contiguous to, an area identified as a Disadvantaged Unincorporated Community (DUC).

Disadvantaged Unincorporated Communities – Determination 2

The community of Berry Creek is currently receiving acceptable essential municipal services of fire, water, and wastewater.

PRESENT AND PLANNED CAPACITY OF PUBLIC FACILITIES, ADEQUACY OF PUBLIC SERVICES, AND INFRASTRUCTURE NEEDS OR DEFICIENCIES

This chapter involves a comprehensive assessment of the district's existing infrastructure, including facilities, equipment, and systems that deliver domestic water. By examining the condition, capacity, and efficiency of these assets, the MSR can determine whether the current infrastructure is adequate to meet the demands of the population served by the district. Further, one of the key aspects of an MSR is the identification of any infrastructure

¹³ Census Reporter. (n.d.). BERRY CREEK CDP, CA. Retrieved from <https://censusreporter.org/profiles/16000US0606070-berry-creek-ca/>

deficiencies. This involves analyzing factors such as aging facilities, insufficient capacity, outdated technology, or lack of maintenance that may hinder the district's ability to provide reliable and effective services.

PUBLIC FACILITIES AND INFRASTRUCTURE

The BCCSD operates a groundwater-dependent water distribution system that serves the customers within its district boundary¹⁴. The system draws groundwater from four active wells, while a fifth well is out of service due to sand contamination. The groundwater supply generally provides sufficient volume to meet the current demand, which has decreased significantly since the North Complex Fire reduced the district's customer base. There is no water treatment plant within the system, meaning the water is delivered without significant treatment apart from filtration and standard monitoring. The system has a D1 distribution classification, which is a designation used by the California State Water Resources Control Board, meaning it is relatively simple and small in scale, reflecting the community it serves.

The district owns real property located on Zink Road in Berry Creek, approximately two miles from the district's boundary and main customer service area. The 12-acre parcel contains the district's multiple wells, storage structure, and 90,000-gallon water holding tank. The district's distribution system begins here, as water is pumped from a series of wells, approximately 160 feet in depth. The water enters a filtration system to remove debris and sediment, then enters the 90,000-gallon storage tank. Water is then fed into an eight-inch, gravity-fed distribution line to be delivered to the residents of the district. This distribution line is situated in rugged terrain, making it challenging to access for regular maintenance or repairs. The water distribution lines within the district boundary are made of a combination of materials including steel, asbestos cement (AC), and C900 pipe, which deliver groundwater to local residents.

All major components of the water system affected by the North Complex Fire have since been replaced. The fire caused significant damage to the district's supply and storage facilities, leading to the installation of new equipment during the rebuilding process. As a result, much of the system's supply components are relatively new and in good working condition¹⁵.

¹⁴ California State Water Resources Control Board. (2023). BERRY CREEK COMMUNITY SERVICE DISTRICT WATER SYSTEM DETAILS. California drinking water watch. https://sdwis.waterboards.ca.gov/PDWW/JSP/WaterSystemDetail.jsp?tinwsys_is_number=8404&tinwsys_st_code=CA

¹⁵ Davis, J. (2024, October 10). Interview with the general manager of Berry Creek Community Services District

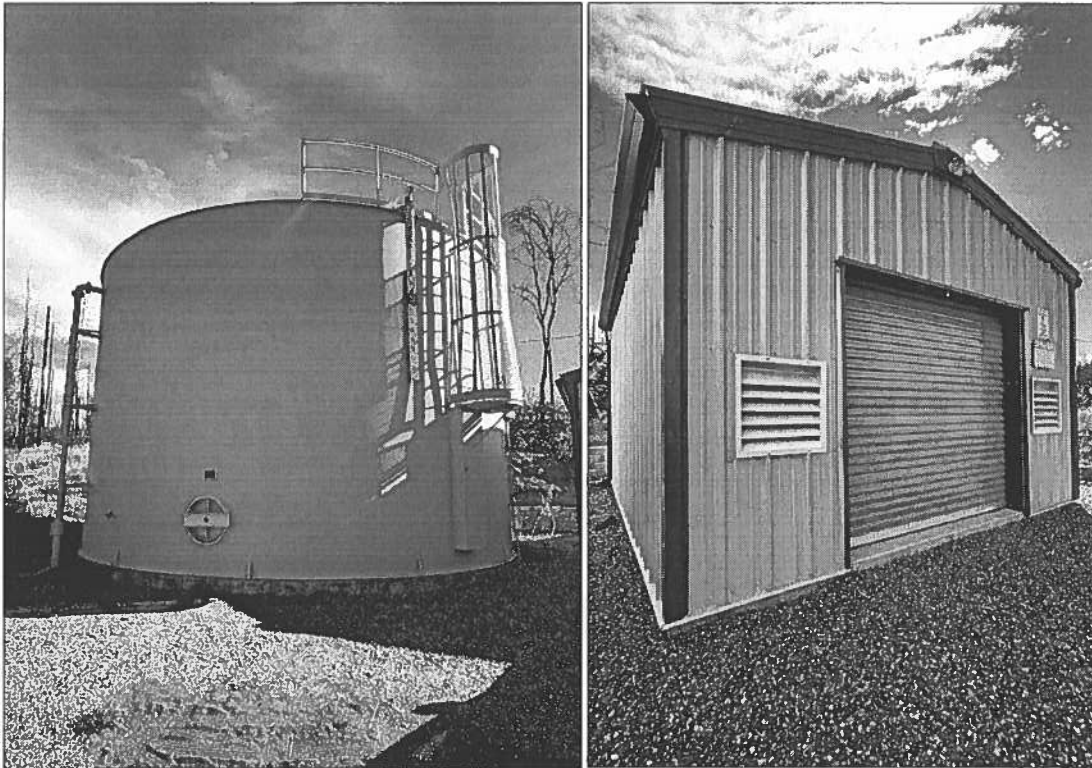


Image 3 BCCSD Facilities, photos by Shannon Costa

The district owns two essential pieces of equipment to support its maintenance and operational needs: a backhoe and a dump trailer. The backhoe is used for various tasks, including excavation, trenching, and repairs, particularly helpful for accessing buried infrastructure like water lines. This piece of equipment is critical for handling emergency repairs and routine maintenance in rugged terrain, where manual labor alone would be inefficient.

The dump trailer assists with transporting materials, debris, and soil, enabling the district to efficiently manage site clean-up and material hauling during maintenance projects. Together, these pieces of equipment enhance the district's ability to perform timely repairs and infrastructure improvements, reducing the need to rely on outside contractors and supporting operational efficiency.

The district is responsible for road repairs associated with the ongoing maintenance of its water distribution system located within the public right-of-way. This responsibility includes addressing any road surface disruptions that occur when water lines are accessed for repairs, maintenance, or upgrades. As the district operates its water infrastructure beneath or alongside public roads, it must ensure that any work affecting these areas is followed by appropriate road restoration to maintain safety and accessibility for residents.

The district plays a critical role in supporting fire protection in the community by supplying water to the neighborhood hydrants, ensuring they have adequate water pressure and volume in the event of a fire. District staff report there are 17 hydrants within the district boundaries.

INFRASTRUCTURE NEEDS AND DEFICIENCIES

District infrastructure related to the pumping and storage of water is essentially new, as it was largely replaced after the 2020 North Complex Fire. However, the district's distribution lines are aging and increasingly vulnerable to breaks and leaks, posing a significant risk to reliable water delivery. This concern is especially pronounced for the main line running from the storage tank, which traverses steep, inaccessible terrain. The challenging landscape not only makes routine inspection and maintenance difficult but also complicates timely repairs when issues arise. As the infrastructure continues to age, the likelihood of leaks or line breaks increases, potentially disrupting water service and requiring costly, labor-intensive interventions. Addressing these vulnerabilities will be essential to ensure long-term resilience and reliability in the district's water delivery system. In the event these facilities fail, it is unlikely that the district would have the financial and staff resources to immediately address the issue. Other arrangements, such as trucked water, could be necessary for the district to continue to provide domestic water services to its customers.

The district manages most of its distribution line repairs in-house, with the general manager taking on a hands-on role in addressing leaks and breaks. This approach allows for rapid responses to routine issues, helping to maintain service continuity. However, given the aging infrastructure and the challenging terrain, there are times when the complexity or scale of repairs requires external support. In such cases, the district contracts specialized work to ensure that critical repairs are completed efficiently and effectively.

To ensure sustainable service delivery and effective resource management in the long-term, the BCCSD should consider adopting a long-range planning document, such as a Capital Improvement Plan (CIP). A CIP provides a structured approach to assessing infrastructure needs, forecasting future expenses, and prioritizing key improvements over a set period, typically five to ten years. By detailing specific projects, their timelines, and estimated costs, a CIP helps the district proactively address maintenance and upgrades, which is particularly important given the recent replacement of infrastructure following the North Complex Fire. Additionally, a CIP would help the district secure external funding, as many grant programs favor applicants with clear, documented improvement plans. Through strategic long-term planning, BCCSD can continue to meet residents' needs effectively, adapt to future growth or changes, and maintain resilient infrastructure for the community.

WATER QUALITY AND AVAILABILITY

The BCCSD is required to monitor various water quality parameters to ensure the safety and reliability of its drinking water supply. The monitoring schedule includes testing for contaminants such as coliform bacteria, nitrates, and other inorganic chemicals, as well as disinfection byproducts and lead and copper levels. These tests are conducted at specified intervals, ranging from monthly to annually, depending on the contaminant and regulatory requirements. The results are reported to the California State Water Resources Control Board's Division of Drinking Water and are publicly accessible through the state's Drinking Water Watch portal.

In California, drinking water testing and reporting must be conducted by certified laboratories that meet the standards set by the State Water Resources Control Board (SWRCB), Division of Drinking Water (DDW). The testing must be carried out by labs certified under the Environmental Laboratory Accreditation Program (ELAP), which ensures that laboratories have the appropriate qualifications and capabilities to accurately analyze drinking water for various contaminants. The district contracts water quality testing to an external contractor, ensuring that all required water quality parameters are monitored accurately and in compliance with state regulations.

Historically, the BCCSD's water quality has faced several issues related to contaminants and compliance violations¹⁶. Historical records show that nitrate levels in the district's water supply were found at 2.9 times above the Environmental Working Group's (EWG) health guideline, with a recorded level of 0.403 parts per million (ppm). While this remains below the federal legal limit of 10 ppm, excessive nitrate levels can pose risks, particularly for infants and vulnerable populations, potentially leading to oxygen deprivation and other health concerns. Additionally, the district has encountered violations primarily related to routine monitoring and testing for contaminants. Some notable violations include:

- **Revised Total Coliform Rule (RTCR) Violations (2019):** The district failed to properly monitor for coliform bacteria, resulting in a major monitoring violation under the Revised Total Coliform Rule.
- **Perchlorate Violation (2009):** The district received a major state violation for failing to properly monitor for perchlorate, a chemical that can affect thyroid function.
- **Gross Alpha Particle Activity Violation (2009):** There was a monitoring violation related to gross alpha particle activity, which indicates possible radiological contamination.
- **Nitrate Violations:** Records from 2017 to 2019 show that nitrate levels were recorded at 0.403 ppm, which is 2.9 times higher than the health guideline set by the Environmental Working Group (EWG).

These violations highlight the importance of consistent monitoring and remediation to ensure the safety of the water provided to residents. While the district remains compliant with many federal standards, addressing these violations and improving water quality testing protocols would help in safeguarding public health.

The most recent reporting data for the district is from September 26, 2024¹⁷. The water quality data in the document reveals that most parameters are within allowable limits for the district, including coliform, perchlorate, gross alpha particle activity, and nitrate levels. Specifically:

- **Coliform:** Detected levels are below the maximum contaminant level (MCL) standards, indicating no immediate bacterial contamination concerns.
- **Perchlorate:** Levels are within the safe threshold, ensuring that drinking water quality meets state standards.
- **Gross Alpha Particle Activity:** Results show measurements below the regulatory limit, meaning no significant radioactive contamination.
- **Nitrate:** Nitrate levels are within legal limits, confirming that agricultural runoff or other sources have not compromised water safety.

Overall, the district's water quality meets California's health and safety standards, with no critical exceedances in the monitored parameters. Regular monitoring helps ensure the water remains safe for public consumption.

The BCCSD is mandated to prepare and distribute an annual Consumer Confidence Report (CCR) to all customers by July 1, as per California Health & Safety Code §116470 and Title 22 regulations. The 2023 CCR, covering water quality data from January through December 2022, confirms compliance with health standards, noting nitrate levels within legal limits. BCCSD sources its water from wells with minimal treatment. Past monitoring violations, such as coliform

¹⁶ Environmental Working Group. (2019). BERRY CREEK COMMUNITY SERVICE DISTRICT TAP WATER DATABASE. EWG Tap Water Database. <https://www.ewg.org/tapwater/system.php?pws=CA0400016>

¹⁷ Berry Creek Community Services District. (2024). *Water quality sampling results*. California State Water Resources Control Board

bacteria, were noted but did not impact compliance for the latest period. The district must certify CCR distribution to the Division of Drinking Water by October 1 annually.

The Berry Creek Community Services District (CSD) is located in an area with a high-water table, which significantly reduces its risk of drought compared to other regions. The groundwater levels are notably robust, and in certain areas within the district, groundwater naturally seeps up from the ground, ensuring a steady supply. This high-water table supports the district's wells, providing a more reliable source of water and helping to safeguard against the impacts of prolonged dry periods. As a result, the district does not face substantial drought risk and maintains a stable water supply for its residents.

CURRENT CAPACITY AND ADEQUACY OF PUBLIC SERVICES

The system's capacity and infrastructure were built with the community's population size, geographic layout, and demand levels in mind. However, since the fire drastically reduced the number of properties and residents, the district reports it currently has 17 individual water connections.

As such, the system's design now exceeds the current demand, presenting challenges in maintaining and operating infrastructure that was intended for a larger customer base. An over-sized system may result in operational inefficiencies, such as higher costs for maintenance, electricity, and water treatment as the infrastructure was intended for higher usage. Additionally, larger systems can experience issues with water quality, such as stagnation or inadequate turnover, which can lead to problems like bacterial growth or other contaminants accumulating in the distribution network.

The district is unable to take any of its infrastructure offline to reduce costs, as doing so would make it prohibitively expensive to bring it back into operation. Additionally, the district relies on maintaining the maximum output capacity of its water system to meet essential fire suppression requirements. This continuous availability is crucial for ensuring adequate water supply and pressure in the event of an emergency, underscoring the importance of keeping all infrastructure in active use.

FUTURE NEED FOR SERVICE

The BCCSD has seen a dramatic loss in population following the North Complex Fire in 2020, which severely impacted the area. This population decline means that future planning for the district will likely look different from those of districts experiencing growth. Instead of focusing on expansion, BCCSD may prioritize maintaining essential services and streamlining operations to reflect the reduced community needs.

With fewer residents to serve, the district might reassess its budget and explore ways to allocate resources efficiently, focusing on maintaining critical infrastructure like water and road systems rather than investing in new projects. Additionally, the district may consider collaborative options, such as partnerships with nearby agencies, to share resources and reduce operational costs, which would allow BCCSD to continue providing reliable services within a more limited framework.

This shift in focus enables BCCSD to adapt sustainably to the current and anticipated needs of a smaller population, prioritizing efficiency and cost-effectiveness in an environment shaped by recovery and reduced demand.

Infrastructure and Capacity – Determination 1

The BCCSD operates a groundwater-dependent water distribution system that serves the customers within its district boundary. The system draws groundwater from four active wells, while a fifth well is out of service due to sand contamination. The groundwater supply generally provides sufficient volume to meet the current demand, which has decreased significantly since the North Complex Fire reduced the district's customer base.

Infrastructure and Capacity – Determination 2

All major components of the water system affected by the North Complex Fire have since been replaced. As a result, much of the system's supply components are relatively new and in good working condition.

Infrastructure and Capacity – Determination 3

The district plays a critical role in supporting fire protection in the community by supplying water to the neighborhood hydrants, ensuring they have adequate water pressure and volume in the event of a fire. District staff report there are 17 hydrants within the district boundaries.

Infrastructure and Capacity – Determination 4

The district's water system's design now exceeds the current demand, presenting challenges in maintaining and operating infrastructure that was intended for a larger customer base. The district is unable to take any of its infrastructure offline to reduce costs, as doing so would make it prohibitively expensive to bring it back into operation. Additionally, the district relies on maintaining the maximum output capacity of its water system to meet essential fire suppression requirements.

Infrastructure and Capacity – Determination 5

To ensure sustainable service delivery and effective resource management in the long-term, the BCCSD should consider adopting a long-range planning document, such as a Capital Improvement Plan (CIP).

Infrastructure and Capacity – Determination 6

Overall, the district's water quality meets California's health and safety standards, with no critical exceedances in the monitored parameters. Regular monitoring helps ensure the water remains safe for public consumption.

Infrastructure and Capacity – Determination 7

The BCCSD is located in an area with a high-water table, which significantly reduces its risk of drought compared to other regions. As a result, the district does not face substantial drought risk and maintains a stable water supply for its residents.

FINANCIAL ABILITY OF AGENCY TO PROVIDE SERVICES

This chapter of the MSR provides a comprehensive evaluation of the financial health of the district, assessing its ability to sustainably manage resources and maintain essential services. By analyzing key financial indicators such as revenue sources, budgeting practices, debt levels, and reserve funds, this review aims to identify the district's fiscal strengths and any potential vulnerabilities. Understanding the district's financial stability is crucial to ensuring it can meet current and future service demands, address infrastructure needs, and remain compliant with state reporting requirements. This analysis offers a foundation for sound financial planning and supports transparency in district operations.

BUDGET PRACTICES

The BCCSD contracts a bookkeeper to manage all of its financial and administrative duties. This role includes handling the district's financial operations, such as bookkeeping, invoicing, and maintaining financial records, ensuring that the district complies with regulatory requirements and maintains transparency in its financial management. By outsourcing these tasks to a professional bookkeeper, the district ensures that its administrative functions are efficiently and consistently managed, allowing the board to focus on service delivery and community needs.

The district's budget is relatively basic, relying primarily on data from the previous year to forecast and allocate funds for the current period. This straightforward approach involves minimal adjustments and is largely a reflection of historical expenses and revenue patterns.

The general manager has an expense limit of \$500 for discretionary spending. Any expenses beyond this amount require approval from the board, ensuring oversight and careful management of district funds for larger or unexpected expenditures.

INDEPENDENT AUDITORS REPORT

Special districts are generally required to conduct financial audits at least once every year. This requirement is established under the California Government Code Section 26909, which mandates annual financial audits for special districts. However, if a district's annual revenue is below a certain threshold (typically \$150,000), they may be allowed to perform audits less frequently, such as every two or three years, but only with approval from the county board of supervisors or the local oversight agency. Regular audits are crucial for ensuring transparency, accountability, and proper financial management within the district. They help identify any issues with internal controls, compliance with laws and regulations, and overall financial health, which are important for maintaining public trust and proper use of public funds.

The last audit of the BCCSD was conducted for the fiscal year ending June 30, 2019, prior to the North Complex Fire in 2020. The audit provided a favorable opinion, stating that the district's financial statements fairly represented its financial position.

The audit confirmed that the district is following general accounting practices, including full-accrual accounting, proper asset management, and compliance with relevant standards for governmental entities. The audit report did not identify any material weaknesses in internal control or instances of noncompliance, suggesting that the district's

financial reporting and internal controls were in good standing at the time. However, the absence of more recent audits may warrant attention to ensure continued compliance and financial transparency.

The BCCSD has faced challenges in obtaining financial audits in the past due to its small size. Being a small district with limited financial activity and resources, it has struggled to attract auditing firms that are willing to perform the audits at a reasonable cost. Many auditors prioritize larger clients or those with more complex financial records, leaving smaller districts like Berry Creek at a disadvantage when it comes to fulfilling statutory audit requirements. This difficulty in securing auditors adds to the district's financial and operational burdens, making compliance with annual audit requirements particularly challenging.

