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June 5, 2018

VIA USPS AND ELECTRONIC MAIL

lafco@countyofcolusa.org
johnbenoit@surewest.net

John Benoit
Executive Officer
Colusa County Local Agency Formation Commission
P.O. Box 2694
Granite Bay, California 95746

Re: Colusa County Water District Cleanup Reorganization

Dear Mr. Benoit:

On March 1, 2018, over the objection of Colusa County Water District (District), the Colusa County LAFCo adopted terms and conditions for the District's Cleanup Reorganization (Reorganization) that would require detaching landowners execute an agreement that purports to waive the benefits of and any claims of credits for groundwater recharge or storage arising from the delivery of water from the Central Valley Project. The District firmly opposed the imposition of this condition during the March 1 meeting, and it continues strongly to object to LAFCo's efforts to enforce this invalid condition on the proposed detachments.

The District greatly regrets that LAFCO saw fit to impose this condition on the proposed detachments from the District. As stated in my February 20, 2018 letter to you, a copy of which is attached for your reference as Exhibit 1, the Reorganization was – and is – a simple administrative clean-up matter. Any concerns regarding the effect of the Reorganization on groundwater could – and should – have been left to the sound discretion of the Colusa Groundwater Authority, which is the public agency charged with ensuring the sustainability of the local groundwater basin. However, LAFCo did not take the District's advice.

Since the March 1 meeting of LAFCo, the District has notified landowners seeking to detach from the District about the conditions imposed by LAFCo. The District received a number of e-mails and letters objecting to the waiver condition; that correspondence is attached as Exhibit 2.

During the District's meeting on June 4, 2018, it was proposed that the landowners sign a petition to LAFCo requesting that the waiver condition be removed. A copy of the petition with the signatures that were collected during that meeting, is attached as Exhibit 3. As you can see, the District's landowners are firmly opposed to the waiver condition. Moreover, on May 30, 2018, a lawsuit was filed against the District that arises directly out of the waiver condition.

For the reasons set forth below, the District believes that the waiver condition is illegal and exceeds LAFCo's jurisdiction. The District respectfully requests that LAFCo review this matter and then delete this condition, either at the June 7, 2018 meeting or at a subsequent meeting in the near future.

1. *LAFCo Has Authority to Review and Delete the Purported Waiver*

The District understands that LAFCo believes that Government Code section 56895(b) bars LAFCo from taking any action on this matter. That is an incorrect statement of California law. Recently, in *Voices for Rural Living v. El Dorado Irrigation District*, 209 Cal.App.4th 1096 (2012), the Court of Appeals considered a challenge to a condition imposed by a local agency formation commission that El Dorado Irrigation District believed was preempted by federal law. The Court of Appeal – notwithstanding the provisions of Government Code section 56895(b) – found in approving an annexation, the local agency formation commission had retained jurisdiction over the matter. Accordingly, the court found that El Dorado Irrigation District was entitled to petition the local agency formation to revise the condition that El Dorado Irrigation District to be preempted and, if the local agency formation commission failed to revise the condition in a manner satisfactory to El Dorado Irrigation District, that district was then entitled to challenge the condition in an appropriate action at law. *Id.* at 1117.

By virtue of placing this item on the LAFCo agenda for its June 7 meeting, LAFCo has acknowledged and admitted that it has continuing jurisdiction over this matter. Under the precedent established in *Voices for Rural Living*, the District is seeking that LAFCo review and revise a decision that we believe is illegal. Please consider this letter a formal petition for such action as required by the decision in *Voices for Rural Living.*

2. *The Proposed Waiver Conflicts With And Is Pre-Empted by Federal Law and So Is Illegal*

The District has a Long-Term Renewal Contract (Contract) with the United States for the delivery of water from the Central Valley Project for the use within the District's boundaries. Section 11(c) of the Contract reserves to the United States:

> the right to all seepage and return flow water derived from Water Delivered to the Contractor hereunder which escapes or is discharged beyond the Contractor's Service Area; Provided, that this shall not be construed as claiming for the United

> States any right to seepage or return flow being put to reasonable and beneficial use pursuant to this Contract within the Contractor's Service Area by the Contractor or those claiming by, through, or under the Contractor.