The BCCSD should prioritize annual financial audits to ensure fiscal responsibility and transparency. Regular audits provide a clear overview of the district's financial practices, helping identify areas for improvement while demonstrating accountability to the community. Conducting yearly audits also strengthens compliance with state requirements and can enhance the district's credibility, which is essential for future funding opportunities and community trust.

WATER RATES AND FEES

The BCCSD collects revenue through a structured fee system designed to support its services and infrastructure. One primary source of income is a flat Fire-flow/Standby Fee, which is levied on all parcels within the district. This fee, set at \$217.90 per parcel, ensures that each property contributes to the availability of essential services, such as fire protection and water supply maintenance. In addition to the standby fee, the district also collects fees for water services which are based on a tiered system as follows:

- Tier 1 - 0 to 12,000 gallons at \$50.00 per month
- Tier 2 - 12,001 gallons to 22,000 gallons at \$120.00 per month
- Tier 3 - 22,001 gallons to 33,000 gallons at \$200.00 per month
- Water used over 33,000 gallons will be charged \$0.03, (3 cents), per gallon, over 33,000 gallons

District staff report that typical water users fall within Tier 1, and rarely do users exceed into Tier 3 or beyond¹⁸. The collection of water service fees is an essential part of the district's revenue model, allowing it to fund operational costs, maintenance, and repairs for its water infrastructure. This dual-fee system ensures that both fixed and variable costs are met, helping the district maintain a reliable level of service for the community.

The district's General Manager is responsible for reading meters on a monthly basis to provide information for billing purposes. Staff reports that this method of reporting provides a more personalized system that allows the General Manager to notify residents of any anomalies in their meter reading, allowing them to rectify any over-use situations. District staff reports that the system is working well for the district and current residents.

The district has established a uniform process by which all residents, including previous residents of the district prior to the North Complex Fire, can establish or reestablish water service to their property. District staff require evidence

¹⁸ Davis, J. (2024, October 10). Interview with the general manager of Berry Creek Community Services District

of a building permit for residential construction issued by Butte County prior to consideration for service. Fees associated with the service connection can vary, depending on if the old water service line and meter are recovered (\$800 connection fee), or if a new service line and meter need to be installed (\$3,500 connection fee). At the time the Ponderosa Pines Subdivision was developed, water service facilities were placed at every other property line. Over time, due to erosion and the fire, some facilities have been more difficult to relocate, which results in some variability of whether an old system and meter can be used.

In California, water rates for public districts like the BCCSD are typically established to reflect the actual costs of providing water, including system maintenance, infrastructure upgrades, operational expenses, and compliance with regulatory standards. The rates are often based on a cost-of-service analysis, which ensures that fees are equitable, reasonable, and sufficient to cover the district's expenses. California's Proposition 218 further mandates that any rate increases must be directly related to the costs of providing the service and requires public notice and hearings for transparency.

Given that BCCSD's water rates have not been evaluated in many years, it would be beneficial for the district to re-assess its current fee structure. An updated rate study could help align the district's income with its operational costs, especially as expenses for maintenance and potential improvements have likely risen. Re-evaluating fees would enable the district to maintain its infrastructure, plan for necessary upgrades, and ensure the long-term reliability of water services for residents. This process would also involve community outreach to inform and engage customers about the importance and necessity of any adjustments, fostering transparency and support for sustainable water management.

REVENUES AND EXPENDITURES

The fiscal year for the BCCSD begins on July 1 and ends on June 30 each year. A budget is prepared by the district's bookkeeper and presented to the board for consideration and adoption. The district's primary revenue sources consist of monthly water fees and per-parcel assessments.

The 2024 budget for the BCCSD shows an increase in both revenues and expenditures compared to the 2023 budget. Revenues for 2024 are projected to be \$49,550.00, up from \$47,531.51 in 2023. This increase is largely attributed to a rise in water service fees due to new customer connections as the result of rebuilding, which went from \$11,438.37 in 2023 to \$13,000.00 in 2024. The fire flow/Standby Fee remains consistent, with a slight decrease from \$24,260.00 in 2023 to \$24,250.00 in 2024. This reduction is likely due to a disagreement between one property owner and district staff on the number of lots the property owner should pay fees for. District staff report that the discrepancy is being resolved.

The total expenses for 2024 are estimated at \$49,550.00, a modest increase from the \$45,772.73 recorded in 2023. One of the most notable changes is in the budget for water repairs and supplies, which jumps from \$6,053.52 in 2023 to \$21,800.00 in 2024. Road maintenance expenditures, on the other hand, decrease slightly from \$6,053.52 in 2023 to \$5,500.00 in 2024. Equipment maintenance costs also see a minor reduction from \$4,986.27 to \$4,180.00. The general management costs for water remain stable, with a small increase from \$6,053.52 in 2023 to \$6,000.00 in 2024.

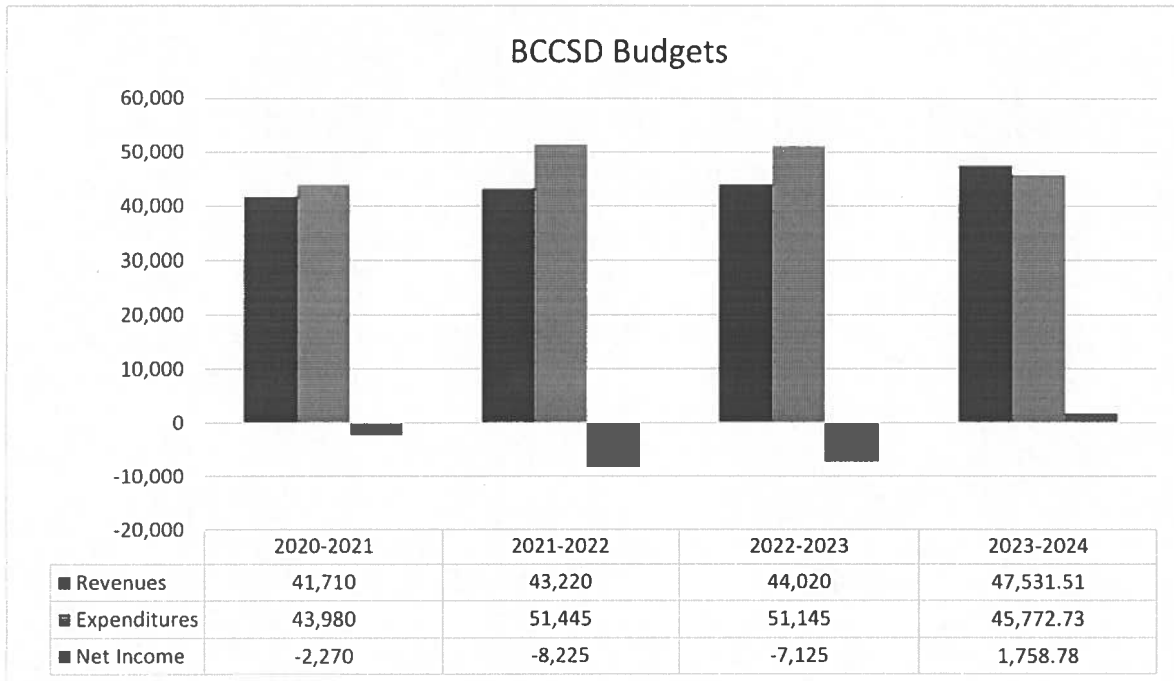


Table 2 District Budget 2020/21 – 2023/24 Fiscal Year

FINANCIAL TRENDS

Budget information for fiscal years 2021-2024 was provided by the district. The financial standing of the BCCSD over the past several years has shown both stability and periods of increased spending. Reviewing the budgets from 2021 to 2024, revenues have steadily increased with total income rising from \$41,710.00 in 2021 to \$49,550.00 in 2024. The most consistent revenue source has been the fire-flow/standby Fee, which has remained relatively stable, contributing around \$24,000 annually. The fees for monthly water services have also grown, from \$7,560.00 in 2021 to \$13,000.00 projected for 2024, highlighting an increased reliance on user fees to support water service operations.

Reviewing past budget data from 2020 to 2024, the district has faced occasional deficits, such as in 2021-2023, but has more recently managed to maintain a balanced budget. The current revenue sources, primarily from monthly water service fees, fire flow/standby fees, and road maintenance assessments, appear to be sufficient to cover current routine operational expenses to the newly repaired system.

However, maintaining the system on current revenues could become challenging if unexpected costs arise, such as significant repairs or infrastructure failures. Given that the budget does not account for large capital expenditures or emergency reserves, the district's ability to sustain the water system long-term under the present financial structure would depend on avoiding major unforeseen expenses. If such costs were to occur, the district might need to explore additional funding sources or rate increases to maintain financial stability, such as grants for rural infrastructure development, state or federal assistance for fire-impacted areas, or low-interest loans for small water systems. Such measures would alleviate the reliance on existing revenue sources and prepare the district for any unexpected expenses that might arise, ensuring the long-term sustainability of the water system.

LIABILITIES AND DEBT OBLIGATIONS

The district currently has no known long-term debts or liabilities, indicating a relatively stable financial position. However, it has not conducted a financial audit since 2019, which limits the ability to fully assess its financial health and ensure compliance with best practices in fiscal management. Regular audits would provide an updated, objective review of the district's finances, allowing for improved financial oversight and transparency.

RESERVE POLICY

The district has a portion of its net position that is categorized as "Restricted for deferred maintenance." This indicates that the district has set aside some funds for specific purposes, such as maintenance, but it does not detail a broader reserve policy governing how much the district aims to hold in reserves for emergencies, capital improvements, or other contingencies. As discussed above, the absence of a reserve policy to fund unexpected expenditures creates a risk to the district customers that water services could be disrupted for an extended period and require alternative service options.

LONG TERM FINANCIAL PLANNING

The district's financial planning has been conservative, focusing on covering routine operational costs without projecting significant increases in expenditures. There are no planned major capital projects or costly infrastructure repairs in the near future, which helps keep the budget balanced and predictable.

However, this stability is largely contingent on maintaining current revenue levels and avoiding unforeseen expenses. The district faces a significant vulnerability in its main distribution line, which is located in rugged, difficult-to-access terrain. This challenging location makes it hard to reach for routine maintenance and, in the event of a break, could lead to severe service disruptions. A failure in this line would not only compromise water delivery but also pose a catastrophic financial burden on the district's limited budget. Repairing such a critical component would likely incur high costs, straining resources and potentially impacting other essential services.

As such, the BCCSD should consider seeking additional funding sources to strengthen its financial position, especially given the current budget's tight balance. This district could explore increasing revenues by either adjusting its parcel assessment or raising water rates. Increasing the parcel assessment would distribute costs more evenly across all property owners within the district, generating additional revenue that could be used for infrastructure and maintenance needs. Alternatively, the district could raise water rates, aligning fees more closely with current service costs. Both options would provide a sustainable funding source for the district to support essential services and maintain the reliability of its water system. Each option would require community engagement and compliance with Proposition 218 regulations, ensuring transparency and community input in the decision-making process.

Additionally, exploring other funding avenues, such as grants for rural infrastructure development, state or federal assistance for fire-impacted areas, or low-interest loans for small water systems, could help the district enhance its financial resilience. Such measures would alleviate the reliance on existing revenue sources and prepare the district for any unexpected expenses that might arise, ensuring the long-term sustainability of the water system.

DETERMINATIONS

Management Practice and Finances – Determination 1

The general manager has an expense limit of \$500 for discretionary spending. Any expenses beyond this amount require approval from the board, ensuring oversight and careful management of district funds for larger or unexpected expenditures.

Management Practice and Finances – Determination 2

The last audit of the BCCSD was conducted for the fiscal year ending June 30, 2019, prior to the North Complex Fire in 2020. The audit provided a favorable opinion, stating that the district's financial statements fairly represented its financial position. The BCCSD should prioritize annual financial audits to ensure fiscal responsibility and transparency. Regular audits provide a clear overview of the district's financial practices, helping identify areas for improvement while demonstrating accountability to the community.

Management Practice and Finances – Determination 3

Given that BCCSD's water rates have not been evaluated in many years, it would be beneficial for the district to re-assess its current fee structure. An updated rate study could help align the district's income with its operational costs, especially as expenses for maintenance and potential improvements have likely risen.

Management Practice and Finances – Determination 4

Maintaining the water delivery system on current revenues could become challenging if unexpected costs arise, such as significant repairs or infrastructure failures. Given that the budget does not account for large capital expenditures or emergency reserves, the district's ability to sustain the water system long-term under the present financial structure would depend on avoiding major unforeseen expenses. If such costs were to occur, the district might need to explore additional funding sources or rate increases to maintain financial stability.

Management Practice and Finances – Determination 5

The district currently has no known long-term debts or liabilities, indicating a relatively stable financial position. However, it has not conducted a financial audit since 2019, which limits the ability to fully assess its financial health and ensure compliance with best practices in fiscal management.

Management Practice and Finances – Determination 6

The BCCSD should consider seeking additional funding sources to strengthen its financial position, especially given the current budget's tight balance. One viable option is to increase standby fees, which are charges applied to properties that may not actively use the water service but still benefit from the availability of the infrastructure for fire safety and potential future connections.

GOVERNMENTAL STRUCTURE AND ACCOUNTABILITY

This section evaluates the district's governmental structure and accountability, including assessing the board structure, decision-making processes, and compliance with open meeting laws, as these reflect transparency in governance. Reviewing policies and procedures, such as conflict of interest policies and financial reporting, demonstrates adherence to ethical standards. Public engagement is also a vital component, seen in efforts like regular public meetings and communication channels. Together, these factors provide a comprehensive view of the district's accountability and governance quality.

ORGANIZATIONAL STRUCTURE

The organizational structure of the BCCSD is dictated by its principal act, the Community Services Districts Law (Gov Code 61000) and outlined in the *Bylaws Berry Creek Community Services District*, which define the roles and responsibilities of its governing body and officers¹⁹. The district is governed by a Board of Directors, which by law, consists of five members. The district employs one employee, the General Manager, who is responsible for managing the operational aspects of the water system to ensure its efficiency and reliability and cannot be a district director. This includes the day-to-day supervision of water production, maintenance of the infrastructure, and handling of any repairs or upgrades needed to maintain service to residents.

The district currently does not have a succession plan in place to address the transition of responsibilities if the general manager were to leave. This absence of planning could affect continuity and operational efficiency, making it important to consider developing a succession strategy to ensure seamless leadership and management continuity.

The district utilizes contracts to fulfill various operational needs, including specialized roles such as the certified water system operator. This contractor performs all necessary water quality testing, monitoring, and reporting for the district. They are responsible for ensuring that the water meets all state and federal safety standards by regularly testing for contaminants, including bacteriological and chemical parameters. The operator's certification is mandated by California regulations, which require trained personnel to manage public water systems and conduct accurate testing to ensure compliance with the Safe Drinking Water Act.

As previously discussed, the district contracts a bookkeeper to manage all of its administrative duties. This role includes handling the district's financial operations, such as bookkeeping, invoicing, and maintaining financial records, ensuring that the district complies with regulatory requirements and maintains transparency in its financial management.

GOVERNING BODY

The district is guided by its principal act, Government Code Section 61000 and is governed by a Board of Directors, which consists of five members who must be registered voters within the district. Board members of the BCCSD are elected through a general election process. According to the district's bylaws, elections for board members are held

¹⁹ Berry Creek Community Services District. (2024). BYLAWS OF THE BERRY CREEK COMMUNITY SERVICES DISTRICT.

on the same day as specified for general elections in California's Government Code, which may also be consolidated with the state's direct primary election.

Board members serve four-year terms, with elections staggered to maintain continuity. All board members must be registered voters residing within the district. If a vacancy occurs, it is filled by appointment by the remaining board members, with the appointed member serving the unexpired term.

The board elects' officers, including a President, Vice President, Secretary, and Financial Officer. The President acts as the principal executive officer, presiding over board meetings and signing official documents on behalf of the district. The Secretary is responsible for maintaining records, minutes, and official communications, while the Financial Officer manages the district's financial operations, including accounting and budget oversight.

The current board is as follows:

Larry DePue	Board Member
Roger F. Dunn	Board Member
Barbara Lee Garrett	Board Member
Vacant	
Vacant	

The current board members of the district provide an accurate and well-informed representation of the community, as they are all long-term residents of the area. Their deep familiarity with the district's history, needs, and challenges allows them to make decisions that align closely with the interests and priorities of local residents.

The district has faced challenges in recruiting and maintaining a full five-member board. As a small rural district, the limited pool of eligible candidates and the volunteer nature of the board positions make it difficult to attract and retain members consistently. The aftermath of the North Complex Fire has further affected the community by significantly reducing the population and the number of registered voters within the district, thereby limiting the pool of potential board members available to serve. These factors contribute to the ongoing struggle to fill vacancies and sustain a functioning board capable of meeting all governance requirements. The BCCSD should consider increasing its community outreach efforts to encourage greater participation and engagement, ultimately achieving a full five-member board. Outreach efforts could include holding public meetings, distributing informational materials, and engaging residents through social media or newsletters, helping raise awareness about the roles and responsibilities of board members and the positive impact they can have. Director vacancies are a common challenge for small district boards across the state. In response, several proposed changes to state law aim to address this issue by modifying the number of directors required and broadening eligibility criteria, such as allowing non-resident landowners to serve on boards.

PUBLIC MEETINGS

BCCSD meetings must comply with the Ralph M. Brown Act, which mandates open, accessible meetings for local government bodies in California to ensure public participation. This law requires that agendas be posted at least 72 hours in advance, allowing the public to stay informed and voice their concerns. Board decisions must occur in properly noticed public meetings, maintaining transparency and accountability. Non-compliance risks legal challenges, invalidated decisions, and a loss of public trust.

The districts bylaws stipulate that the board hold regular public meetings on a monthly basis at a residence of any board member within the district²⁰. If a regular meeting falls on a holiday, the meeting is rescheduled to the next business day. In the event of an emergency, such as a fire, flood, or earthquake, the meeting location may be changed as designated by the President for the duration of the emergency. The board's decision-making requires a quorum, which is defined as a majority of its members.

Since the North Complex Fire, the district has held only a handful of publicly noticed meetings, with most discussions about district matters occurring informally among board members, who are neighbors and friends. District staff reports that if any issue were to arise that requires board attention, a meeting would be scheduled promptly²¹. This report acknowledges the critical role of open meeting laws and the challenges faced by small rural districts with limited resident participation in governance. Reestablishing regular, properly noticed public meetings is essential to maintaining compliance with the Brown Act while ensuring the district's needs are addressed in a timely and transparent manner.

DECISION MAKING PROCESS

The decision-making process for the BCCSD typically starts with the general manager, who oversees the maintenance and operation of the entire water system. When any issues arise, the general manager is responsible for identifying and addressing them initially and then reporting these matters to the board members²². This process ensures that the board is kept informed about the status of the system, including any repairs, maintenance needs, or operational concerns.

The current governance practices are problematic because the public is generally unaware of how decisions are being made, and crucial district matters are not discussed in a setting that is accessible to residents. This lack of formal, transparent governance can erode trust, limit public engagement, and potentially lead to decisions that do not fully consider the community's needs. To address this issue, the district would need to fully comply with the Brown Act and hold regular public meetings where all actions and deliberations are conducted openly, providing a record of decisions and an opportunity for community input.

²⁰ Berry Creek Community Services District. (2024). BYLAWS OF THE BERRY CREEK COMMUNITY SERVICES DISTRICT.

²¹ Davis, J. (2024, October 10). Interview with the general manager of Berry Creek Community Services District

²² Davis, J. (2024, October 10). Interview with the general manager of Berry Creek Community Services District

LEGAL AND STATUTORY COMPLIANCE

Under Government Code Sections 53234-53235.2 (AB 1234), local agency officials, including board members, must complete ethics training every two years to understand standards on conflicts of interest, transparency, and public resource use. The district must keep certificates of completion for five years. While there are no direct penalties for non-compliance, failure to comply risks public trust and scrutiny.

Additionally, Government Code Section 12950.1 (SB 1343 and AB 1825) mandates sexual harassment prevention training every two years: two hours for supervisors and one hour for non-supervisors. Non-compliance can lead to fines, legal penalties, and workplace issues under FEHA, so the district must retain completion records to ensure accountability.

The BCCSD faces challenges in meeting the statutory requirements for ethics and sexual harassment training, largely due to its small size and limited organizational management capacity. As a small district, it struggles with the administrative burden of coordinating and ensuring that all board members, staff, and volunteers complete the required training every two years. This lack of formal organizational structure and management resources makes it difficult to track training schedules, maintain records, and ensure compliance with state mandates.

The BCCSD also faces challenges with compliance related to Senate Bill 929, which mandates that all independent special districts in California maintain a public website. Passed in 2018, SB 929 requires districts to post essential information such as contact details, meeting agendas, financial reports, and other governance documents online to ensure transparency and accessibility for the public. The intent of the bill is to increase accountability and ensure that residents have easy access to important information about the operations and decisions of their local government. To address this, the district must prioritize the creation and maintenance of a public website that complies with the requirements of SB 929.

The board members of the BCCSD, like other public officials, are required to file a Form 700, the Statement of Economic Interests²³. This requirement, under the California Fair Political Practices Commission (FPPC), mandates that public officials disclose certain financial interests that could pose potential conflicts with their official duties. As of the publishing of this MSR, two of the three sitting board members had filed their Form 700 on the FPPC website.

PUBLIC ENGAGEMENT AND ACCOUNTABILITY

The BCCSD operates in a close-knit community where many issues are resolved informally outside of public meetings. Because the general manager lives in the neighborhood and is easily accessible, residents often reach out directly to report concerns or request assistance, bypassing formal processes. This approach, while convenient in a small community, further contributes to the district's struggle with public engagement and accountability.

Since board members are also neighbors and friends, problems are frequently addressed through informal conversations rather than structured public discussions. While this can expedite problem-solving, it limits the community's opportunity to participate in the district's decision-making processes and to be aware of how issues are being handled. Consequently, this informal approach reduces transparency, as decisions are often made without

²³ California Fair Political Practices Commission. (2023). *Form 700 Statement of Economic Interests: A reference guide for filing officers and filing officials*. Retrieved from <https://www.fppc.ca.gov/Form700>

being openly deliberated in public meetings, weakening the district's compliance with the Brown Act and undermining efforts to maintain public trust.

The BCCSD should make a concerted effort to hold regular public meetings to discuss district matters. These meetings would provide a platform for transparency, community engagement, and participation in decision-making processes. Public meetings would also foster better communication between the district's board and residents, helping to address concerns, gather feedback, and promote a sense of shared responsibility in managing local services. This outreach is vital for sustaining effective governance and community trust.

DETERMINATIONS

Governmental Structure – Determination 1

The district has faced challenges in recruiting and maintaining a full five-member board. The BCCSD should consider increasing its community outreach efforts to encourage greater participation and engagement, ultimately achieving a full five-member board.

Governmental Structure – Determination 2

The district currently does not have a succession plan in place to address the transition of responsibilities if the general manager were to leave. This absence of planning could affect continuity and operational efficiency, making it important to consider developing a succession strategy to ensure seamless leadership and management continuity.

Governmental Structure – Determination 3

The current governance practices are problematic because the public is generally unaware of how decisions are being made, and crucial district matters are not discussed in a setting that is accessible to residents. To address this issue, the district would need to fully comply with the Brown Act and hold regular public meetings where all actions and deliberations are conducted openly, providing a record of decisions and an opportunity for community input.

Governmental Structure – Determination 4

The district is at risk of falling behind on statutory requirements for ethics, sexual harassment training, and maintaining a website which could expose it to potential legal and reputational issues if left unaddressed. Finding ways to overcome these challenges, such as seeking external assistance or forming partnerships with other small districts, will be essential to meeting these statutory obligations in the future.

This chapter evaluates opportunities for shared facilities by analyzing how different agencies, districts, or municipalities can collaborate to optimize the use of resources, reduce costs, and improve service delivery.

INTERAGENCY COORDINATION AND COLLABORATION

Interagency coordination between districts is crucial for ensuring the efficient and reliable delivery of services, especially in small, rural, or resource-limited areas. When special districts collaborate, they can share resources, reduce operational costs, and respond more effectively to emergencies. For instance, mutual aid agreements can enable districts to support each other during natural disasters, equipment failures, or other emergencies by sharing manpower, equipment, or expertise.

SOUTH FEATHER WATER AND POWER AGENCY

After the North Complex Fire, the BCCSD benefited significantly from the support of the South Feather Water and Power Agency (SFWPA). The SFWPA contributed by supplying its workers to assist in the restoration and repair of the BCCSD's water system, helping bring the system back to operational status. This support was crucial in addressing the extensive damage caused by the fire, allowing the district to expedite the process of getting essential services back online for the community.

Since the fire, there is no formal agreement in place for future assistance or collaboration between the two districts. To ensure preparedness for future challenges, it would be beneficial for the districts to establish a mutual aid agreement, which could formalize the terms of assistance and outline the roles and responsibilities in future situations, as well as any monetary reimbursement expectations. This kind of agreement could help both districts respond more effectively to emergencies, sharing resources and expertise as needed.

Additionally, the current financial situation of the BCCSD is not sustainable in the long term due to the district's limited revenue and the reduced customer base following the North Complex Fire. This poses significant challenges to maintaining its water system and meeting ongoing operational costs. With no substantial capital improvement plans in place and the absence of major new revenue sources, the district faces financial constraints that could worsen over time, making it difficult to ensure consistent service delivery and infrastructure upkeep.

Given these challenges, alternatives should be explored to secure the district's future, one of which is a potential reorganization with the SFWPA. A reorganization with SFWPA could involve a contractual services relationship or a jurisdictional change whereby BCCSD could benefit from the larger district's financial resources, technical expertise, and operational efficiencies. This arrangement could help stabilize the financial situation by sharing costs and accessing more substantial infrastructure support. The reorganization would enable better management of regulatory compliance, water quality, and emergency response, addressing the limitations BCCSD currently faces.

This type of reorganization would require approval from the LAFCo and the development of clear agreements regarding governance and responsibilities. However, it could provide a more sustainable path forward, ensuring the district can continue to serve the community effectively while addressing its long-term financial and operational challenges.

LAKE MADRONE WATER DISTRICT

Despite their geographic proximity, the BCCSD currently lacks coordination with the nearby Lake Madrone Water District, which also provides domestic water to their customers and was heavily impacted by the North Complex

Fire. Improving collaboration between these two districts could enhance water management and emergency response capabilities, benefiting both communities. Given that the districts serve adjacent areas, establishing communication channels and exploring shared resources could lead to cost savings, improved service reliability, and better preparedness for emergencies.

Formalizing this coordination could involve setting up regular meetings to discuss shared challenges, exploring mutual aid agreements, or even considering joint projects that address water system maintenance or infrastructure upgrades. Enhanced cooperation would not only improve operational efficiency but also help the districts better navigate regulatory requirements and optimize the use of available resources. Strengthening this relationship could serve as an important step toward ensuring the long-term sustainability of water services in both districts.

SERVICE OVERLAPS AND GAPS

The BCCSD currently serves only a limited portion of the overall Berry Creek community, while other parts of the community rely on private wells and groundwater for their water supply. Expanding the district's boundaries to serve more of the area could help address some of the limitations faced by those relying on individual wells, such as variability in water quality, groundwater depletion, and maintenance costs associated with private well systems. However, expanding the district's infrastructure, such as pipelines and storage facilities, to reach the newly included areas would be a costly endeavor. It would also require approval from LAFCo, which would evaluate the district's capacity to handle the increased demand and the financial feasibility of extending services.

As an alternative, the district could provide water to additional customers through hauled water deliveries to onsite storage tanks. This approach would allow the district to extend its services without the substantial upfront costs of building new distribution lines. Hauled water can serve as a practical interim solution for supplying water to residents who currently rely on private wells, especially in areas where infrastructure expansion is not economically viable. By offering hauled water, the district can increase its service coverage and generate additional revenue while addressing the immediate water needs of the broader community.

For BCCSD to haul water to individuals outside the district, they would need to comply with both county and state regulations. This includes obtaining a Water Hauler's License from the California Department of Public Health and adhering to Butte County guidelines, which ensure water quality and safety during transport.

DETERMINATIONS

Interagency Coordination and Collaboration - Determination 1

To ensure preparedness for future challenges, it would be beneficial for the BCCSD and the South Feather Water and Power Agency to establish a mutual aid agreement, which could formalize the terms of assistance and outline the roles and responsibilities in future situations, as well as any monetary reimbursement expectations. This kind of agreement could help both districts respond more effectively to emergencies, sharing resources and expertise as needed.

Interagency Coordination and Collaboration - Determination 2

Despite their geographic proximity, the BCCSD currently lacks coordination with the nearby Lake Madrone Water District. Enhanced cooperation would not only improve operational efficiency but also help the districts better navigate regulatory requirements and optimize the use of available resources. Strengthening this relationship could serve as an important step toward ensuring the long-term sustainability of water services in both districts.

Interagency Coordination and Collaboration - Determination 3

Expanding the BCCSD's boundaries to serve more of the Berry Creek area could help address some of the limitations faced by those relying on individual wells, such as variability in water quality, groundwater depletion, and maintenance costs associated with private well systems. The district could provide water to additional customers through hauled water deliveries to onsite storage tanks.

Interagency Coordination and Collaboration - Determination 4

Alternatives should be explored to secure the district's future, one of which is a potential reorganization with the SFWPA. A reorganization with SFWPA could involve a contractual services relationship or a jurisdictional change whereby BCCSD could benefit from the larger district's financial resources, technical expertise, and operational efficiencies.

OTHER MATTERS

A MSR can include any other matter related to effective or efficient service delivery. By incorporating these additional matters, the MSR can provide a more thorough analysis and offer recommendations that support improved efficiency, cost-effectiveness, and responsiveness in public service delivery.

EXPOSURE TO NATURAL HAZARDS

The BCCSD remains at significant risk for natural disasters, particularly wildfires, given its location in a heavily forested and rural area of Northern California. The risk of future wildfires continues to be high due to factors such as dense vegetation, prolonged drought conditions, and increasing temperatures, all of which contribute to a heightened wildfire threat in the region.

In addition to wildfires, the district may also face risks from other natural disasters, including severe storms, flooding, and landslides, which can occur in the mountainous terrain. These events can damage infrastructure, disrupt water service, and threaten the safety of residents. The district's limited financial resources and small customer base make it more challenging to invest in disaster preparedness and infrastructure resilience, further exacerbating its vulnerability.

Given the ongoing risks, the BCCSD would benefit from taking a more active role in local disaster planning efforts. The district should participate in the development of future updates to the Butte County Local Hazard Mitigation Plan (LHMP). The Butte County LHMP was last updated and adopted in 2024 for all approved participating jurisdictions and districts through February 4, 2030. This plan serves as an essential framework for identifying and

mitigating risks associated with natural disasters in the county, such as wildfires, flooding, drought, and severe weather. The LHMP is crucial for securing FEMA funding, as communities with a FEMA-approved hazard mitigation plan are eligible for grants both before and after disasters occur. Engaging in this process would help the CSD identify specific vulnerabilities, coordinate with county agencies, and incorporate risk reduction strategies that address threats like wildfires, severe storms, flooding, and landslides.

DETERMINATIONS

Exposure to Natural Hazards – Determination 1

The BCCSD remains at significant risk for natural disasters, including wildfires, severe storms, flooding, and landslides, which can occur in the mountainous terrain given its location in a heavily forested and rural area of Northern California.

Exposure to Natural Hazards – Determination 2

The BCCSD would benefit from taking a more active role in local disaster planning efforts. The district should participate in the development of future updates to the Butte County Local Hazard Mitigation Plan (LHMP).

SOI ANALYSIS

LAFcos have the authority to establish, update, and adjust the SOI for each public agency within their jurisdiction. This power allows LAFcos to define the probable physical boundaries and service areas of a district, ensuring orderly growth, efficient service provision, and preservation of open space. SOIs are required to be reviewed at every five years, as needed, allowing LAFco to re-evaluate the district's service capacity, community needs, and growth patterns to make any necessary adjustments. This regular review process helps ensure that the district's SOI remains relevant and responsive to changing regional needs.

Under the Cortese-Knox-Hertzberg Local Government Reorganization Act of 2000, before adopting or updating a Sphere of Influence (SOI), a Local Agency Formation Commission (LAFco) must make determinations based on the following factors, as outlined in Government Code Section 56425(e):

- 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.

- For an update of a sphere of influence of a city or special district that provides public facilities or services related to sewers, municipal and industrial water, or structural fire protection, that occurs pursuant to subdivision (g) on or after July 1, 2012, the present and probable need for those public facilities and services of any disadvantaged unincorporated communities within the existing sphere of influence.

In addition, when reviewing a sphere for an existing special district, the Commission must also do the following:

- Require the existing district to file a written statement with the Commission specifying the functions or classes of services it provides.
- Establish the nature, location, and extent of any functions or classes of services provided by the existing district.

SOI DETERMINATIONS:

PRESENT AND PLANNED LAND USES IN THE AREA

The Berry Creek Community Services District (BCCSD) serves part of the unincorporated community of Berry Creek, specifically the Ponderosa Pines Subdivision. Butte County governs land use for the 152 parcels within the district, all designated as Low-Density Residential (LDR) under the Butte County General Plan. These parcels span 191.56 acres and allow single-family homes with densities of 0.2 to 6 units per acre, supporting a balance between development and open space preservation. The LDR zoning maintains the area's rural character with larger lots, typically featuring detached homes and sometimes relying on private wells and septic systems.

PRESENT AND PROBABLE NEED FOR PUBLIC FACILITIES AND SERVICES

The BCCSD has limited capacity for growth due to several factors tied to its zoning, geography, and infrastructure. Prior to the North Complex Fire, the BCCSD had 52 service connections. Post fire, the district reports 17 individual service connections; or about 17-percent of the previous demand for service. The water system and other essential services were designed to support the low-density residential population, and significant upgrades would be required to accommodate any larger-scale development. The cost and logistical challenges associated with expanding infrastructure in a rural area also act as a barrier to growth.

Future demand for water from the BCCSD is likely to remain lower than it was before the North Complex Fire and may never return to previous demand levels. This ongoing decline in demand presents challenges for the district, as lower water sales impact revenue, making it harder to sustain the water system's infrastructure and operations. The reduced demand may also lead the BCCSD to consider downsizing or restructuring its services to adapt to the new reality, ensuring long-term sustainability despite the diminished customer base.

PRESENT CAPACITY OF PUBLIC FACILITIES AND ADEQUACY OF SERVICES

The BCCSD operates a groundwater-dependent water distribution system that serves the customers within its district boundary. The system draws groundwater from four active wells, while a fifth well is out of service due to

sand contamination. The groundwater supply generally provides sufficient volume to meet the current demand, which has decreased significantly since the North Complex Fire reduced the district's customer base. There is no water treatment plant within the system, meaning the water is delivered without significant treatment apart from standard monitoring.

District infrastructure related to the pumping and storage of water is essentially new, as it was largely replaced after the 2020 North Complex Fire. However, the district's distribution lines are aging and increasingly vulnerable to breaks and leaks, posing a significant risk to reliable water delivery. This concern is especially pronounced for the main line running from the storage tank, which traverses steep, inaccessible terrain. The challenging landscape not only makes routine inspection and maintenance difficult but also complicates timely repairs when issues arise. As the infrastructure continues to age, the likelihood of leaks or line breaks increases, potentially disrupting water service and requiring costly, labor-intensive interventions. Addressing these vulnerabilities will be essential to ensure long-term resilience and reliability in the district's water delivery system. In the event these facilities fail, it is unlikely that the district would have the financial and staff resources to immediately address the issue. Other arrangements, such as trucked water, could be necessary for the district to continue to provide domestic water services to its customers.

THE EXISTENCE OF ANY SOCIAL OR ECONOMIC COMMUNITIES OF INTEREST IN THE AREA IF THE COMMISSION DETERMINES THAT THEY ARE RELEVANT TO THE AGENCY.

The BCCSD currently serves only part of Berry Creek, with other areas relying on private wells. Expanding BCCSD's boundaries could improve water quality and reliability for those on individual wells, though this would require significant infrastructure investment and LAFCo approval to assess feasibility. Alternatively, BCCSD could offer hauled water services to reach more residents without costly pipeline extensions. This interim solution would require Butte County's approval to ensure regulatory compliance and safety, helping the district meet immediate water needs in a cost-effective way while potentially generating additional revenue.

PRESENT AND PROBABLE NEED FOR THOSE PUBLIC FACILITIES AND SERVICES OF ANY DISADVANTAGED UNINCORPORATED COMMUNITIES WITHIN THE EXISTING SPHERE OF INFLUENCE

In Butte County, several areas, including portions of Berry Creek, meet the state criteria for Disadvantaged Unincorporated Communities (DUCs), defined as areas with a median household income below 80% of the statewide median. Berry Creek, an unincorporated community with approximately 1,006 residents, qualifies as a DUC with a median household income of \$45,547 and a 30.9% poverty rate. The community is predominantly White with an older median age of 56.3 years. Residents rely on Cal Fire for fire protection and use individual onsite wells and septic systems for water and wastewater needs. Under Senate Bill 244, Berry Creek is considered to be receiving adequate essential services, including fire protection, water, and wastewater treatment.

SPHERE OF INFLUENCE CONSIDERATIONS

In considering the Sphere of Influence (SOI) update for the BCCSD, several options are available to address the district's future service needs, governance structure, and potential for boundary expansion. The SOI options available for consideration, as outlined in Butte LAFCo's Policies and Procedures, include the following:

- **Growth Sphere:** Expands beyond the current boundary, indicating a need for service in the area and the agency's ability to provide services efficiently in the future.
- **Coterminous Sphere:** Matches the agency's existing boundary, suggesting no anticipated need for services beyond current boundaries or limited capacity for expansion.
- **Zero Sphere:** Designates no territory within the agency's SOI, generally signaling that the agency's services may be reallocated to other providers or that the agency may be dissolved.
- **Minus Sphere:** Reduces the agency's SOI, removing areas unlikely to receive services or that do not require certain services the agency provides.
- **Limited/Service-Specific Sphere:** Extends the SOI for specific services only, allowing LAFCo to oversee the provision of particular services without encompassing the full range of the agency's responsibilities.

Sphere options identified for the BCCSD include:

COTERMINOUS SPHERE: MAINTAIN STATUS QUO

The BCCSD can maintain its current operations while making necessary updates to its governmental obligations as a special district. By focusing on key areas such as governance, fiscal management, service delivery, and legal compliance, the district can ensure its continued effectiveness while adapting to changing regulations. For instance, adherence to the Brown Act and ensuring transparency in public meetings, along with regular audits and financial reporting, will keep the district compliant with state laws. Additionally, updating board member training and reviewing budgetary practices, including debt management, will contribute to the district's financial stability. As for service, the district can maintain its capacity but may need to conduct periodic reviews to address infrastructure or emergency preparedness, particularly in areas vulnerable to natural disasters. Finally, improving communication and outreach to the community, such as through updated websites and holding open meetings, will allow the district to engage with residents effectively and gather feedback on services. By making these updates while preserving the status quo, the BCCSD can continue to fulfill its mission and meet the needs of its constituents.

This existing operational and financing model, however, is likely to become unsustainable into the future. Since the North Complex Fire drastically reduced the district's customer base and revenue, the financial structure of the district has been strained. The current budget barely covers routine operational costs, leaving no room for unexpected expenses or future infrastructure improvements. Additionally, with most of the system's infrastructure originally designed for a larger population, maintaining the overbuilt water system for a significantly smaller customer base creates inefficiencies that further strain financial resources.

GROWTH SPHERE: REORGANIZATION WITH LAKE MADRONE WATER DISTRICT

Another option for the BCCSD would be to expand its sphere of influence to include the Lake Madrone Water District. This approach would allow both the BCCSD and Lake Madrone to maintain their distinct water management systems but would open the possibility of dissolving the Lake Madrone Water District and reorganizing the two districts into one. This reorganization could alleviate some of the administrative responsibilities currently burdening the BCCSD, allowing for more efficient management.

This option would involve considerable community involvement and outreach to ensure the needs and concerns of both districts' residents are fully addressed. This process would involve public meetings, discussions, and potentially a vote, allowing all stakeholders to participate in shaping the future of their services. Transparency, clear communication, and thorough outreach would be essential to gaining support and ensuring that the consolidation reflects the best interests of both communities.