This provision of the Contract addresses both return flows and seepage within the District (which may be used by the District or its landowners) and return flows and seepage outside the District (which are reserved to the United States). There is longstanding authority validating the legality of this condition. *See Ide v. United States,* 263 U.S. 497, 506 (1924) ("A second use in accomplishing [Project purposes] is as much within the scope of the appropriation as a first use is."); *see also Bean v. United States,* 163 F.Supp. 838, 845 (Ct. Cl. 1958) ("There can be no doubt under the authorities that the Reclamation Bureau, under its appropriations of 1906 and 1908, had the control and the right to prescribe the use of the seepage from lands within the project, as well as the original use of the waters."). In claiming return flows in these ways, the Contract effectuates longstanding federal policy to place the waters diverted by the Central Valley Project to use for the benefit of Project contractors.

LAFCo's imposition of the proposed condition on the operation of the Central Valley Project has been pre-empted and is inconsistent with federal law. The Ninth Circuit has held that: "a state limitation or condition on the federal management or control of a federally financed water project is valid unless it clashes with express or clearly implied congressional intent or *works at cross-purposes with an important federal interest served by the congressional scheme*." *United States v. State of California*, 694 F.2 1171, 1177 (9th Cir., 1982, emphasis added). In that case, the Ninth Circuit cited with approval the California Supreme Court's decision in *Environmental Defense Fund v. East Bay Municipal Utility Dist.*, 20 Cal.3rd 327, 338 (1977), *vacated on other grounds in Environmental Defense Fund v. East Bay Municipal Utility Dist.*, 439 U.S. 811 (1978), which found federal preemption of state conditions on the operation of a federal reclamation project "not only when [a] direct conflict exists but also when [the] danger exists in that state law either interferes with the secretary's expressly delegated powers, *frustrates operation of the project*, or limits the benefits of the project." *Id.* (emphasis added). In light of these authorities, the Ninth Circuit held that "California cannot impose burdensome conditions . . . which work against the achievement of the project's goals." 694 F.2d at 1182. The Ninth Circuit continued that "We doubt that California was intended to play a significant role in influencing the later operation of the [New Melones] dam." *Id.* In short, for these reasons, the Ninth Circuit found that California lacks any authority to interfere with the actual operation of the Central Valley Project.

Here, the proposed waiver directly contradicts a longstanding provision of federal law: the right of the United States to capture return flows of Central Valley Project water that leave the boundaries of the District. The waiver – by its own terms – implies that landowners seeking detachment from the District have a "right" to such return flows and seeks to force the "waiver" of that purported right. A detaching landowner, in fact, has no such right after the detachment

occurs, and so has nothing to waive. By implying that landowners outside the District have a right to return flows from the application of Central Valley Project water within the District, the waiver is inconsistent with federal law and so is invalid.

3. *The Sustainable Groundwater Management Act Preempts LAFCo's Authority to Adopt the Proposed Waiver*

In 2014, the Legislature adopted the Sustainable Groundwater Management Act (SGMA) which is a comprehensive regulatory scheme that is intended to ensure that the use of groundwater in California will be "sustainable." Water Code §10720.1(a). Because SGMA is a comprehensive management program that applies to all groundwater basins in California (Water Code §10720.3(a)), because SGMA reflects the fact that the "people of the state have a primary interest in the protection, management, and reasonable use" of groundwater (uncodified findings for SGMA) and because SGMA recognizes that sustainable groundwater management is part of the California Water Plan (uncodified findings for SGMA), it is clear that SGMA is the type of comprehensive statewide regulation of a resource that "occupies the field" and so preempts inconsistent local regulations like the proposed waiver.