GROWTH SPHERE: EXPAND SPHERE TO INCLUDE BERRY CREEK COMMUNITY

The BCCSD currently serves only a limited portion of the overall Berry Creek community, while other parts of the community rely on private wells and groundwater for their water supply. Expanding the district's boundaries to serve more of the area could help address some of the limitations faced by those relying on individual wells, such as variability in water quality, groundwater depletion, and maintenance costs associated with private well systems. By incorporating these additional areas into the district, more residents could benefit from a centralized water service, potentially improving the consistency and quality of water delivery. An expansion of the district would provide a larger population base from which to attract board members.

Expanding the district's infrastructure, such as pipelines and storage facilities, to reach the newly included areas would be a costly endeavor. It would also require approval from the LAFCo, which would evaluate the district's capacity to handle the increased demand and the financial feasibility of extending services. As an alternative, the district could provide water to additional customers through hauled water deliveries to onsite storage tanks. This approach would allow the district to extend its services without the substantial upfront costs of building new distribution lines. Hauled water can serve as a practical interim solution for supplying water to residents who currently rely on private wells, especially in areas where infrastructure expansion is not economically viable. By offering hauled water, the district can increase its service coverage and generate additional revenue while addressing the immediate water needs of the broader community.

The option to haul water to Berry Creek customers would require approval from Butte County. Given the regulatory requirements around water quality and safety, the county would need to ensure that the water hauling plan complies with health and environmental standards. Additionally, Butte County would likely assess whether this temporary solution meets the long-term needs of the community while ensuring that customers continue to have access to reliable, safe water. Approval would involve discussions with both the district and county agencies to ensure compliance.

ZERO SPHERE OF INFLUENCE: REORGANIZATION WITH SOUTH FEATHER WATER AND POWER AGENCY

After the North Complex Fire, the BCCSD benefited significantly from the support of the South Feather Water and Power Agency (SFWPA). The SFWPA contributed by supplying its workers to assist in the restoration and repair of the BCCSD's water system, helping bring the system back to operational status. This support was crucial in addressing

the extensive damage caused by the fire, allowing the district to expedite the process of getting essential services back online for the community.

The current financial situation of the BCCSD is not sustainable in the long term due to the district's limited revenue and the reduced customer base following the North Complex Fire. This poses significant challenges to maintaining its water system and meeting ongoing operational costs. With no substantial capital improvement plans in place and the absence of major new revenue sources, the district faces financial constraints that could worsen over time, making it difficult to ensure consistent service delivery and infrastructure upkeep.

Given these challenges, alternatives should be explored to secure the district's future, one of which is a potential reorganization with the SFWPA. A reorganization with SFWPA could involve a contractual services relationship or a jurisdictional change whereby BCCSD could benefit from the larger district's financial resources, technical expertise, and operational efficiencies. This arrangement could help stabilize the financial situation by sharing costs and accessing more substantial infrastructure support. The reorganization would enable better management of regulatory compliance, water quality, and emergency response, addressing the limitations BCCSD currently faces.

This type of reorganization would require approval from the LAFCo and the development of clear agreements regarding governance and responsibilities. However, it could provide a more sustainable path forward, ensuring the district can continue to serve the community effectively while addressing its long-term financial and operational challenges.

Another SOI option under the Zero SOI scenario would be to dissolve the district entirely and decommission its water distribution system. In this scenario, the BCCSD would no longer exist, and its responsibilities would shift directly to individual property owners. Specifically, residents who rely on the BCCSD for water services would need to install private wells on their properties to meet their water needs. This option would require approval from LAFCo, which would need to evaluate the potential impacts on the community, including the financial and environmental implications of decommissioning the water system.

Decommissioning the water distribution system would involve a complete shutdown of the infrastructure, and property owners would bear the responsibility for securing their own water supply through the installation and maintenance of personal wells. This could present significant logistical and financial challenges for residents, particularly in areas where well drilling may be costly or where groundwater access is limited. The transition would require careful coordination to ensure that all property owners have adequate time and support to establish their wells before the district's water system is fully decommissioned. However, decommissioning the water system might not be a feasible option, depending on the requirements established during the original approval of the subdivision it serves. When subdivisions are developed, water infrastructure is often included as a condition for approval to ensure that there is a reliable, long-term water source for all properties. These requirements may legally obligate the district to maintain the water system as an essential service for the community, especially if there are deed restrictions, agreements, or covenants that tie the provision of water to the continued operation of the district.

While dissolving the CSD might reduce administrative costs and eliminate redundancies, it could also result in significant costs and logistical challenges for residents who must install and maintain private wells. Therefore, careful planning and clear communication with the community would be crucial to ensure a smooth and equitable transition.

POTENTIAL SALE OF WATER SYSTEM AND DISSOLUTION OF THE DISTRICT

One option for the BCCSD to consider is the sale of its water system to a private entity, such as Del Oro Water Company. This approach could potentially address the district's financial challenges and operational limitations by transferring the responsibility of managing the water infrastructure to a company with more resources and expertise in running water systems. A private entity might be better equipped to invest in necessary upgrades, comply with regulatory requirements, and ensure the system's long-term sustainability.

The sale would involve a thorough evaluation of the water system's assets, including infrastructure, equipment, and customer base, to determine a fair market value. It would also require navigating legal and regulatory procedures, including approval from the California Public Utilities Commission (CPUC), which oversees the transfer and regulation of privately-owned water systems. Additionally, LAFCo would need to assess the impact of such a sale on local governance and service provision. The Buzztail CSD took a similar path when it formally requested LAFCo remove its power to provide domestic water and sold its water system to the Del Oro Water Company.

A key consideration in pursuing a sale is the potential change in rates for customers. Private water companies typically operate on a for-profit basis, and rates might increase to cover operational costs and generate a return on investment. However, a sale could bring improvements in service quality and system reliability, as a private company like Del Oro Water Company would likely have access to greater capital for infrastructure investment and maintenance.

Before moving forward, the district would need to engage with the community to discuss the implications of selling the system and assess whether this option aligns with the long-term needs and interests of the residents.

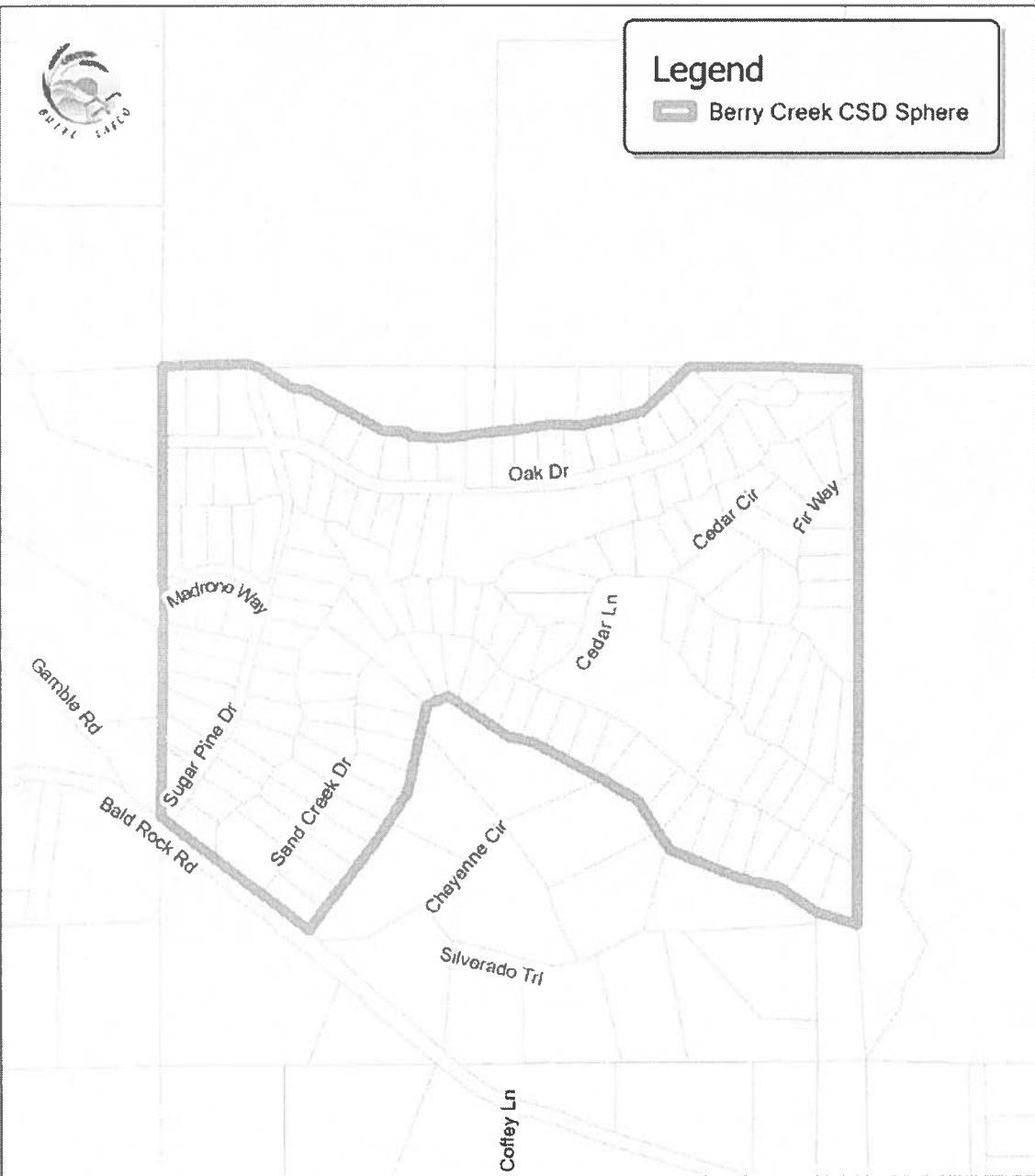
SOI CONCLUSION AND RECOMMENDATION

Staff recommends maintaining the status quo for the Berry Creek Community Services District and reaffirming the existing Sphere of Influence as seen in the map below. The district is effectively meeting residents' needs by delivering safe drinking water, a vital service for the community.

Moving forward, it is essential that Berry Creek CSD also invests in organizational and administrative improvements. By implementing clearer processes and enhancing transparency, the district can foster greater public trust and ensure more efficient governance. Establishing consistent record-keeping practices, improving communication channels with residents, and ensuring timely reporting on district activities are all steps that can help solidify its administrative capabilities.

Moreover, securing additional funding will be crucial for the district's future. With the existing infrastructure aging and the community's water needs evolving, seeking grants or low-interest loans can enable the district to proactively address maintenance and any future system upgrades, mitigating potential disruptions for residents. In prioritizing these organizational and financial goals, Berry Creek CSD can build a stronger, more resilient system that continues to meet the essential needs of its community well into the future.

BERRY CREEK COMMUNITY SERVICES DISTRICT – SPHERE OF INFLUENCE



Butte Local Agency Formation Commission			
Municipal Service Review - Berry Creek CSD			
Applicant: LAFCo	Date: April 3, 2025	File: 25-03	
Map Project File: I:\individual_staff\projects\LAFCo\File 25-03 CSD MSR Update - File 25-03.aprx			

SUMMARY OF MSR DETERMINATIONS – BERRY CREEK CSD

Growth and Population Projections – Determination 1

The BCCSD should play an active and integral role in the development of the Berry Creek Area Plan. As a local entity responsible for providing essential services to the community, the Berry Creek CSD possesses valuable insight into the infrastructure needs, service demands, and unique challenges faced by residents of the area.

Growth and Population Projections – Determination 2

The BCCSD has limited capacity for growth due to several factors tied to its zoning, geography, and infrastructure. Any population growth in the BCCSD in the coming years will largely be driven by the repopulation of the community following the devastation caused by the North Complex Fire in 2020.

Growth and Population Projections – Determination 3

Future demand for water from the BCCSD is likely to remain lower than it was before the North Complex Fire and may never return to previous demand levels. The recovery and rebuilding process has been slow, and future growth will depend heavily on the pace of reconstruction and the ability of residents to return. This makes the district more focused on repopulation rather than expansion.

Disadvantaged Unincorporated Communities – Determination 1

The BCCSD is located outside of, but contiguous to, an area identified as a Disadvantaged Unincorporated Community (DUC).

Disadvantaged Unincorporated Communities – Determination 2

The community of Berry Creek is currently receiving adequate essential municipal services of fire, water, and wastewater.

Infrastructure and Capacity – Determination 1

The BCCSD operates a groundwater-based water distribution system that serves the customers within its district boundary. The system draws groundwater from four active wells, while a fifth well is out of service due to sand contamination. The groundwater supply generally provides sufficient volume to meet the current demand, which has decreased significantly since the North Complex Fire reduced the district's customer base.

Infrastructure and Capacity – Determination 2

All major components of the water system affected by the North Complex Fire have since been replaced. As a result, much of the system's supply components are relatively new and in good working condition.

Infrastructure and Capacity – Determination 3

The district plays a critical role in supporting fire protection in the community by supplying water to the neighborhood hydrants, ensuring they have adequate water pressure and volume in the event of a fire. District staff report there are 17 hydrants within the district boundaries.

Infrastructure and Capacity – Determination 4

The district's water system's design now exceeds the current demand, presenting challenges in maintaining and operating infrastructure that was intended for a larger customer base. The district is unable to take any of its infrastructure offline to reduce costs, as doing so would make it prohibitively expensive to bring it back into operation. Additionally, the district relies on maintaining the maximum output capacity of its water system to meet essential fire suppression requirements.

Infrastructure and Capacity – Determination 5

To ensure sustainable service delivery and effective resource management in the long-term, the BCCSD should consider adopting a long-range planning document, such as a Capital Improvement Plan (CIP).

Infrastructure and Capacity – Determination 6

Overall, the district's water quality meets California's health and safety standards, with no critical exceedances in the monitored parameters. Regular monitoring helps ensure the water remains safe for public consumption.

Infrastructure and Capacity – Determination 7

The BCCSD is located in an area with a high-water table, which significantly reduces its risk of drought compared to other regions. As a result, the district does not face substantial drought risk and maintains a stable water supply for its residents.

Management Practice and Finances – Determination 1

The general manager has an expense limit of \$500 for discretionary spending. Any expenses beyond this amount require approval from the board, ensuring oversight and careful management of district funds for larger or unexpected expenditures.

Management Practice and Finances – Determination 2

The last audit of the BCCSD was conducted for the fiscal year ending June 30, 2019, prior to the North Complex Fire in 2020. The audit provided a favorable opinion, stating that the district's financial statements fairly represented its financial position. The BCCSD should prioritize annual financial audits to ensure fiscal responsibility and transparency. Regular audits provide a clear overview of the district's financial practices, helping identify areas for improvement while demonstrating accountability to the community.

Management Practice and Finances – Determination 3

Given that BCCSD’s water rates have not been evaluated in many years, it would be beneficial for the district to re-assess its current fee structure. An updated rate study could help align the district’s income with its operational costs, especially as expenses for maintenance and potential improvements have likely risen.

Management Practice and Finances – Determination 4

Maintaining the water delivery system on current revenues could become challenging if unexpected costs arise, such as significant repairs or infrastructure failures. Given that the budget does not account for large capital expenditures or emergency reserves, the district's ability to sustain the water system long-term under the present financial structure would depend on avoiding major unforeseen expenses. If such costs were to occur, the district might need to explore additional funding sources or rate increases to maintain financial stability.

Management Practice and Finances – Determination 5

The district currently has no known long-term debts or liabilities, indicating a relatively stable financial position. However, it has not conducted a financial audit since 2019, which limits the ability to fully assess its financial health and ensure compliance with best practices in fiscal management.

Management Practice and Finances – Determination 6

The BCCSD should consider seeking additional funding sources to strengthen its financial position, especially given the current budget's tight balance. One viable option is to increase standby fees, which are charges applied to properties that may not actively use the water service but still benefit from the availability of the infrastructure for fire safety and potential future connections.

Governmental Structure – Determination 1

The district has faced challenges in recruiting and maintaining a full five-member board. The BCCSD should consider increasing its community outreach efforts to encourage greater participation and engagement, ultimately achieving a full five-member board.

Governmental Structure – Determination 2

The district currently does not have a succession plan in place to address the transition of responsibilities if the general manager were to leave. This absence of planning could affect continuity and operational efficiency, making it important to consider developing a succession strategy to ensure seamless leadership and management continuity.

Governmental Structure – Determination 3

The current governance practices are problematic because the public is generally unaware of how decisions are being made, and crucial district matters are not discussed in a setting that is accessible to residents. To address this issue, the district would need to fully comply with the Brown Act and hold regular public meetings where all actions and deliberations are conducted openly, providing a record of decisions and an opportunity for community input.

Governmental Structure – Determination 4

The district is at risk of falling behind on statutory requirements for ethics, sexual harassment training, and maintaining a website which could expose it to potential legal and reputational issues if left unaddressed. Finding ways to overcome these challenges, such as seeking external assistance or forming partnerships with other small districts, will be essential to meeting these statutory obligations in the future.

Interagency Coordination and Collaboration - Determination 1

To ensure preparedness for future challenges, it would be beneficial for the BCCSD and the South Feather Water and Power Agency to establish a mutual aid agreement, which could formalize the terms of assistance and outline the roles and responsibilities in future situations, as well as any monetary reimbursement expectations. This kind of agreement could help both districts respond more effectively to emergencies, sharing resources and expertise as needed.

Interagency Coordination and Collaboration - Determination 2

Despite their geographic proximity, the BCCSD currently lacks coordination with the nearby Lake Madrone Water District. Enhanced cooperation would not only improve operational efficiency but also help the districts better navigate regulatory requirements and optimize the use of available resources. Strengthening this relationship could serve as an important step toward ensuring the long-term sustainability of water services in both districts.

Interagency Coordination and Collaboration - Determination 3

Expanding the BCCSD's boundaries to serve more of the Berry Creek area could help address some of the limitations faced by those relying on individual wells, such as variability in water quality, groundwater depletion, and maintenance costs associated with private well systems. The district could provide water to additional customers through hauled water deliveries to onsite storage tanks.

Interagency Coordination and Collaboration - Determination 4

Alternatives should be explored to secure the district's future, one of which is a potential reorganization with the SFWPA. A reorganization with SFWPA could involve a contractual services relationship or a jurisdictional change whereby BCCSD could benefit from the larger district's financial resources, technical expertise, and operational efficiencies.

Exposure to Natural Hazards – Determination 1

The BCCSD remains at significant risk for natural disasters, including wildfires, severe storms, flooding, and landslides, which can occur in the mountainous terrain given its location in a heavily forested and rural area of Northern California.

Exposure to Natural Hazards – Determination 2

The BCCSD would benefit from taking a more active role in local disaster planning efforts. The district should participate in the development of future updates to the Butte County Local Hazard Mitigation Plan (LHMP).



Together, we'll keep
California working.

P.O. Box 254700
Sacramento, CA 95865

Dear Policyholder,

Welcome! Thank you for choosing State Fund for your workers' compensation needs. To ensure you have a great experience with us, we want to point out some of the services and resources available to you.

To get started, you'll want to visit our website at www.StateFundCA.com. This is where you will access *State Fund Online* – your one-stop shop for anything and everything related to your policy and claims. Here is where you'll find accurate, up-to-date policy and claims details – and be able to view, print and save electronic copies of your documents, request a Certificate of Insurance, and more.

You can also:

- **Sign up for paperless services.** In *State Fund Online*, sign up for ePayment, ePayroll and eDocuments where you can pay your bill, report payroll, and receive documents electronically.
- **Find a medical provider.** Use the Provider Finder to search the State Fund Medical Provider Network (MPN) of qualified physicians, specialists, and providers that specialize in the treatment of occupational injuries.
- **Get claims information.** Stay ahead of the game by downloading our Claim Kit, where you'll find instructions and all the forms you need to file a claim when the time comes. It also contains a brochure that you must provide to your employee at the time a work-related injury or illness occurs. Need to file a claim now? Simply log into your *State Fund Online* account to file electronically or call (888) 782-8338.

For safety-related resources, visit our safety resource center at www.SafetAtWorkCA.com. Safe At Work California is home to step-by-step guidance, safety meeting topics, videos, and more, accessible to you whenever and wherever you need it.

You can also:

- **Create your Cal/OSHA-required workplace safety program.** Access IIPP Builder SM, a free and simple tool for building your Injury and Illness Prevention Program (IIPP). You can save your IIPP in your *State Fund Online* account for easy access and updates.

Once again, thank you for your business. We're here for you every step of the way. Please visit us on our website or call customer support at (888) 782-8338 for any questions you have concerning your policy.

Sincerely,

State Fund



Explanation of Insurance Surcharges

By law, all California insurance carriers must participate in the surcharge programs described below. This participation involves collecting statutory surcharges from policyholders, through premium charges, to assure adequate funding for each program.

WCFA Surcharge: California Labor Code Section 62.6

The Workers' Compensation Fraud Assessment surcharge funds investigating and prosecuting workers' compensation fraud, a felony punishable up to 5 years in prison and/or the greater of a fine up to \$150,000, or double the value of the fraud.

WCA Surcharge: California Labor Code Section 62.5

The Workers' Compensation Administration Revolving Fund surcharge helps to fund administration of the workers' compensation system, the return to work program, and employers' workers' compensation coverage compliance enforcement. Additional funding comes from administrative fines, penalties, and fees.

UEBT Surcharge: California Labor Code Section 62.5

The Uninsured Employers Benefits Trust Fund surcharge pays for benefits to injured employees of illegally uninsured employers.

SIBT Surcharge: California Labor Code Section 62.5

The Subsequent Injuries Benefits Trust Fund pays benefits to workers who have suffered serious injury and who are suffering from previous and serious permanent disabilities and physical impairments.

OSHF Surcharge: California Labor Code Section 62.5

The Occupational Safety and Health Fund surcharge promotes safe and healthful working conditions for California's workers by funding state safety and health agencies to implement and enforce occupational health and safety laws.

LEC Surcharge: California Labor Code Section 62.5

ABX4-12 (2009) established the Labor Enforcement and Compliance (LEC) Fund surcharge to enforce employer compliance with labor standards and securing workers' compensation insurance by funding the Division of Labor Standards Enforcement (DLSE).

CA Surcharge (CIGA): California Insurance Code Section 1063.5

The CA surcharge funds the California Insurance Guarantee Association (CIGA), which settles unpaid claims of insolvent insurers. Through CIGA, the entire insurance industry assumes responsibility for a defunct carrier's obligations to its claimants.

If an assessed surcharge applies to your policy, the final bill will state:

- CIGA SURCHARGE
- WCA SURCHARGE
- WCFA SURCHARGE
- SIBT SURCHARGE
- UEBT SURCHARGE
- OSHF SURCHARGE
- LEC SURCHARGE



California Workers' Compensation Insurance Rating Laws

Pursuant to Section 11752.8 of the California Insurance Code, we are providing you with an explanation of the California workers' compensation rating laws.

1. We establish our own rates for workers' compensation. Our rates, rating plans, and related information are filed with the insurance commissioner and are open for public inspection.
2. The insurance commissioner can disapprove our rates, rating plans, or classifications only if he or she has determined after public hearing that our rates might jeopardize our ability to pay claims or might create a monopoly in the market. A monopoly is defined by law as a market where one insurer writes 20% or more of that part of the California workers' compensation insurance that is not written by State Compensation Insurance Fund. If the insurance commissioner disapproves our rates, rating plans, or classifications, he or she may order an increase in the rates applicable to outstanding policies.
3. Rating organizations may develop pure premium rates that are subject to the insurance commissioner's approval. A pure premium rate reflects the anticipated cost and expenses of claims per \$100 of payroll for a given classification. Pure premium rates are advisory only, as we are not required to use the pure premium rates developed by any rating organization in establishing our own rates.
4. We must adhere to a single, uniform experience rating plan. If you are eligible for experience rating under the plan, we will be required to adjust your premium to reflect your claim history. A better claim history generally results in a lower experience rating modification; more claims, or more expensive claims, generally result in a higher experience rating modification. The uniform experience rating plan, which is developed by the insurance rating organization designated by the insurance commissioner, is subject to approval by the insurance commissioner.
5. A standard classification system, developed by the insurance rating organization designated by the insurance commissioner, is subject to approval by the insurance commissioner. The standard classification system is a method of recognizing and separating policyholders into industry or occupational groups according to their similarities and/or differences. We can adopt and apply the standard classification system or develop and apply our own classification system, provided we can report the payroll, expenses, and other costs of claims in a way that is consistent with the uniform statistical plan or standard classification system.
6. Our rates and classifications may not violate the Unruh Civil Rights Act or be unfairly discriminatory.
7. We will provide an appeal process for you to appeal the way we rate your insurance policy. The process requires us to respond to your written appeal within 30 days. If you are not

satisfied with the result of your appeal, you may appeal our decision to the insurance commissioner.

California Workers' Compensation Insurance Notice of Nonrenewal

Section 11664 of the California Insurance Code requires us, in most instances, to provide you with a notice of non-renewal. Except as specified in paragraphs 1 through 6 below, if we elect to non-renew your policy, we are required to deliver or mail to you a written notice stating the reason or reasons for the non-renewal of the policy. The notice is required to be sent to you no earlier than 120 days before the end of the policy period and no later than 30 days before the end of the policy period. If we fail to provide you the required notice, we are required to continue the coverage under the policy with no change in the premium rate until 60 days after we provide you with the required notice. We are not required to provide you with a notice of non-renewal in any of the following situations:

1. Your policy was transferred or renewed without a change in its terms or conditions or the rate on which the premium is based to another insurer or other insurers who are members of the same insurance group as us.
2. The policy was extended for 90 days or less and the required notice was given prior to the extension.
3. You obtained replacement coverage or agreed, in writing, within 60 days of the termination of the policy, to obtain that coverage.
4. The policy is for a period of no more than 60 days and you were notified at the time of issuance that it may not be renewed.
5. You requested a change in the terms or conditions or risks covered by the policy within 60 days prior to the end of the policy period.
6. We made a written offer to you to renew the policy at a premium rate increase of less than 25 percent.

(A) If the premium rate in your governing classification is to be increased 25 percent or greater and we intend to renew the policy, we shall provide a written notice of a renewal offer not less than 30 days prior to the policy renewal date. The governing classification shall be determined by the rules and regulations established in accordance with California Insurance Code Section 11750.3(c).

(B) For purposes of this Notice, "premium rate" means the cost of insurance per unit of exposure prior to the application of individual risk variations based on loss or expense considerations such as scheduled rating and experience rating.

This notice does not change the policy to which it is attached.



Payroll Record and Audit Requirements for Policies with Dual Wage Classifications

This notice applies only to policies for businesses in the construction industry.

Dual wage classifications are pairs of classifications that describe the same construction or erection operation yet are assigned based upon whether the employee's hourly wage is above or below a specified threshold. Each pair of dual wage classifications contains one "high wage" classification that is assignable to payrolls earned by employees whose regular hourly wage equals or exceeds a specified wage threshold and one "low wage" classification that is assignable to payrolls earned by employees whose regular hourly wage is less than the specified threshold.

Payroll Record Requirements

The assignment of a high wage classification to any non-salaried employee is contingent on verifying that the employee's hourly wage equals or exceeds the specified wage threshold. The determination of the regular hourly wage must be supported by one of the following sources:

1. Original time cards or time book entries for each employee. Original records must include the operations performed, the total hours worked each day and the times the employee started and ended each work period throughout the workday. At job locations where all the employer's operations cease for a uniform unpaid meal period, recording the start and stop times of the uniform break period is not required.
2. A valid collective bargaining agreement that shows the regular hourly wage rate by job classification of a worker. If using a collective bargaining agreement, the records must include an employee roster by job classification that permits the reconciliation of individual employees to the job classifications set forth in the collective bargaining agreement.

The non-salaried employee's regular hourly wage shall be determined by dividing that employee's total remuneration by the hours worked during the pay period, irrespective of whether the employee is paid on an hourly, piecework, production or commission basis.

The following remuneration shall be used to determine the hourly wage:

1. Hourly wages
2. Piecework
3. Salary
4. Bonuses, commissions and incentive payments that are calculated and paid each pay period
5. Fringe benefit payments made by the employer. However, when such payments are excludable from payroll, they shall be excluded from the hourly wage calculation

The payroll earned by any non-salaried employees for whom the records specified above are not maintained and/or made available will be assigned to the low wage classification that describes the operations performed.

The regular hourly wage of salaried employees is determined by dividing the total annual remuneration by 2000 hours. If an employee is salaried for less than 12 months, the regular hourly wage for the salaried period is calculated on a prorated basis.

Audit Requirements

If your policy produces a final premium of \$10,500 or more, a physical audit is required at least once per year. If your policy produces a premium of less than \$10,500 and payroll is developed under a high wage classification, a physical audit of the policy is required unless the policy is a renewal and a physical audit was completed for one of the two immediately preceding policy periods.

A "physical audit" is defined as an audit of payroll, whether conducted at the policyholder's location or at a remote site, that is based upon an auditor's examination of the policyholder's books of accounts and original payroll records (in either electronic or hard copy form) as necessary to determine and verify the exposure amounts by classification.

If you hold a C-39 Roofing Contractor license from the California Contractors State License Board, a physical audit is required on the complete policy period of each policy regardless of the amount of final premium. See California Insurance Code Section 11665(a) for additional requirements regarding the audit of C-39 license holders.

email initiated by you to State Fund, site visit data, or information on collection devices ("cookies").¹

State Fund also uses third party analytics products that collect and analyze information about your use of our various webpages, blogs and other electronic presences.

Definitions of terms

Personal or confidential information includes, but is not limited to:

Confidential information

Information about State Fund, a State Fund policyholder, or claimant, or a third party of such nature that it has independent economic value from not being generally known to the public. State Fund policyholder "confidential information" includes, but is not limited to, wage or salary information; trade secrets, financial statements, credit reports, and any other information that the insured has lawfully designated proprietary or trade secret.

Personal Information

For any individual - Information, which alone (e.g. no reference to another source is needed), or in combination with an individual's name if lost, compromised, or disclosed without authorization, could result in substantial harm, embarrassment, inconvenience, or unfairness to an individual.

For policyholders - any individually identifiable information gathered in connection with an insurance transaction from which judgments can be made about an individual's character, habits, avocations, finances, occupation, general reputation, credit information or any other personal characteristics.

How to contact our Privacy Office

If you have questions about State Fund's Information Sharing Disclosure or you believe your privacy rights have been violated, contact the State Fund Privacy Office by phone toll free at: (888) 724-3237 or by email to Privacyoffice@scif.com.

¹ Cookies – Cookies are small files supplied by the web server and stored by the web browser software on your computer when you access State Fund's website. Cookies allow State Fund to monitor traffic patterns and improve the website so you can use our website systems more efficiently.



ENDORSEMENT AGREEMENT

0481282-25
RENEWAL
NF

HOME OFFICE
SAN FRANCISCO

EFFECTIVE MARCH 1, 2025 AT 12.01 A.M.

PAGE 1 OF 1

ALL EFFECTIVE DATES ARE
AT 12:01 AM PACIFIC
STANDARD TIME OR THE
TIME INDICATED AT
PACIFIC STANDARD TIME

LAKE MADRONE WATER DIST.

PO BOX 933
OROVILLE, CA 95965

ANY CONTRADICTION BETWEEN THE POLICY AND THIS ENDORSEMENT WILL
BE CONTROLLED BY THIS ENDORSEMENT.

IT IS AGREED THAT THE FOLLOWING CLASSIFICATION(S) IS (ARE)
HEREBY ADDED TO AND MADE A PART OF THIS POLICY.
RATE(S) EFFECTIVE UP TO 3/01/26 -

STANDARD CLASS	DESCRIPTION OF WORK	BASE RATE*	INTERIM BILLING RATE*
7520-1	WATER COMPANIES--ALL EMPLOYEES-- INCLUDING CONSTRUCTION OR EXTENSION OF LINES	7.34	5.52

IF THIS CLASSIFICATION CHANGE RESULTS IN INCREASED POLICY PREMIUM,
YOU ARE ENTITLED, AS PROVIDED BY INSURANCE CODE SECTION 11753.1,
TO REQUEST THAT THE CLASSIFICATION DECISION BE RECONSIDERED BY
THE STATE COMPENSATION INSURANCE FUND. PLEASE CONTACT YOUR LOCAL
DISTRICT OFFICE.

*THE BASE RATE IS PROVIDED FOR YOUR INFORMATION. IT IS THE RATE
WHICH STATE COMPENSATION INSURANCE FUND HAS FILED WITH THE
DEPARTMENT OF INSURANCE. THE INTERIM BILLING RATE WILL BE USED
ON PAYROLL REPORTS. IT TAKES INTO ACCOUNT RATING PLAN CREDITS
(OR DEBITS) WHICH WILL APPLY AT FINAL BILLING.

NOTHING IN THIS ENDORSEMENT SHALL BE HELD TO VARY, ALTER, WAIVE OR EXTEND
ANY OF THE TERMS, CONDITIONS, AGREEMENTS, OR LIMITATIONS OF THIS POLICY
OTHER THAN AS ABOVE STATED. NOTHING ELSEWHERE IN THIS POLICY SHALL BE
HELD TO VARY, ALTER, WAIVE OR LIMIT THE TERMS, CONDITIONS, AGREEMENTS OR
LIMITATIONS IN THIS ENDORSEMENT.

COUNTERSIGNED AND ISSUED AT SAN FRANCISCO:

MARCH 04, 2025

9961

AUTHORIZED REPRESENTATIVE

PRESIDENT AND CEO

0481282-25

Dear Policyholder:

These endorsements amend and are part of your policy.
Please keep them with your documents for future reference.

If you have any questions concerning these endorsements,
Please contact your local State Fund office.



POLICYHOLDER NOTICE
YOUR RIGHT TO RATING AND DIVIDEND INFORMATION
PN 04 99 01 I (Ed. 02-22)

POLICY NO. 481282-25
NR NF

LAKE MADRONE WATER DIST.
PO BOX 933
OROVILLE, CALIF 95965

I. Information Available to You

A. Information Available from Us - State Compensation Insurance Fund

(1) General questions regarding your policy should be directed to:

State Fund, Small Commercial Service Center
1020 Vaquero Circle
Vacaville, CA 95688
Telephone: 888-782-8338
Website: www.statefundca.com

(2) **Participating Provision-Dividends.** If this is a participating policy (a policy on which a dividend may be paid), upon payment or non-payment of a dividend, we shall provide a written explanation to you that sets forth the basis of the dividend calculation. The explanation will be in clear, understandable language and will express the dividend as a dollar amount and as a percentage of the earned premium for the policy year on which the dividend is calculated.

Pursuant to California Code of Regulations, Title 10 CCR 2503 (b), under California Law, it is unlawful for an insurer [us] to promise the future payment of dividends under an unexpired workers' compensation policy or to misrepresent the conditions for dividend payment. Dividends are payable only pursuant to conditions determined by the [our] Board of Directors or other governing board [of the Company] following policy expiration. Forfeiture of a right to, reduction in the amount of, or delay in the payment of a policyholder's dividend due to the policyholder's failure to accept renewal of the policy or subsequent policies issued by the same insurer is illegal and constitutes an unfair practice.

(3) **Claims Information.** Pursuant to Sections 3761 and 3762 of the California Labor Code, you are entitled to receive information in our claim files that affects your premium. Copies of documents will be supplied at your expense during reasonable business hours.

For claims covered under this policy, we will estimate the ultimate cost of unsettled claims for statistical purposes eighteen months after the policy becomes effective and will report those estimates to the Workers' Compensation Insurance Rating Bureau of California (WCIRB) no later than twenty months after the policy becomes effective. The cost of any settled claims will also be reported at that time. At twelve-month intervals thereafter, we will update and report to the WCIRB the estimated cost of any unsettled claims and the actual final cost of any claims settled in the interim. The amounts we report will be used by the WCIRB to compute your experience modification if you are eligible for experience rating.

B. Information Available from the Workers' Compensation Insurance Rating Bureau of California

(1) The WCIRB is a licensed rating organization and the California Insurance Commissioner's designated statistical agent. As such, the WCIRB is responsible for administering the *California Workers' Compensation Uniform Statistical Reporting Plan--1995* (USRP) and the *California Workers' Compensation Experience Rating Plan--1995* (ERP). WCIRB contact information is: WCIRB, 1901 Harrison Street, 17th Floor, Oakland, CA 94612, Attn: Customer Service; 888-229-2472 (phone); 415-778-7272 (fax); and customerservice@wcirb.com (email). The regulations contained in the USRP and the ERP are available for public viewing through the WCIRB's website at wcirb.com.

POLICYHOLDER NOTICE
Your Right to Rating and Dividend Information

POLICY NO. 481282-25
NR NF

- (2) **Policyholder Information.** Pursuant to California Insurance Code (CIC) Section 11752.6, upon written request, you are entitled to information relating to loss experience, claims, classification assignments, and policy contracts as well as rating plans, rating systems, manual rules, or other information impacting your premium that is maintained in the records of the WCIRB. Complaints and Requests for Action requesting policyholder information should be forwarded to: WCIRB, 1901 Harrison Street, 17th Floor, Oakland, CA 94612, Attn: Custodian of Records. The Custodian of Records can be reached at 415-777-0777 (phone) and 415-778-7272 (fax).
- (3) **Experience Rating Form.** Each experience rated risk may receive a single copy of its current Experience Rating Form/Worksheet free of charge by completing a Policyholder Experience Rating Worksheet Request Form on the WCIRB's website at wcirb.com/ratesheet. The Experience Rating Form/Worksheet will include a Loss-Free Rating, which is the experience modification that would have been calculated if \$0 (zero) actual losses were incurred during the experience period. This hypothetical rating calculation is provided for informational purposes only.

II. Dispute Process

You may dispute our actions or the actions of the WCIRB pursuant to CIC Sections 11737 and 11753.1.

- A. Our Dispute Resolution Process.** You may request in writing that we reconsider a change in classification(s) assignment that results in an increased premium. You may also request, in writing, that we review the manner in which our rating system has been applied in connection with the insurance afforded or offered you. Written requests that we reconsider or review our actions should be forwarded to: State Compensation Insurance Fund, Attention: Manager, Customer Assistance Program, 5880 Owens Drive, Pleasanton, CA 94588 or call us at 925-460-6530 or Fax us at 707-454-8200.

After you send your Complaint and Request for Action, we have 30 days to send you a written notice indicating whether your written request will be reviewed. If we agree to review your request, we must conduct the review and issue a decision granting or rejecting your request within 60 days after sending you the written notice granting review. If we decline to review your request, if you are dissatisfied with the decision upon review, or if we fail to grant or reject your request or issue a decision upon review, you may appeal to the Insurance Commissioner as described in paragraph II.C., below.

- B. Disputing the Actions of the WCIRB.** If you have been aggrieved by any decision, action, or omission to act of the WCIRB, you may request, in writing, that the WCIRB reconsider its decision, action, or omission to act. You may also request, in writing, that the WCIRB review the manner in which its rating system has been applied in connection with the insurance afforded or offered you. For requests related to classification disputes, the reporting of experience, or coverage issues, your initial request for review must be received by the WCIRB within 12 months after the expiration date of the policy to which the request for review pertains, except if the request involves the application of the Revision of Losses rule. For requests related to your experience modification, your initial request for review must be received by the WCIRB within 6 months after the issuance, or 12 months after the expiration date, of the experience modification to which the request for review pertains, whichever is later, except if the request for review involves the application of the Revision of Losses rule. If the request involves the Revision of Losses rule, the time to state your appeal may be longer. (See Section VI, Rule 7 of the ERP).

You may commence the review process by sending the WCIRB a written Inquiry. Written Inquiries should be sent to: WCIRB, 1901 Harrison Street, 17th Floor, Oakland CA 94612, Attn: Customer Service. Customer Service can be reached at 888-229-2472 (phone), 415-778-7272 (fax) and customerservice@wcirb.com (email)

If you are dissatisfied with the WCIRB's decision upon an Inquiry, or if the WCIRB fails to respond within 90 days after receipt of the Inquiry, you may pursue the subject of the Inquiry by sending the WCIRB a written Complaint and Request for Action. After you send your Complaint and Request for Action, the WCIRB has 30 days to send you written notice indicating whether your written request will be reviewed.