It is well-established that a local agency may not legislate in area where the proposed local legislation would: "duplicate[], contradict[], or enter[] an area fully occupied by general law, either expressly or by legislative implication." *Viacom Outdoor Inc. v. City of Arcata*, 140 Cal. App. 4th 230, 236 (2006). Such local legislation is *per se* invalid. *People ex rel. Deukmejian v. County of Mendocino*, 36 Cal.3d 476, 484 (1984); *see Redevelopment Agency v. City of Berkeley*, 80 Cal.App.3d 158 (1978) (Legislature in enacting community redevelopment law intended to preempt field of community redevelopment; thus Health and Safety Code does not authorize charter city to regulate administrative actions of city's redevelopment agency by initiative proceedings). This invalidity arises, "not from a conflict of language, but from the inevitable conflict of jurisdiction which would result from dual regulations covering the same ground." *Pipoly v. Benson* (1942), 20 Cal.2d 366, 370-371.

Here, SGMA establishes a comprehensive regulatory scheme for groundwater that is based on the designation of one or more "groundwater sustainability agencies" (GSA) for each basin. The GSA has exclusive authority to manage groundwater within its basin so as to meet the sustainability goal and has been given substantial additional authority to be able to meet this goal. *See* Water Code §§ 10725-10726.9. In Colusa County, the Colusa Groundwater Authority's designation as the GSA for the groundwater basin wholly displaced any authority LAFCo may have under the Cortese-Knox-Hertzberg Local Government Reorganization Act to impose conditions on groundwater pumping in connection with a detachment or annexation in this basin. For this reason, the proposed waiver exceeded LAFCo's authority and so is invalid.

4. *Conclusion*

For the foregoing reasons, the District believes that the imposition of the proposed condition exceeded LAFCo's authority and so is invalid. The District respectfully requests that LAFCo delete the proposed condition from the resolution approving the Colusa County Water District Reorganization so that that reorganization may occur in the manner contemplated by the District and by LAFCo for many years. If LAFCo is concerned about the potential management of the local groundwater basin, the proper avenue is to raise those concerns with the Colusa Groundwater Authority.

The District will be attending the meeting on June 7, 2018 and would be happy to address any questions that you or the Commissioners may have regarding this letter.

Very truly yours,

DOWNEY BRAND LLP

David R.E. Aladjem

Enclosures

cc: Board of Directors, Colusa County Water District
Shelly Murphy, General Manager, Colusa County Water District
Scott Browne, Esq. Counsel, Colusa County LAFCo
scott@scottbrowne.com
Ernest Conant Esq., Counsel, Colusa Groundwater Authority
econant@youngwooldridge.com

Exhibit 1

DOWNEYBRAND

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February 20, 2018

VIA USPS AND ELECTRONIC MAIL
lafco@countyofcolusa.org
johnbenoit@surewest.net

John Benoit
Executive Officer
Colusa County Local Agency Formation Commission
P.O. Box 2694
Granite Bay, California 95746

Re: Colusa County Water District Cleanup Reorganization

Dear Mr. Benoit:

Our firm represents the Colusa County Water District (CCWD). This letter responds to the letter dated January 3, 2018 from Paul Minasian regarding the proposed reorganization. Put simply, as described below, the comments contained in that letter: (i) misunderstand the factual circumstances of this reorganization, (ii) misunderstand the Cortese-Knox-Hertzberg Act and/or the California Environmental Quality Act, or (iii) are premature and should be directed to the Colusa County groundwater sustainability joint powers authority. For those reasons, LAFCo should proceed expeditiously to process and approve the proposed reorganization.

1. *The Changes Proposed by LAFCo Simply Conform CCWD's Boundaries to Past Practice*

As the Commission's staff report has rightly noted, the changes requested by CCWD are an administrative "clean-up" effort that is intended to ensure that the official boundaries of the District match the existing patterns of land use in the area. Contrary to the suggestions in Mr. Minasian's letter, the proposed reorganization would not change any of the services currently provided by CCWD, would not change the land use patterns within CCWD or elsewhere, and would not modify CCWD's sphere of influence. Instead, the proposed reorganization would detach properties that have not paid assessments and have not received services from CCWD and would include properties within CCWD's sphere of influence that have been paying for and receiving services from CCWD. It seems to CCWD that such an administrative "clean-up" is precisely the type of action that LAFCo should undertake in order to ensure the efficient and effective provision of governmental services, as required by the Cortese-Knox-Hertzberg Act.