POLICYHOLDER NOTICE
Your Right to Rating and Dividend Information

POLICY NO. 481282-25
NR NF

If you are dissatisfied with the WCIRB's decision upon an Inquiry, or if the WCIRB fails to respond within 90 days after receipt of the Inquiry, you may pursue the subject of the Inquiry by sending the WCIRB a written Complaint and Request for Action. After you send your Complaint and Request for Action, the WCIRB has 30 days to send you written notice indicating whether your written request will be reviewed. If the WCIRB agrees to review your request, it must conduct the review and issue a decision granting or rejecting your request within 60 days after sending you the written notice granting review. If the WCIRB declines to review your request, if you are dissatisfied with the decision upon review, or if the WCIRB fails to grant or reject your request or issue a decision upon review, you may appeal to the Insurance Commissioner as described in paragraph II.C., below. Written Complaints and Requests for Action should be forwarded to: WCIRB, 1901 Harrison Street, 17th Floor, Oakland, CA 94612, Attn: Complaints and Reconsideration. The WCIRB's contact information is 888-229-2472 (phone), 415-371-5204 (fax) and customerservice@wcirb.com (email).

- C. California Department of Insurance - Appeals to the Insurance Commissioner.** After you follow the appropriate dispute resolution process described above, if (1) we or the WCIRB decline to review your request, (2) you are dissatisfied with the decision upon review, or (3) we or the WCIRB fail to grant or reject your request or issue a decision upon review, you may appeal to the Insurance Commissioner pursuant to CIC Sections 11737, 11752.6, 11753.1 and Title 10, California Code of Regulations, Section 2509.40 et seq. You must file your appeal within 30 days after we or the WCIRB send you the notice rejecting review of your Complaint and Request for Action or the decision upon your Complaint and Request for Action. If no written decision regarding your Complaint and Request for Action is sent, your appeal must be filed within 120 days after you sent your Complaint and Request for Action to us or to the WCIRB. The filing address for all appeals to the Insurance Commissioner is:

Administrative Hearing Bureau
California Department of Insurance
1901 Harrison Street, 3rd Floor Mailroom
Oakland, California 94612
415-538-4243

You have the right to a hearing before the Insurance Commissioner, and our action, or the action of the WCIRB, may be affirmed, modified or reversed.

III. Resources Available to You in Obtaining Information and Pursuing Disputes

- A. Policyholder Ombudsman.** Pursuant to California Insurance Code Section 11752.6, a policyholder ombudsman is available at the WCIRB to assist you in obtaining and evaluating the rating, policy, and claims information referenced in I.A. and I.B., above. The ombudsman may advise you on any dispute with us, the WCIRB, or on an appeal to the Insurance Commissioner pursuant to Section 11737 of the Insurance Code. The address of the policyholder ombudsman is WCIRB, 1901 Harrison Street, 17th Floor, Oakland, CA 94612, Attn: Policyholder Ombudsman. The policyholder ombudsman can be reached at 415-778-7159 (phone), 415-371-5288 (fax) and ombudsman@wcirb.com (email).
- B. California Department of Insurance - Information and Assistance.** Information and assistance on policy questions can be obtained from the Department of Insurance Consumer HOTLINE, 800-927-HELP (4357) or insurance.ca.gov. For questions and correspondence regarding appeals to the Administrative Hearing Bureau, see the contact information in paragraph II.C.

This notice does not change the policy to which it is attached.



ENDORSEMENT AGREEMENT
STATUTORY ACCOUNTING PRINCIPLES
BILL RECEIVABLE

481282-25
RENEWAL
NF
2-30-48-85
PAGE 1 OF 1

HOME OFFICE
SAN FRANCISCO

EFFECTIVE MARCH 1, 2025 AT 12.01 A.M.

ALL EFFECTIVE DATES ARE
AT 12:01 AM PACIFIC
STANDARD TIME OR THE
TIME INDICATED AT
PACIFIC STANDARD TIME

LAKE MADRONE WATER DIST.
PO BOX 933
OROVILLE, CA 95965

ANY CONTRADICTION BETWEEN THE POLICY AND THIS ENDORSEMENT
WILL BE CONTROLLED BY THIS ENDORSEMENT.

IT IS AGREED THAT THIS ENDORSEMENT AMENDS SECTION D. OF
PART FIVE OF THE POLICY.

YOUR POLICY HAS BEEN WRITTEN ON QUARTERLY ADJUSTMENT
PERIOD. YOU WILL PAY ALL PREMIUM WHEN DUE.

PAYROLL REPORTS AND PREMIUM ARE DUE WITHIN 10 DAYS (TEN)
AFTER THE LAST DAY OF THE REPORTING PERIOD.

PAYMENT OF OUTSTANDING PREMIUM IS DUE WITHIN 10 DAYS (TEN)
FROM THE BILL DATE.

NOTHING IN THIS ENDORSEMENT SHALL BE HELD TO VARY, ALTER, WAIVE OR EXTEND
ANY OF THE TERMS, CONDITIONS, AGREEMENTS, OR LIMITATIONS OF THIS POLICY
OTHER THAN AS ABOVE STATED. NOTHING ELSEWHERE IN THIS POLICY SHALL BE
HELD TO VARY, ALTER, WAIVE OR LIMIT THE TERMS, CONDITIONS, AGREEMENTS OR
LIMITATIONS IN THIS ENDORSEMENT.

COUNTERSIGNED AND ISSUED AT SAN FRANCISCO: MARCH 4, 2025

Kent R. Va. Lauf
AUTHORIZED REPRESENTATIVE

Vernon Steiner
PRESIDENT AND CEO

2089



ENDORSEMENT AGREEMENT
MEDICAL PROVIDER NETWORK

481282-25
RENEWAL
NF
2-30-48-85
PAGE 1 OF 3

HOME OFFICE
SAN FRANCISCO

EFFECTIVE MARCH 1, 2025 AT 12.01 A.M.

ALL EFFECTIVE DATES ARE
AT 12:01 AM PACIFIC
STANDARD TIME OR THE
TIME INDICATED AT
PACIFIC STANDARD TIME

LAKE MADRONE WATER DIST.
PO BOX 933
OROVILLE, CA 95965

ANY CONTRADICTION BETWEEN THE POLICY AND THIS ENDORSEMENT
WILL BE CONTROLLED BY THIS ENDORSEMENT.

THE STATE COMPENSATION INSURANCE FUND MEDICAL PROVIDER
NETWORK IS ESTABLISHED IN ACCORDANCE WITH CALIFORNIA LABOR
CODE 4600 ET SEQ AND APPROVED BY THE CALIFORNIA DIVISION OF
WORKERS' COMPENSATION ADMINISTRATIVE DIRECTOR. THE INTENT
OF THE 2004 LEGISLATION REQUIRING THE ESTABLISHMENT OF THE
MEDICAL PROVIDER NETWORK IS INCREASED EMPLOYER CONTROL OVER
THE COSTS OF TREATING EMPLOYEE WORK RELATED INJURIES AND
DISEASE.

PART FOUR OF THE POLICY, YOUR DUTIES IF INJURY OCCURS, IS
AMENDED AS FOLLOWS:

IT IS AGREED THAT THE POLICYHOLDER SHALL REFER ALL WORK
RELATED INJURIES OR DISEASE TO THE STATE COMPENSATION
INSURANCE FUND MEDICAL PROVIDER NETWORK AT THE TIME OF AN
OCCUPATIONAL INJURY OR UPON KNOWLEDGE OF AN OCCUPATIONAL
INJURY OR DISEASE.

IT IS FURTHER AGREED THAT WHEN AN EMPLOYEE NOTIFIES THE
POLICYHOLDER OF AN OCCUPATIONAL INJURY OR FILES A CLAIM FOR
WORKERS' COMPENSATION WITH THE POLICYHOLDER, THE POLICY-
HOLDER SHALL ARRANGE AN INITIAL MEDICAL EVALUATION AND
BEGIN TREATMENT WITHIN THE MEDICAL PROVIDER NETWORK. THE
POLICYHOLDER SHALL NOTIFY THE EMPLOYEE OF HIS OR HER RIGHT

CONTINUED

NOTHING IN THIS ENDORSEMENT SHALL BE HELD TO VARY, ALTER, WAIVE OR EXTEND
ANY OF THE TERMS, CONDITIONS, AGREEMENTS, OR LIMITATIONS OF THIS POLICY
OTHER THAN AS ABOVE STATED. NOTHING ELSEWHERE IN THIS POLICY SHALL BE
HELD TO VARY, ALTER, WAIVE OR LIMIT THE TERMS, CONDITIONS, AGREEMENTS OR
LIMITATIONS IN THIS ENDORSEMENT.

COUNTERSIGNED AND ISSUED AT SAN FRANCISCO: MARCH 4, 2025

Kent R. Va. Carl
AUTHORIZED REPRESENTATIVE

Vernon Steiner
PRESIDENT AND CEO

2437



ENDORSEMENT AGREEMENT
MEDICAL PROVIDER NETWORK

481282-25
RENEWAL
NF
2-30-48-85
PAGE 2 OF 3

HOME OFFICE
SAN FRANCISCO

EFFECTIVE MARCH 1, 2025 AT 12.01 A.M.

ALL EFFECTIVE DATES ARE
AT 12:01 AM PACIFIC
STANDARD TIME OR THE
TIME INDICATED AT
PACIFIC STANDARD TIME

LAKE MADRONE WATER DIST.
PO BOX 933
OROVILLE, CA 95965

CONTINUED.

TO BE TREATED BY A PHYSICIAN OF HIS OR HER CHOICE FROM
WITHIN THE MEDICAL PROVIDER NETWORK AFTER THE FIRST VISIT.
THE POLICYHOLDER SHALL NOTIFY EMPLOYEE OF THE METHOD BY
WHICH THE LIST OF PARTICIPATING PROVIDERS MAY BE ACCESSED
BY EMPLOYEES.

IT IS FURTHER AGREED THAT IF AN INJURED EMPLOYEE DISPUTES
EITHER THE DIAGNOSIS OR THE TREATMENT PRESCRIBED BY THE
TREATING PHYSICIAN, THE EMPLOYEE MAY SEEK THE OPINION OF
ANOTHER PHYSICIAN WITHIN THE MEDICAL PROVIDER NETWORK. IF
THE INJURED EMPLOYEE DISPUTES THE DIAGNOSIS OR TREATMENT
PRESCRIBED BY THE SECOND PHYSICIAN, THE EMPLOYEE MAY SEEK
THE OPINION OF A THIRD PHYSICIAN WITHIN THE MEDICAL
PROVIDER NETWORK.

IT IS FURTHER AGREED THAT THIS ENDORSEMENT IN NO WAY
AFFECTS THE RIGHTS OF AN INJURED WORKER TO PREDESIGNATE A
PHYSICIAN. AN EMPLOYEE MUST FILE WRITTEN NOTICE OF THE
PREDESIGNATION WITH THE EMPLOYER PRIOR TO THE DATE OF
INJURY. THE NOTICE MUST INCLUDE THE PHYSICIAN'S SIGNATURE
OF AGREEMENT TO THE PREDESIGNATION, AND THE FOLLOWING
CONDITIONS MUST APPLY:

THE PHYSICIAN IS THE EMPLOYEE'S REGULAR PHYSICIAN.

THE PHYSICIAN IS THE EMPLOYEE'S PRIMARY CARE PROVIDER WHO
HAS PREVIOUSLY DIRECTED THE MEDICAL TREATMENT OF THE

CONTINUED

NOTHING IN THIS ENDORSEMENT SHALL BE HELD TO VARY, ALTER, WAIVE OR EXTEND
ANY OF THE TERMS, CONDITIONS, AGREEMENTS, OR LIMITATIONS OF THIS POLICY
OTHER THAN AS ABOVE STATED. NOTHING ELSEWHERE IN THIS POLICY SHALL BE
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LIMITATIONS IN THIS ENDORSEMENT.

COUNTERSIGNED AND ISSUED AT SAN FRANCISCO: MARCH 4, 2025

2437

Kent R. Va. Kauf
AUTHORIZED REPRESENTATIVE

Vernon Steiner
PRESIDENT AND CEO



ENDORSEMENT AGREEMENT
MEDICAL PROVIDER NETWORK

481282-25
RENEWAL
NF
2-30-48-85
PAGE 3 OF 3

HOME OFFICE
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CONTINUED.

EMPLOYEE AND RETAINS RECORDS OF THE TREATMENT AND MEDICAL HISTORY.

THE EMPLOYER PROVIDES THE STAFF WITH NONOCCUPATIONAL GROUP HEALTH COVERAGE IN A HEALTH-CARE SERVICE PLAN (SUCH AS AN HMO/PPO PROGRAM).

OR

THE EMPLOYER PROVIDES NONOCCUPATIONAL HEALTH COVERAGE IN A GROUP HEALTH PLAN OR A GROUP HEALTH INSURANCE POLICY, PER LABOR CODE 4616.7.

NOTHING IN THIS ENDORSEMENT SHALL BE HELD TO VARY, ALTER, WAIVE OR EXTEND ANY OF THE TERMS, CONDITIONS, AGREEMENTS, OR LIMITATIONS OF THIS POLICY OTHER THAN AS ABOVE STATED. NOTHING ELSEWHERE IN THIS POLICY SHALL BE HELD TO VARY, ALTER, WAIVE OR LIMIT THE TERMS, CONDITIONS, AGREEMENTS OR LIMITATIONS IN THIS ENDORSEMENT.

COUNTERSIGNED AND ISSUED AT SAN FRANCISCO: MARCH 4, 2025

Kent R. Va. Kauf
AUTHORIZED REPRESENTATIVE

Vernon Steiner
PRESIDENT AND CEO

2437



ENDORSEMENT AGREEMENT
TERRORISM RISK INSURANCE PROGRAM
REAUTHORIZATION ACT DISCLOSURE ENDORSEMENT

481282-25
RENEWAL
NF
2-30-48-85
PAGE 1 OF 4

HOME OFFICE
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OROVILLE, CA 95965

THIS ENDORSEMENT ADDRESSES THE REQUIREMENTS OF THE
TERRORISM RISK INSURANCE ACT OF 2002 AS AMENDED AND
EXTENDED BY THE TERRORISM RISK INSURANCE PROGRAM
REAUTHORIZATION ACT OF 2019. IT SERVES TO NOTIFY YOU OF
CERTAIN LIMITATIONS UNDER THE ACT, AND THAT YOUR INSURANCE
CARRIER IS CHARGING PREMIUM FOR LOSSES THAT MAY OCCUR IN
THE EVENT OF AN ACT OF TERRORISM.

YOUR POLICY PROVIDES COVERAGE FOR WORKERS COMPENSATION
LOSSES CAUSED BY ACTS OF TERRORISM, INCLUDING WORKERS
COMPENSATION BENEFIT OBLIGATIONS DICTATED BY STATE LAW.
COVERAGE FOR SUCH LOSSES IS STILL SUBJECT TO ALL TERMS,
DEFINITIONS, EXCLUSIONS, AND CONDITIONS IN YOUR POLICY, AND
ANY APPLICABLE FEDERAL AND/OR STATE LAWS, RULES, OR
REGULATIONS.

DEFINITIONS

THE DEFINITIONS PROVIDED IN THIS ENDORSEMENT ARE BASED ON
AND HAVE THE SAME MEANING AS THE DEFINITIONS IN THE ACT. IF
WORDS OR PHRASES NOT DEFINED IN THIS ENDORSEMENT ARE
DEFINED IN THE ACT, THE DEFINITIONS IN THE ACT WILL APPLY.

"ACT" MEANS THE TERRORISM RISK INSURANCE ACT OF 2002, WHICH
TOOK EFFECT ON NOVEMBER 26, 2002, AND ANY AMENDMENTS
THERE TO, INCLUDING ANY AMENDMENTS RESULTING FROM THE
TERRORISM RISK INSURANCE PROGRAM REAUTHORIZATION ACT OF
2019.

CONTINUED

NOTHING IN THIS ENDORSEMENT SHALL BE HELD TO VARY, ALTER, WAIVE OR EXTEND
ANY OF THE TERMS, CONDITIONS, AGREEMENTS, OR LIMITATIONS OF THIS POLICY
OTHER THAN AS ABOVE STATED. NOTHING ELSEWHERE IN THIS POLICY SHALL BE
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LIMITATIONS IN THIS ENDORSEMENT.

COUNTERSIGNED AND ISSUED AT SAN FRANCISCO: MARCH 4, 2025

2567

[Signature]
AUTHORIZED REPRESENTATIVE

[Signature]
PRESIDENT AND CEO



ENDORSEMENT AGREEMENT
TERRORISM RISK INSURANCE PROGRAM
REAUTHORIZATION ACT DISCLOSURE ENDORSEMENT

481282-25
RENEWAL
NF
2-30-48-85
PAGE 2 OF 4

HOME OFFICE
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CONTINUED.

"ACT OF TERRORISM" MEANS ANY ACT THAT IS CERTIFIED BY THE SECRETARY OF THE TREASURY, IN CONSULTATION WITH THE SECRETARY OF HOMELAND SECURITY, AND THE ATTORNEY GENERAL OF THE UNITED STATES AS MEETING ALL OF THE FOLLOWING REQUIREMENTS:

- A. THE ACT IS AN ACT OF TERRORISM.
- B. THE ACT IS VIOLENT OR DANGEROUS TO HUMAN LIFE, PROPERTY OR INFRASTRUCTURE.
- C. THE ACT RESULTED IN DAMAGE WITHIN THE UNITED STATES, OR OUTSIDE OF THE UNITED STATES IN THE CASE OF THE PREMISES OF UNITED STATES MISSIONS OR CERTAIN AIR CARRIERS OR VESSELS.
- D. THE ACT HAS BEEN COMMITTED BY AN INDIVIDUAL OR INDIVIDUALS AS PART OF AN EFFORT TO COERCE THE CIVILIAN POPULATION OF THE UNITED STATES OR TO INFLUENCE THE POLICY OR AFFECT THE CONDUCT OF THE UNITED STATES GOVERNMENT BY COERCION.

"INSURED LOSS" MEANS ANY LOSS RESULTING FROM AN ACT OF TERRORISM (AND, EXCEPT FOR PENNSYLVANIA, INCLUDING AN ACT OF WAR, IN THE CASE OF WORKERS COMPENSATION) THAT IS COVERED BY PRIMARY OR EXCESS PROPERTY AND CASUALTY INSURANCE ISSUED BY AN INSURER IF THE LOSS OCCURS IN THE

CONTINUED

NOTHING IN THIS ENDORSEMENT SHALL BE HELD TO VARY, ALTER, WAIVE OR EXTEND ANY OF THE TERMS, CONDITIONS, AGREEMENTS, OR LIMITATIONS OF THIS POLICY OTHER THAN AS ABOVE STATED. NOTHING ELSEWHERE IN THIS POLICY SHALL BE HELD TO VARY, ALTER, WAIVE OR LIMIT THE TERMS, CONDITIONS, AGREEMENTS OR LIMITATIONS IN THIS ENDORSEMENT.

COUNTERSIGNED AND ISSUED AT SAN FRANCISCO: MARCH 4, 2025

Kent R. Va...
AUTHORIZED REPRESENTATIVE

Vernon Steiner
PRESIDENT AND CEO

2567



ENDORSEMENT AGREEMENT
TERRORISM RISK INSURANCE PROGRAM
REAUTHORIZATION ACT DISCLOSURE ENDORSEMENT

481282-25
RENEWAL
NF
2-30-48-85
PAGE 3 OF 4

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CONTINUED.

UNITED STATES OR AT THE PREMISES OF UNITED STATES MISSIONS
OR TO CERTAIN AIR CARRIERS OR VESSELS.

"INSURER DEDUCTIBLE" MEANS, FOR THE PERIOD BEGINNING ON
JANUARY 1, 2021, AND ENDING ON DECEMBER 31, 2027, AN AMOUNT
EQUAL TO 20% OF OUR DIRECT EARNED PREMIUMS DURING THE
IMMEDIATELY PRECEDING CALENDAR YEAR.

LIMITATION OF LIABILITY

THE ACT LIMITS OUR LIABILITY TO YOU UNDER THIS POLICY. IF
AGGREGATE INSURED LOSSES EXCEED \$100,000,000,000 IN A
CALENDAR YEAR AND IF WE HAVE MET OUR INSURER DEDUCTIBLE, WE
ARE NOT LIABLE FOR THE PAYMENT OF ANY PORTION OF ANY PORTION OF THE AMOUNT
OF INSURED LOSSES THAT EXCEEDS \$100,000,000,000; AND FOR
AGGREGATE INSURED LOSSES UP TO \$100,000,000,000, WE WILL
PAY ONLY A PRO RATA SHARE OF SUCH INSURED LOSSES AS
DETERMINED BY THE SECRETARY OF THE TREASURY.

POLICYHOLDER DISCLOSURE NOTICE

1. INSURED LOSSES WOULD BE PARTIALLY REIMBURSED BY THE
UNITED STATES GOVERNMENT. IF THE AGGREGATE INDUSTRY
INSURED LOSSES OCCURRING IN ANY CALENDAR YEAR EXCEED
\$200,000,000, THE UNITED STATES GOVERNMENT WOULD PAY 80%
OF OUR INSURED LOSSES THAT EXCEED OUR INSURER
DEDUCTIBLE.

CONTINUED

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LIMITATIONS IN THIS ENDORSEMENT.

COUNTERSIGNED AND ISSUED AT SAN FRANCISCO: MARCH 4, 2025

2567

Kent R. LaFol
AUTHORIZED REPRESENTATIVE

Vernon Steiner
PRESIDENT AND CEO



ENDORSEMENT AGREEMENT
TERRORISM RISK INSURANCE PROGRAM
REAUTHORIZATION ACT DISCLOSURE ENDORSEMENT

481282-25
RENEWAL
NF
2-30-48-85
PAGE 4 OF 4

HOME OFFICE
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CONTINUED.

2. NOTWITHSTANDING ITEM 1 ABOVE, THE UNITED STATES
GOVERNMENT WILL NOT MAKE ANY PAYMENT UNDER THE ACT FOR
ANY PORTION.

THIS ENDORSEMENT CHANGES THE POLICY TO WHICH IT IS ATTACHED
AND IS EFFECTIVE ON THE DATE ISSUED UNLESS OTHERWISE
STATED.

NOTHING IN THIS ENDORSEMENT SHALL BE HELD TO VARY, ALTER, WAIVE OR EXTEND
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COUNTERSIGNED AND ISSUED AT SAN FRANCISCO: MARCH 4, 2025

Kent R. Va. Kauf
AUTHORIZED REPRESENTATIVE

Vernon Steiner
PRESIDENT AND CEO

2567



MARCH 4, 2025

IN REPLY REFER TO:

0481282-25

LAKE MADRONE WATER DIST.
PO BOX 933
OROVILLE, CA 95965

Dear Policyholder

Thank you for choosing us as your workers' compensation insurance carrier.

This package contains your renewal documents as listed on the following page. Please keep these together.

Our goal is to provide you with fast, efficient, and the most convenient service possible. We truly appreciate your business. If you have any questions about the information in this mailing, please contact your broker of record or your local State Compensation Insurance Fund office.

State Compensation Insurance Fund

5880 Owens Dr • Pleasanton, CA 94588-3900

Mailing Address: P.O. Box 8192 • Pleasanton, CA 94588-8792



IN REPLY REFER TO:

0481282-25

WORKERS' COMPENSATION AND EMPLOYER'S LIABILITY
INSURANCE POLICY
STATE COMPENSATION INSURANCE FUND
Forms and Endorsements Applicable List Policy

FORM NUMBER	FORM DESCRIPTION
10963A	ANNUAL RATING ENDORSEMENT
10217	2029 -ENDORSEMENT AGREEMENT- CALIFORNIA SHORT-RATE CANCELLATION
10217	2089 -ENDORSEMENT AGREEMENT- STATUTORY ACCOUNTING PRINCIPLES - BILL RECEIVABLE
10217	2437 -ENDORSEMENT AGREEMENT- MEDICAL PROVIDER NETWORK ENDORSEMENT
10217	2567 -ENDORSEMENT AGREEMENT- TERRORISM RISK INSURANCE PROGRAM REAUTHORIZATION ACT DISCLOSURE ENDORSEMENT
10217	9961 -ENDORSEMENT AGREEMENT- CLASS AND RATES AMENDED
10610E	POLICY HOLDER NOTICE

5880 Owens Dr • Pleasanton, CA 94588-3900

Mailing Address: P.O. Box 8192 • Pleasanton, CA 94588-8792



HOME OFFICE	SAN FRANCISCO	ANNUAL RATING ENDORSEMENT
IT IS AGREED THAT THE CLASSIFICATIONS AND RATES PER \$100 OF REMUNERATION APPEARING IN THE CONTINUOUS POLICY ISSUED TO THIS EMPLOYER ARE AMENDED AS SHOWN BELOW.		

HERE ARE YOUR NEW RATES FOR THE PERIOD INDICATED. IF YOUR NAME OR ADDRESS SHOULD BE CORRECTED OR IF INSURANCE IS NOT NEEDED FOR NEXT YEAR, PLEASE TELL US.

IMPORTANT THIS IS NOT A BILL
SEND NO MONEY UNLESS STATEMENT IS ENCLOSED

CONTINUOUS POLICY 481282-25

THE RATING PERIOD BEGINS AND ENDS AT 12:01AM
PACIFIC STANDARD TIME

RATING PERIOD 3-01-25 TO 3-01-26

LAKE MADRONE WATER DIST.
PO BOX 933
OROVILLE, CALIF 95965

DEPOSIT PREMIUM	\$0.00
MINIMUM PREMIUM	\$970.00
PREMIUM ADJUSTMENT PERIOD	QUARTERLY
	R NF

NAME OF EMPLOYER- LAKE MADRONE WATER DISTRICT
(A PUBLIC AGENCY)

CODE NO. PRINCIPAL WORK AND RATES EFFECTIVE FROM 03-01-25 TO 03-01-26

		PREMIUM BASIS	BASE RATE	INTERIM BILLING RATE*
7520-1	WATER COMPANIES--ALL EMPLOYEES	63777	7.34	5.52

*****BUREAU NOTE INFORMATION*****

FEIN 942495918

TOTAL ESTIMATED ANNUAL PREMIUM \$3,520



HOME OFFICE	SAN FRANCISCO	ANNUAL RATING ENDORSEMENT
IT IS AGREED THAT THE CLASSIFICATIONS AND RATES PER \$100 OF REMUNERATION APPEARING IN THE CONTINUOUS POLICY ISSUED TO THIS EMPLOYER ARE AMENDED AS SHOWN BELOW.		

HERE ARE YOUR NEW RATES FOR THE PERIOD INDICATED. IF YOUR NAME OR ADDRESS SHOULD BE CORRECTED OR IF INSURANCE IS NOT NEEDED FOR NEXT YEAR, PLEASE TELL US.

IMPORTANT THIS IS NOT A BILL
SEND NO MONEY UNLESS STATEMENT IS ENCLOSED

CONTINUOUS POLICY 481282-25

THE RATING PERIOD BEGINS AND ENDS AT 12:01AM
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RATING PERIOD 3-01-25 TO 3-01-26

* INTERIM BILLING RATES WILL BE USED ON PAYROLL REPORTS. THEY TAKE INTO ACCOUNT RATING PLAN CREDITS (OR DEBITS) WHICH WILL APPLY AT FINAL BILLING AND AN ESTIMATE OF YOUR PREMIUM DISCOUNT AS DETAILED BELOW.

RATING PLAN CREDITS (DEBITS) EFFECTIVE FROM 03-01-25 TO 03-01-26

RATING PLAN MODIFIER	0.75200
ESTIMATED PREMIUM DISCOUNT MODIFIER	<u>1.00000</u>
COMPOSITE FACTOR APPLIED TO BASE RATES TO DERIVE INTERIM BILLING RATES	0.75200

*
* PREMIUM DISCOUNT SCHEDULE EFFECTIVE FROM 03-01-25 TO 03-01-26 *
* ESTIMATED MODIFIED PREMIUM IS DISCOUNTED ACCORDING TO THE FOLLOWING SCHEDULE: *
* FIRST ABOVE *
* \$5,000 \$5,000 *
* 0.0% 11.3% *
*

THE ESTIMATED PREMIUM DISCOUNT IS BASED ON AN ESTIMATE OF YOUR PAYROLL. ACTUAL PREMIUM DISCOUNT APPLIED AT FINAL BILLING WILL BE BASED ON THE ACTUAL PAYROLL REPORTED ON YOUR POLICY AND SUBJECT TO AUDIT.



HOME OFFICE	SAN FRANCISCO	ANNUAL RATING ENDORSEMENT
IT IS AGREED THAT THE CLASSIFICATIONS AND RATES PER \$100 OF REMUNERATION APPEARING IN THE CONTINUOUS POLICY ISSUED TO THIS EMPLOYER ARE AMENDED AS SHOWN BELOW.		

CONTINUOUS POLICY 0481282-25

IF YOU HAVE ANY QUESTIONS, PLEASE CONTACT YOUR LOCAL STATE FUND OFFICE BELOW:

CSC - POLICY AT VACAVILLE
 1020 VAQUERO CIRCLE
 VACAVILLE, CA 95688
 (877) 405-4545

Nothing herein contained shall be held to vary, alter, waive or extend any of the terms, conditions agreements or limitations of the Policy other than as herein stated.

When countersigned by a duly authorized officer or representative of the State Compensation Insurance Fund, these declarations shall be valid and form part of the Policy.

Kent R. Van Lan
 AUTHORIZED REPRESENTATIVE

Vernon Steiner
 PRESIDENT AND CEO



ENDORSEMENT AGREEMENT
CALIFORNIA SHORT-RATE CANCELLATION

481282-25
RENEWAL
NF
2-30-48-85
PAGE 1 OF 2

HOME OFFICE
SAN FRANCISCO

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OROVILLE, CA 95965

THE INSURANCE UNDER THIS POLICY IS LIMITED AS FOLLOWS:

IT IS AGREED THAT ANYTHING IN THE POLICY TO THE CONTRARY
NOTWITHSTANDING, SUCH INSURANCE AS IS AFFORDED BY THIS
POLICY IS SUBJECT TO THE FOLLOWING PROVISIONS:

IF YOU CANCEL THE POLICY AND A DISCLOSURE WAS PROVIDED IN
ACCORDANCE WITH SECTION 481(C) OF THE CALIFORNIA INSURANCE
CODE, FINAL PREMIUM WILL BE BASED ON THE TIME THIS POLICY
WAS IN FORCE AND INCREASED BY THE SHORT-RATE CANCELLATION
TABLE BELOW:

SHORT-RATE CANCELLATION TABLE

FINAL PREMIUM BASED ON THE TABLE BELOW WILL NOT BE LESS
THAN THE MINIMUM PREMIUM FOR THIS POLICY.

DAYS = EXTENDED NUMBER OF DAYS
% = PERCENTAGE OF FULL POLICY PREMIUM

Table with 6 columns: DAYS, %, DAYS, %, DAYS, %. Rows show premium percentages for various day ranges from 1-5 days to 63-65 days.

CONTINUED

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LIMITATIONS IN THIS ENDORSEMENT.

COUNTERSIGNED AND ISSUED AT SAN FRANCISCO: MARCH 4, 2025

Handwritten signature of authorized representative

AUTHORIZED REPRESENTATIVE

Handwritten signature of President and CEO

PRESIDENT AND CEO



ENDORSEMENT AGREEMENT
CALIFORNIA SHORT-RATE CANCELLATION

481282-25
RENEWAL
NF
2-30-48-85
PAGE 2 OF 2

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CONTINUED.

Table with 6 columns of age ranges and percentages, ranging from 66-69 (29%) to 352-355 (98%).

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COUNTERSIGNED AND ISSUED AT SAN FRANCISCO: MARCH 4, 2025

Handwritten signature of Kurt R. Va...
AUTHORIZED REPRESENTATIVE

Handwritten signature of Vernon Steiner
PRESIDENT AND CEO

2029



Notice to Policyholders about Our Loss Prevention and Safety Services

California law (Labor Code Section 6354.5) requires workers' compensation carriers to maintain and provide occupational safety and health loss prevention services and information to their insured policyholders.

Our loss prevention professionals are committed to helping California employers like you identify hazards and improve workplace safety. The following loss prevention services and products are available to you at no additional charge.

Workplace Survey

We can assist you in your efforts to effectively control risk factors that can potentially affect the frequency and severity of workplace injuries and illnesses. A workplace survey can be conducted that includes discussions with management, and where appropriate, non-management personnel with the permission of the employer.

Review of Injury Records

A review of loss records with the appropriate personnel can help you identify those factors most related to the specific loss you have experienced. As a State Fund policyholder, you can access a Loss Analysis Report that summarizes your workplace injuries including the status of your claims as well as any incurred costs. The Loss Analysis Report can be used to identify injury trends. To access your Loss Analysis Report, go to www.StateFundCA.com to sign up for State Fund Online or call (888) 782-8338 for assistance.

Development of Plan

We can also assist you in the development of an action plan to improve your health and safety loss prevention experience, which shall include, where appropriate, modifications to your Section 3203 Injury and Illness Prevention Program (IIPP).

What Sets State Fund Loss Prevention Services Apart

Our experienced Loss Prevention Professionals assist employers in fulfilling their responsibility to provide a safe work environment. Our Industrial Hygienists are skilled in identifying potential health hazards in the workplace. Our Ergonomists help employers identify and control the risk of costly musculoskeletal disorders and can provide compliance assistance with California's Ergonomic Standard.

In addition, our dedicated safety website, **Safe At Work CA**, provides free online safety resources, guidance, training, videos, and on-demand webinars that are accessible to you at any time. Our free newsletter, **Safety News**, and **Employer Education Seminars** help you stay current with legislative changes and Cal/OSHA regulations.

We urge you to take advantage of these free services. Our array of safety products can help you reduce or prevent occupational injury and illness. For more information on loss prevention services or the safety products we provide, contact your broker, or call us at (888) 782-8338.

Workers' compensation insurance policyholders may direct questions or complaints about the insurer's loss control consultation services by contacting: State of California, Department of Industrial Relations, Loss Control Services Coordinator, Commission on Health and Safety and Workers' Compensation (CHSWC), at (510) 622-3959 or email CHSWC@dir.ca.gov.

WORKERS' COMPENSATION AND EMPLOYER'S LIABILITY INSURANCE POLICY

INTRODUCTION

In return for the payment of premium and subject to all terms and conditions of this policy, we (the State Compensation Insurance Fund) agree with you (the employer named in the Declarations) as follows:

GENERAL SECTION

A. The Policy

This policy, including the Declarations and all endorsements and schedules issued by us to be part of this policy, constitutes the entire contract of insurance. It is a contract of insurance between you and us. It is non-transferable. The only agreements relating to this insurance are stated in this policy.

The terms of this policy may not be changed or waived except by endorsement issued by us to be part of this policy.

No condition, provision, agreement or understanding not stated in this policy contract will affect any rights, duties or privileges in connection with this policy contract. This policy will begin at 12:01 a.m. on its effective date, as shown in the Declarations.

B. Who Is Insured

You are insured if you are the employer named in the Declarations.

If the employer is a partnership, and if you are one of its named partners, you are insured, but only in your capacity as an employer of the partnership's employees.

This policy does not insure the liability of any employer other than the employer named in the Declarations.

C. Workers' Compensation Law

Workers' compensation law means the Workers' Compensation Laws of the State of California. It includes any amendments to that law which are in effect during the policy period. It does not include any federal workers' compensation law, any federal occupational disease law, or the provisions of any law that provide nonoccupational disability benefits.

D. Locations

This policy covers all of your California workplaces listed in the Declarations and endorsements, and it covers all of your other California workplaces unless specifically excluded by endorsement.

E. Who Is Eligible To Receive Workers' Compensation Benefits

Your employees (or in the event of their death, their dependents) are eligible for benefits under this policy. Employees who are excluded under workers' compensation law are not eligible for benefits under this policy, unless they have been included by endorsement.

If you are named in the Declarations as an Individual Employer or a Husband and Wife / Spouse and Spouse Employer, you are not eligible for benefits under this policy, unless included by endorsement.

PART ONE: WORKERS' COMPENSATION INSURANCE

A. How This Insurance Applies

This workers' compensation insurance applies to bodily injury by accident or bodily injury by disease, including death resulting therefrom, subject to the following conditions:

1. Bodily injury by accident must occur during the policy period.
2. Bodily injury by disease must be caused or aggravated by the conditions of your employment. Your employee's exposure to those conditions causing or aggravating such bodily injury by disease must occur during the policy period.

B. We Will Pay

We will pay promptly when due, to those eligible under this policy, the benefits required of you by the workers' compensation law.

C. We Will Defend

We have the right and duty to defend at our expense any claim or proceeding instituted against you before the Workers' Compensation Appeals Board for benefits payable by this workers' compensation insurance. We have the right to, and may at our discretion, investigate and settle these claims or proceedings. We will use attorneys selected by us including, but not limited to, our internal legal staff.

We have no duty to defend any claim, proceeding or suit that

is not covered by this workers' compensation insurance.

We have no duty to defend any claim against you for the discharge, coercion, or discrimination against any employee in violation of the law.

Unless prohibited by law, we may, at your request, defend you using attorneys selected by us including, but not limited to, our internal legal staff against a claim of serious and willful misconduct instituted before California's Workers' Compensation Appeals Board.

If defense for a serious and willful misconduct claim is accepted by State Fund, such representation is limited to proceedings before California's Workers' Compensation Appeals Board only and does not extend to any other tribunal.

D. We Will Also Pay

We will also pay these costs, in addition to other amounts payable under this workers' compensation insurance, as part of any claim or proceeding we defend before the Workers' Compensation Appeals Board:

1. Reasonable expenses incurred at our request, but not loss of earnings;
2. Premiums for bonds to release attachments and for appeal bonds in bond amounts up to the amount payable under this workers' compensation insurance;
3. Litigation costs for which we are responsible;
4. Interest on an award, as required by law; and
5. Expenses we incur.

E. Other Insurance

We will not pay more than our share of benefits and costs covered by this workers' compensation insurance and other insurance or self-insurance. Subject to any limits of liability that may apply, all shares will be equal until the loss is paid. If any insurance or self-insurance is exhausted, the shares of all remaining insurance will be equal until the loss is paid.

F. Payments You Must Make

You are responsible for any payments in excess of the benefits regularly provided by the workers' compensation law including, but not limited to, those required because:

1. of your serious and willful misconduct;
2. you knowingly employ an employee in violation of law;
3. you fail to comply with a health or safety law or regulation;
4. you discharge, coerce or discriminate against any employee in violation of the law;
5. of injury to an employee under the minimum age specified in the workers' compensation law and illegally employed at the time of injury;
6. of an increase in indemnity payments due to your failure to provide us with timely and proper notice required by law. We may seek reimbursement for any of these amounts paid on your behalf; or
7. of sanctions imposed on you by the Workers' Compensation Appeals Board.

If we make any payments in excess of the benefits regularly provided by the workers' compensation law on your behalf, you will reimburse us promptly.

G. Recovery From Others

We may enforce your rights, and the rights of persons entitled to the benefits of this workers' compensation insurance, to recover our payments from anyone liable for the injury. You will do everything necessary to protect those rights for us and to help us enforce them.

H. Statutory Provisions

These statements apply where they are required by law.