It is important to note that CCWD Resolution No. 2017-4 provided that the detachment of lands requesting detachment would be subject to the payment of any outstanding fees, including an appropriate buy-out of CCWD's Bureau of Reclamation 9(d) contract obligations, prior to the issuance of any Certificate of Completion by LAFCo. In this way, the owners of above noted lands would pay all of their obligations to CCWD and/or Reclamation prior to being allowed to detach from CCWD; this provision is intended to keep the remaining landowners, CCWD and Reclamation whole. Similarly, while there was a clerical error that left certain lands within CCWD's sphere of influence outside of the service area map of CCWD's contract with Reclamation, those lands to be annexed have paid their obligations to CCWD over the past decades as if they were within the service area map. Final approval of annexations would also be dependent on annexed lands paying off any prior obligations not found to have been paid. Thus, the inclusion of these landowners will not have any adverse impact on other landowners, on CCWD or on Reclamation. Indeed, by conforming CCWD's district boundaries to the actual payments by landowners and the delivery of water by CCWD, the proposed reorganization is fair and equitable.

Mr. Minasian's letter requests that LAFCo delay the proposed reorganization based on a variety of factual misunderstandings. The letter, however, does not recognize the very real value to the affected landowners, CCWD and Reclamation that will result from the proposed reorganization. Cleaning up the administrative matters described in the proposed reorganization fosters the values of governmental efficiency and effectiveness that are at the heart of the Cortese-Knox-Hertzberg Act. Delaying such a reorganization defeats the purpose of the Act and only continues the current unsettled state of affairs.

2. *The Proposed Reorganization is Exempt from CEQA*

The proposed reorganization involves precisely the type of organizational changes, with no risk of changes or impacts to the physical environment, that sections 15319 and 15320 of the CEQA Guidelines were designed to exempt from environmental review. Section 15319 exempts from environmental review annexations where the area to be annexed will be served with existing facilities and where there will not be a change in land-use designations, which is the case here. Section 15320 exempts from environmental review changes in organization where the change does not change the geographical area where the powers are exercised. Again, as noted above, that is the case with the proposed reorganization. Contrary to Mr. Minasian's suggestion, there are no "unusual circumstances" involved in this matter, other than that Mr. Minasian seems to contest the wisdom of the action. But it is long-settled law under CEQA that the statute is not intended to address the wisdom of a public agency's action but only whether or not it has fully disclosed the environmental effects of that action. Thus, the proposed reorganization is plainly not subject to CEQA, and none of the facts suggested by Mr. Minasian compel a different conclusion.

3. *Groundwater Questions Should Be Referred to the Colusa Groundwater Authority*

Mr. Minasian's letter suggests that LAFCo address questions relating to potential groundwater pumping credits and a loosely defined notion of "groundwater equity" prior to approving the proposed reorganization. Those questions are properly the purview of the Colusa Groundwater Authority, not LAFCo. At present, there are no "pumping credits" available within Colusa County; any such credit system would be created by the groundwater sustainability plan currently being developed by the Colusa Groundwater Authority. Accordingly, the claim for such credits is – at best – premature and directed to the wrong agency. To the extent that there is any claim for "groundwater equity" – whatever that may be – again, that is a question to be considered by the Colusa Groundwater Authority in developing and implementing the groundwater sustainability plan for Colusa County. There is no need for LAFCo to delay the implementation of the proposed reorganization to address speculation about the future actions and groundwater management decisions of the Colusa County Groundwater Authority. These issues are unrelated to the proposed reorganization, and these complicated matters are outside of LAFCo's jurisdiction and expertise.

4. *Conclusion*

As discussed above, CCWD has shown that the proposed reorganization conforms to past practices and will not advantage or disadvantage any landowners in the areas affected by the proposed reorganization. Moreover, the proposed reorganization is exempt from CEQA and there is no need for LAFCo to address the groundwater management issues identified by Mr. Minasian.