1. As between an injured worker and us, we have notice of the injury when you have notice.
2. Your default or the bankruptcy or insolvency of you or your estate will not relieve us of our duties under this insurance for an injury occurring while this policy is in force.
3. We are directly and primarily liable to any person entitled to the benefits payable by this insurance, subject to the provisions, conditions, and limitations of this policy.
4. Jurisdiction over you is jurisdiction over us for purposes of the workers' compensation law. We are bound by decisions against you under that law, subject to the provisions of this policy that are not in conflict with that law.
5. This insurance conforms to the workers' compensation law that applies to:
 - a. benefits payable by this insurance;
 - b. special taxes, assessments, and payments into security or other special funds, and assessments payable by us under that law.
6. Your employee has a first lien upon any amount which becomes owing to you by us on account of this policy, and in the case of your legal incapacity or inability to receive the money and pay it to the claimant, we will pay it directly to the claimant.
7. Terms of this insurance that conflict with the workers' compensation insurance law in effect during the policy period are changed by this statement to conform to that law.

Nothing in these paragraphs relieves you of your duties under this policy.

PART TWO: EMPLOYERS LIABILITY INSURANCE

A. How This Insurance Applies

This employer's liability insurance applies to bodily injury by accident or bodily injury by disease of an employee. Bodily injury includes resulting death.

1. The bodily injury must arise out of and in the course of the injured employee's employment by you.
2. The employment must be necessary or incidental to your work in California.

3. Bodily injury by accident must occur during the policy period.
4. Bodily injury by disease must be caused or aggravated by the conditions of your employment. The employee's last day of last exposure to the conditions causing or aggravating such bodily injury by disease must occur during the policy period.
5. If you are sued, the suit and any related legal actions for damages for bodily injury by accident or by disease must be brought under the laws of the State of California.

B. We Will Pay

We will pay all sums you legally must pay as damages because of bodily injury to your employees eligible for benefits under this policy, provided the bodily injury is covered by this employer's liability insurance.

The damages we will pay, where recovery is permitted by California law, include damages:

1. for which you are liable to a third party by reason of a claim or suit against you by that third party to recover the damages claimed against such third party as a result of injury to your employee;
2. for care and loss of services; and
3. for the consequential bodily injury that is covered by this employer's liability insurance to a spouse, child, parent, brother or sister of the injured employee; provided that these damages are the direct consequence of bodily injury that arises out of and in the course of the injured employee's employment by you; and
4. because of bodily injury to your employee that arises out of and in the course of employment claimed against you in a capacity other than as employer.

C. Exclusions

This insurance does not cover:

1. Liability assumed under a contract;
2. Punitive or exemplary damages because of bodily injury to an employee employed in violation of the law, or where insurance for liability is prohibited by law or contrary to public policy;
3. Damages or bodily injury to an employee while employed in violation of law with your actual knowledge or the actual knowledge of any of your executive officers;
4. Any obligation imposed by a workers' compensation, occupational disease, unemployment compensation, or disability benefits law, or any similar law;
5. Damages or bodily injury intentionally caused or aggravated by you;
6. Bodily injury occurring outside of the State of California. This exclusion does not apply to bodily injury to an employee covered under this policy, who is temporarily outside of the State on a

specific assignment;

7. Damages or bodily injury arising out of coercion, criticism, demotion, evaluation, reassignment, discipline, defamation, harassment, humiliation, discrimination against, or termination of any employee, or from any personnel practices, policies, acts or omissions;
8. Bodily injury to any person in work subject to the Longshore and Harbor Workers' Compensation Act (33 USC Sections 901-950), the Nonappropriated Fund Instrumentalities Act (5 USC Sections 8171-8173), the Outer Continental Shelf Lands Act (42 USC Sections 1331-1356a.), the Defense Base Act (42 USC Sections 1651-1654), the Federal Mine Safety and Health Act (30 USC Sections 801-945), and other federal workers' compensation law or other federal occupational disease law, or any amendments to these laws;
9. Bodily injury to any person in work subject to the Federal Employers' Liability Act (45 USC Sections 51-60), any other federal laws obligating an employer to pay damages to an employee due to bodily injury arising out of or in the course of employment or any amendments to those laws;
10. Bodily injury to a master or member of the crew of any vessel, and does not cover punitive damages related to your duty or obligation to provide transportation, wages, maintenance, and cure under any applicable maritime law;
11. Fines or penalties imposed for violation of any law; or
12. Damages payable under the Migrant and Seasonal Agricultural Worker Protection Act (29 USC Sections 1801-1872) and under any other federal law awarding damages for violation of those laws or regulations issued thereunder, and any amendments to those laws.

D. We Will Defend

We have the right and duty to defend, at our expense, any claim, proceeding or suit against you for damages payable by this employer's liability insurance. We have the right to, and may at our discretion, investigate any claims. We have the right to settle these claims, proceedings, and suits. We may use counsel of our choice.

We have no duty to defend a claim, proceeding or suit that is not covered by this employer's liability insurance. We have no duty to defend or continue defending after we have paid our limit of liability under this employer's liability insurance.

E. We Will Also Pay

We will also pay these costs, in addition to other amounts payable under this employer's liability insurance, as part of any claim, proceeding or suit we defend:

1. Reasonable expenses incurred at our request, but not loss of earnings;

2. Premiums for bonds to release attachments and for appeal bonds in bond amounts up to the limit of our liability under this employer's liability insurance;
3. Litigation costs taxed against you;
4. Interest on a judgment as required by law, until we offer the amount due under this employer's liability insurance; and,
5. Expenses we incur.

F. Other Insurance

We will not pay more than our share of damages and costs covered by this employer's liability insurance and other insurance or self-insurance. Subject to any limits of liability that apply, all shares will be equal until the loss is paid. If any insurance or self-insurance is exhausted, the shares of all remaining insurance and self-insurance will be equal until the loss is paid.

G. Limit Of Liability

Our liability to pay for damages, including defense costs, is limited. Our limit of liability, including defense costs, is shown in the Declarations or endorsements. It is the most we will pay for all damages covered by this employer's liability insurance because of bodily injury to one or more employees in any one accident or occurrence, or series of accidents or occurrences, arising out of any one event.

We will not pay any claims for damages after we have paid the limit of our liability, including defense costs, under this employer's liability insurance.

H. Recovery From Others

We may enforce your rights to recover our payment from anyone liable for an injury covered by this employer's liability insurance. You will do everything necessary to protect those rights for us and to help us enforce them.

I. Actions Against Us

There will be no right of action against us under this employer's liability insurance unless:

1. you have complied with all the terms of this policy; and
2. the amount you owe has been determined with our consent or by actual trial and final judgment.

This employer's liability insurance does not give anyone the right to add us as a defendant in an action against you to determine your liability. The bankruptcy or insolvency of you or your estate will not relieve us of our obligations under this Part.

PART THREE: COVERAGE OF CALIFORNIA EMPLOYEES OUTSIDE OF CALIFORNIA

This coverage is identical to Part One of this policy. It applies to your California employees who are eligible for benefits under this policy while they are temporarily working anywhere outside of California on a specific assignment.

PART FOUR: YOUR DUTIES IF INJURY OCCURS

Tell us at once if an injury occurs that may be covered by this policy. Your other duties are listed here.

1. Provide for immediate medical treatment and other services required by the workers' compensation law.
2. Give us or our representative the names and addresses of the injured persons and of witnesses, and other information we may need, as required by California Workers' Compensation Law.
3. Promptly give us all notices, demands and legal papers related to the injury, claim, proceeding or suit.
4. Cooperate with us and assist us, as we may request, in the investigation, settlement or defense of any claim, proceeding or suit. In the event of an accident wherein a third party may be at fault, preserve evidence of the accident.
5. Do nothing after an injury occurs that would interfere with our right to recover from others.
6. Do not voluntarily make payments, assume obligations or incur expenses, except at your own cost.

PART FIVE: PREMIUM

A. Our Manuals

All premium for this policy will be determined by our manuals of rules, rates, rating plans, and classifications. We may change our manuals and apply the changes to this policy if authorized by law or a governmental agency regulating this workers' compensation insurance.

B. Classifications

The Declarations show the rate and premium basis for certain business or work classifications. These classifications were assigned based on an estimate of the exposures you would have during the policy period. If your actual exposures are not properly described by those classifications, we will assign proper classifications, rates, and premium basis by endorsement to this policy. You are responsible for telling us at once of any change in classification.

C. Premium Calculation

Premium for each work classification is determined by multiplying a rate times a premium basis. Remuneration is the most common premium basis. This premium basis includes payroll and all other remuneration paid or payable during the policy period for the services of:

1. all your officers and employees eligible for benefits under this policy while engaged in work covered by this policy; and,
2. all other persons engaged in work that could make us liable under Part One of this policy. If you do not have payroll records for these persons, the contract price for their services and/or other records may be used to

determine the premium basis. This paragraph will not apply if you give us proof that the employers of these persons lawfully secured their workers' compensation obligations.

D. Payroll Reports And Premium Payments

You will submit all payroll reports and pay all premium when due.

E. Final Premium

- B.** The premium shown on the Declarations, schedules, and endorsements is an estimate. The final premium will be determined after this policy ends by using the actual premium basis and the proper classifications, rates, and rating plans that lawfully apply to the business and work covered by this policy. If you do not provide us with the information necessary to determine the actual premium basis, an estimated premium basis will be used. If the final premium is more than the premium you paid to us, you must pay us the balance. If the final premium for all policy years is less than the premium you paid to us, we will refund the balance to you. The final premium will not be less than the highest minimum premium for the classifications covered by this policy.

If this policy is cancelled, final premium will be determined in the following way unless our manuals and/or rating plans provide otherwise.

1. If we cancel, final premium will be calculated pro rata based on the time this policy was in force. Final premium will not be less than the minimum premium.
2. If you cancel, final premium will be more than pro rata; it will be based on the time this policy was in force, and increased by any short-rate cancellation table and procedure in our manuals and/or rating plans. Final premium will not be less than the minimum premium.

C.

F. Records

You will keep all records of information needed to conduct audits and compute premium. You will provide us with copies of those records when we ask for them.

G. Audit

You will let us examine and audit all your records for this policy. These records include, but are not limited to, ledgers, journals, registers, vouchers, contracts, tax reports, payroll and disbursement records, documented and undocumented financial transactions, financial records, and programs for storing and retrieving data. We may conduct the audits during regular business hours during the policy period and within three years after the policy period ends. Information developed by audit will be used to determine final premium. The rating organization designated by the Insurance Commissioner has the same rights we have under this provision.

H. Rate Changes

Premium may be subject to midterm adjustment, for the unexpired term of the policy, pursuant to the Insurance Commissioner's power to disapprove rates.

PART SIX: CONDITIONS

A. Inspection

We have the right, but are not obliged, to inspect your workplaces at any time. Our inspections relate to the insurability of the workplaces and the premiums to be charged. We may give you reports on the conditions we find. We may also recommend changes. While they may help reduce losses, we do not undertake to perform the duty of any person to provide for the health or safety of your employees or the public. We do not warrant that your workplaces are safe or healthful or that they comply with laws, regulations, codes or standards. The rating organization designated by the Insurance Commissioner has the same rights we have under this provision.

B. Long Term Policy

If this policy is written for a period longer than one year, all the provisions of this policy shall apply separately to each consecutive twelve-month period or, if the first or last consecutive period is less than twelve months, to such period of less than twelve months, in the same manner as if a separate policy had been written for each consecutive period.

C. Transfer Of Your Rights And Duties

Your rights or duties under this policy may not be transferred without our written consent.

If you die and we receive notice within thirty days after your death, we will cover your legal representative as insured.

D. Cancellation

1. You may cancel this policy. You must provide advance written notice to us stating when the cancellation is to take effect.
2. We may cancel this policy for one or more of the following reasons:
 - a. Non-payment of premium;
 - b. Failure to report payroll;
 - c. Failure to permit us to audit payroll as required by the terms of this policy or of a previous policy issued by us;
 - d. Failure to pay any additional premium resulting from an audit of payroll required by the terms of this policy or any previous policy issued by us;
 - e. Material misrepresentation made by you or your agent;
 - f. Failure to cooperate with us in the investigation of a claim;
 - g. Material failure to comply with federal or state safety

orders or written recommendations of our designated loss control representatives;

- h. The occurrence of a material change in the ownership of your business;
 - i. The occurrence of any change in your business or operations that materially increases the hazard for frequency or severity of loss;
 - j. The occurrence of any change in your business or operations that requires additional or different classifications for premium calculation;
 - k. The occurrence of any change in your business or operations which contemplates an activity excluded by our reinsurance treaties.
3. If we cancel your policy for any of the reasons listed in Items (a) through (f), we will give you 10 days advance written notice, stating when the cancellation is to take effect. Mailing that notice to you at your mailing address shown in the Declarations will be sufficient to prove notice.
 4. If we cancel your policy for any of the reasons listed in Items (g) through (k), we will give you 30 days advance written notice. Mailing that notice to you at your mailing address shown in the Declarations will be sufficient to prove notice. In the event of cancellation and reissuance of a policy effective upon a material change in ownership or operations, notice will not be provided.
 5. If we mail the notice to you, the stated periods of notice and your right to remedy the condition will be extended by 5 days if the place of mailing and your mailing address is within California, 10 days if the place of mailing or your mailing address is outside of California, and 20 days if the place of mailing or your mailing address is outside of the United States.
 6. The policy period will end on the date and hour stated in the cancellation notice.
 7. Any of these provisions that conflict with a law that controls the cancellation of the insurance in this policy is changed by this statement to comply with that law.

E. Notice

Providing policy related documents to you by mail at the mailing address shown in the Declarations or endorsements will be sufficient to prove notice.

Notice may be sent by other means, as the law allows, and proof of such notice will be in accordance thereof.

You are responsible for providing written notice to us at once when the information contained in the Declarations or endorsements is no longer accurate or does not represent your operations. You must tell us at once of any changes in classification of your employees.

F. Participating Provision – Dividends

Our Board of Directors has sole authority concerning whether or not to declare a dividend, and for determining the criteria for participating in any dividend plans. You will be

eligible to participate in dividend plans applicable to this policy which may be approved by our Board of Directors, if, and only if:

1. You are in full compliance with this policy;
2. You meet all of the criteria established by our Board of Directors in its resolution declaring the dividend; and,
3. You meet and fully comply with all of the procedures established by us to implement the dividend, as authorized by our Board of Directors.

Under California law, it is unlawful for an insurer [us] to promise the future payment of dividends under an unexpired workers' compensation policy or to misrepresent the conditions for dividend payment. Dividends are payable only pursuant to conditions determined by the [our] Board of Directors or other governing board [of the Company] following policy expiration. Forfeiture of right to, reduction in the amount of, or delay in payment of a policyholder's dividend due to the policyholder's failure to accept renewal of the policy or subsequent policies issued by the same insurer is illegal and constitutes an unfair practice.

Issued at Pleasanton, California.

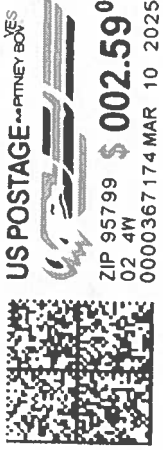


Vernon Steiner, President & CEO

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THIS ENVELOPE CONTAINS YOUR NEW INSURANCE RATES

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Vicki Hoggins

From: Bradford, Krystal <kbradford@buttecounty.net>
Sent: Tuesday, March 18, 2025 2:56 PM
To: Biggs-West Gridley Water District; Butte Water District ; Durham Irrigation District; Durham Irrigation District ; Vicki Hoggins; Lake Madrone Water District ; Lake Oroville Area Public Utility District; Lake Oroville Area Public Utility District ; Paradise Irrigation District; Paradise Irrigation District; Paradise Irrigation District; Richvale Irrigation District; Richvale Irrigation District ; Richvale Sanitary District; South Feather Water & Power Agency ; Thermalito Water & Sewer District; Western Canal Water District
Cc: Broderson, Jill; Costa, Shannon
Subject: Butte LAFCo - Election of a Special District Regular "Non-Enterprise" Member and an Alternate "Enterprise/Non-Enterprise" Member
Attachments: Nomination Results (3-18-2025).pdf; Election Ballot (3-18-2025).pdf

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Good Afternoon,

Butte LAFCO is holding an election for a **Special District Regular "Non-Enterprise" Member** and an **Alternate "Enterprise/Non-Enterprise" Member**. Attached is a memo outlining the election process, including a ballot. In order for the election to be valid, a quorum of districts must complete and return their ballots. Otherwise, the process will repeat until such time we receive ballots from a majority of the districts. This is an important ballot, as your Special District LAFCO Commissioners will be making decisions on budget issues, policies and projects that may have a direct impact on your district. Please participate in this election and submit your vote.

Feel free to contact me should you have any questions, concerns or require clarification.

Thank you,

Krystal Bradford

Office Manager
 Butte Local Agency Formation Commission
 1453 Downer Street, Suite C
 Oroville, CA 95965
 530.538.7784





BUTTE LOCAL AGENCY FORMATION COMMISSION

1453 Downer Street, Suite C • Oroville, California 95965-4950
(530)538-7784 • Fax (530)538-2847 • www.buttelafco.org

TO: Butte County Special Districts
Butte County Special District Association

FROM: Krystal Bradford, Office Manager

SUBJECT: Election of a Special District *Regular* "Non-Enterprise" Member and an *Alternate* "Enterprise/Non-Enterprise" Member

DATE: March 18, 2025

Nominations Requested

On February 7, 2025, the Butte Local Agency Formation Commission called for nominations for:

- One (1) Special District *Regular* "Non-Enterprise" Member. The term for this seat is four years and will begin June 1, 2025 and expire May 31, 2029; and
- One (1) Special District *Alternate* "Enterprise/Non-Enterprise" Member. The term for this seat is four years and will begin June 1, 2025 and expire May 31, 2029.

Nominations Received

The nomination period closed on Friday, March 14, 2025. Valid nominations received are as follows:

For the *Regular* "Non-Enterprise" Member:

- Larry Bradley, Durham Recreation & Park District (Non-Enterprise)
- Larry Evans, Gridley-Biggs Cemetery District (Non-Enterprise)
- Al McGreehan, Paradise Recreation & Park District (Non-Enterprise)

For the *Alternate* "Enterprise/Non-Enterprise" Member:

- Larry Bradley, Durham Recreation & Park District (Non-Enterprise)

Instructions:

1. Votes shall be made by official action of the Districts' Board of Directors.
2. Ballots shall be certified by the signature of the Chair, or an alternate District Board Member chosen by the Districts' Board for the purpose of signing the attached ballot AND counter-signed by the Districts' General Manager/Secretary of Board.
3. Ballots shall be returned no later than **4:00 p.m. on Friday, May 16, 2025**. Ballots postmarked after the closing date will not be accepted.
4. Districts may submit their ballots one of the following ways:

Hand Delivered	Electronic Mail	Certified Mail
Shannon Costa Deputy Executive Officer Butte LAFCO 1453 Downer Street, Suite C Oroville, CA 95965	scosta@buttecounty.net	Shannon Costa Deputy Executive Officer Butte LAFCO 1453 Downer Street, Suite C Oroville, CA 95965

5. District ballots returned by electronic mail shall be scanned copies of the original signed certified ballot.
6. If you do not have a District Board meeting scheduled within this time frame, a special meeting shall be scheduled in order to submit a valid ballot.

In order for the election to be valid, a quorum of districts must complete and return their ballots. Otherwise, the process will repeat until such time we receive ballots from a majority of the districts.

This is an important ballot, as your Special District LAFCO Commissioner will be making decisions on budget issues, policies and projects that may have a direct impact on your district. Please participate in this election and submit your vote.

Should you have any questions, please feel free to contact me.

Attachment



BUTTE LOCAL AGENCY FORMATION COMMISSION
1453 Downer Street, Suite C
Oroville, CA 95965 – (530) 538-7784

2025 ELECTION BALLOT

**Special District *Regular* "Non-Enterprise" Member
and a
Special District *Alternate* "Enterprise/Non-Enterprise" Member**

***Regular* "Non-Enterprise" Member**
Please Vote for One (1)

- Larry Bradley – Durham Recreation & Park District
- Larry Evans – Gridley-Biggs Cemetery District
- Al McGreehan – Paradise Recreation & Park District

(Write in Candidate) (Name of District)

***Alternate* "Enterprise/Non-Enterprise" Member**
Please Vote for One (1)

- Larry Bradley – Durham Recreation & Park District

_____ (Write in Candidate) (Name of District)

Certification of Ballot

District Board Chair or Designee

District Manager/Secretary of the Board

District

Date