Most of Mr. Minasian's suggestions (e.g., asking detaching landowners to waive the right to claim groundwater recharge) are novel and lack any legal basis. If LAFCo were to adopt any of those suggestions, it would be acting in excess of its authority and without a proper factual basis.

CCWD urges LAFCo to follow the staff report and order the proposed reorganization without further delay.

Very truly yours,

DOWNEY BRAND LLP

David R.E. Aladjem

cc: Shelly Murphy, Colusa County Water District
Paul Minasian

Exhibit 2

Shelly Murphy

From: Shelly Murphy <ccwd2@frontiernet.net>
Sent: Thursday, April 26, 2018 2:15 PM
To: 'Christine Birdsong'
Subject: RE: Sun Valley Rice - detachment letter

Thank you for your response. The parcel in question has never had a water allocation as it was never intended for service. As stated, in the letter if you no longer wish to detach, we will begin charging District O&M ($24.50/ac) but no water service or right to water is included. Furthermore, we did send a certified letter recently that District water is not guaranteed and/or reliable as your sole source for fire protection. District water is considered a "supplemental" source and the letter recommended Sun Valley invest in a more permanent solution.

Sincerely,

Shelly Murphy
General Manager
Colusa County Water District
PO Box 337
Arbuckle, CA 95912

From: Christine Birdsong <CBirdsong@sunvalleyrice.com>
Sent: Thursday, April 26, 2018 1:25 PM
To: ccwd2@frontiernet.net
Subject: Sun Valley Rice - detachment letter

Dear Ms. Murphy,
We have received your letter dated April 17, 2018, regarding Sun Valley Rice detaching from the Colusa County Water District.
We choose to remain within the District at this time, since the District provides the sole water service to our fire hydrants.
Thank you for the notice; please don't hesitate to contact me should you have questions.
Kind Regards,
Christy Birdsong

SUN VALLEY RICE
Christine Birdsong
General Counsel
The Sun Valley Rice Co., LLC/Valley Select, LLC
7050 Eddy Rd.
Arbuckle, CA 95912
Office: (530)476-3000 ext. 212
Cell: (415)290-4669

Claude Grillo Fax 530 476 3047

From: "Claude Grillo" <grillo@astound.net> AKA Smith Co.
Date: Tuesday, May 01, 2018 9:33 AM
To: "C. Grillo" <cgrillo@khhtrust.com>; <johnbenoit@surewest.net>; "Paul Minasian" <pminasian@minasianlaw.com>; "peter peterson" <peterdpeterson@aol.com>
Subject: Colusa County Water District

Dear Shelly and Directors,

Smith Farms would like to detach from CCWD by June 1. I would like the board to consider waiving the buy-out and any future assessment. Reasons: Over the past 10 years, events have happened. We were charged each year for an administration fee. I have requested to be notified of any members meeting. I was never notified of any meetings. I have asked for a list of names of members that were requesting extra water, with no help from your district. I never received any names of members in the district needing water. A fee was paid with no services rendered to me. All of the above have caused an extra expense that could have been avoided. If your new members will be assessed a fee then that should cover our detached fee. Would it be possible to transfer my assessment and allocation to PETE PETERSON? All I got for ten years from CCWD were invoices. With no help from CCWD, it has been a costly ten years for Smith Farms. Claude Grillo

Claude Grillo
154 Saddle Oaks Ct.
Walnut Creek, CA 94596
grillo@astound.net

Claude.

LAW OFFICES OF RICHARD W. MEIER

ATTORNEYS AT LAW
11 EMBARCADERO WEST, STE.133
OAKLAND, CA 94607
510-834-3600

May 14, 2018

Shelly Murphy
General Manager
Colusa County Water District
P.O. Box 337
Arbuckle, ca 95912

RE: Detachment of Parcel # 021-200-117

Dear CCWA:

I was assured in a meeting with the District that the LAFCO effort to realign the District would have no effect on my property. Now, I am informed that it will result in the detachment of my property and the loss of my water rights.

For many years I have been paying my share of the District's budget. I did this despite the fact that, until the last two years, I was not using my 120 acre allotment.

It is only recently that I have been drawing on this allotment, as Dennis Lohman has planted thirty acres of almonds on the property and is in the process of planting another twenty acres. His goal is to plant a total of one-hundred acres.

I paid into the District for over twenty years with the District, in return, being contractually obligated to provide my full allotment of water.

Recently the District has stated that it will renege on this obligation and will only provide a small portion of this allotment. Its reasoning was that the District did not initially put in a large enough pipe. Was this my fault? It is apparent from the fact that the District put in a much larger outlet that my property was to be provided with a full allotment.

In truth, it appears that the real cause is that the District has allowed downstream users to draw on the original pipe, which is now inadequate.

Now, rather than honorably meeting its obligation to provide my property with a full allotment, the District seeks to have me ousted from its membership.

Further, the District has stated to me that it intended to add other properties to the District. Have these properties been paying into the budget as I have? Moreover, won't the addition of yet more users result in a negative effect on the ability of the existing members to receive their full allotment? This will result in an amplification of the dire consequences of any future shortage of water.

I request that the District once more assure me, in writing, that this realignment will not affect my property.

Once more I request that the District put in an adequate pipe and supply me with my full allotment

I may be seventy-six years of age, but I still can tell when I am being mistreated.

Yours truly,

Richard W. Meier

CC: Dennis Lohman
LAFCO

Powell Ltr. 1 - May 7, 2018

May 7, 2018

To: Colusa County Water District
LAFCO of Colusa County

We had never even heard of the Colusa County Water District until we received an undated notice from LAFCO stating that lands that do not and never have received water from the District is proposed to be removed from the District to clean up the District boundaries.

Then on April 21, 2018 we received a demand from the District that we execute a covenant clouding our property rights in perpetuity without any just compensation or the District will impose charges of $10's to $100's of thousands of dollars on us forever in return for absolutely nothing. We have heard somewhere that taking of property rights like this is illegal or unconstitutional or at least it used to be.

We take no issue whatsoever with being detached or expelled from the District since we had never heard of the District prior to this and do not believe we were ever part of the District. But we seriously take issue with the District's threat to extort $10's to $100's of thousands of dollars from us in return for absolutely nothing if we do not submit to the District clouding our property rights. All we want is for the District to simply treat us like the other property owners in Colusa County that are outside the District and leave us alone.

Our parcel should never have been in the District and likely never was in the District
We purchased a small parcel of the former "Hahn Ranch" from Mrs. Hahn about 20 years ago and there was never any mention of the District by Mrs. Hahn, the realtors, the title insurance company, Colusa County, or our deed. We had also never until this point received any correspondence, newsletters, or anything from the District.

How did we get in the District?
After considerable effort, we have determined the story of Hahn Ranch and the District. As stated, in 1998 we purchased a parcel in the former "Hahn Ranch". At the time, Mrs. Hahn had 4 parcels consisting of a total of about 1,142 acres collectively known as Hahn Ranch.

- Parcel 1 21-200-62 about 197.104 acres
- Parcel 2 21-200-63 about 355.866 acres
- Parcel 3 21-200-64 about 105 acres
- Parcel 4 21-200-65 about 484.644 acres

Two of the parcels were partially in the District:

- Parcel 3 21-200-64 with 94.4 acres in the District
- Parcel 4 21-200-65 with 26 acres in the District

Apparently, the partial inclusion of these two parcels in the District was fully disclosed to the purchaser of the two parcels. Those two parcels also happened to be at the eastern edge of the

Hahn Ranch and several hundred feet below the parcel we purchased. None of the other Hahn parcels were in the District in whole or in part. The parcel we purchased, 21-200-62 was not in the District in whole or in part! No mention or reference to the District was ever made to us. Our parcel was in the Agricultural Preserve when we purchased it and is now in the Conservation Program.

What motive did the District have to bestow or claim phantom membership of the entirety of 1,142 acres of the Hahn Ranch in the District?
We believe a possible motive could have been to inflate the acreage of the District and obtain additional water allotments from the Bureau for the phantom acreage. Now with no more water available the District is looking to expel about 5,000 phantom acres since it is no longer useful to the District. Also, where did the District get the excess water allocation to service 1,600 acres that were never in the district that they now want to add after 64 years.

Taking of Property Rights
The District is now demanding that we sign a "Waiver of Groundwater Benefits" *arising from past and future deliveries of surface water within the boundaries of the District or face severe financial penalties.* (Emphasis added.) The Waiver would be a permanent detrimental cloud on our property rights and property value regardless that the Waiver is poorly written and nearly indecipherable. When we contacted officials at the District about this demand we were told that both the District and LAFCO were opposed to the demand. We were also told that none of them could explain what it actually means, in part because the so-called Waiver is so poorly written and illegal. On the other hand, we do not know why the District and LAFCO are pursuing the so-called Waiver of rights that all the officials we spoke to claimed to be against and described it as meaningless and soon to be totally superseded by SGMA. Also, where or when did LAFCO get the legislative purview to dictate terms to the District and acquire defacto taxing authority to confiscate/place liens on property?

Does the Waiver only apply to property within the boundaries of the District or does it only apply to properties expelled from the District that never received any water from the District, or does it apply to all property in Colusa County that is not in the District? In other words, is this District standard practice that applies evenly to all property in Colusa County or is this some narrow one-time procedure to discriminate against a few property owners that the District thinks it can force to give up their property rights.

Groundwater
We were also informed that there is no groundwater recharge benefit within the District because of the almost universal use of drip irrigation that results in virtually no groundwater recharge whatsoever because none of it ever reaches down to the aquifer. The District in their mandatory reports to the Bureau of Reclamation reports that it has no groundwater. How can a groundwater rights waiver be tied to a district that reports no groundwater? This would seem totally outside the scope of the District especially when they are talking about groundwater that is not in the District.

If anything, the District is actually taking, and has been all along, our ground water if there is any link at all between the aquifer underlying our property and that of the District. Our property is at a much higher elevation than that of the District, which is lower elevation. We also have groundwater recharge ponds on our property and we do not pump groundwater for irrigation and our property is in the Conservation Program. Therefore, if any recharge is taking place, we are the ones doing it.

When studying California geology, we were taught that most of the precipitation in California falls on the Coastal Range and the Sierra Nevada Mountains and their foothills and then flows downhill into the Central Valley which is why virtually every dam in California is located in the foothills to catch the runoff from the mountains. Is the District now claiming that any groundwater of the flat lands takes the opposite course and runs uphill from the District to our property?

Conclusion

This all looks like extortion to us: The District is demanding that we sign the so-called Waiver or else the District will begin charging us about $5,000 per year and another cost **TBD** on our small parcel in return for: Absolutely Nothing Whatsoever. The District also makes it clear that even if we pay up forever we will never receive any service at all. So the District is giving us the ultimatum to let them cloud our property title and ruin the value forever for no compensation, or they will charge us $10's to $100's of thousands of dollars forever in return for nothing. The District also threatens liens on our property and total confiscation if we do not pay up for nothing in return.

As stated, we do not take issue with the District cleaning up its maps to show that we are outside of (we were never within) the District as originally stated in the (undated) LAFCO letter post marked November 20, 2017 which is the first time we ever heard anything about the district. But, we are completely opposed to signing anything that gives up our property rights, clouds our title, and diminishes our property value without any just compensation. While we lack the resources to take on this issue directly we may be able to get the Department of Interior OIG, the GAO, Congresspersons Garamendi, Harris, and Feinstein, the State of California Water Board to examine this apparent abuse of power and your entire operation. All we want is for the District to simply treat us like the other property owners in Colusa County that are outside the District and leave us alone.

Sincerely,

Patti Powell

Patti and Robert Powell

CC: _____

Powell Ltr 2 May 18, 2018

May 18, 2018

To: Colusa County Water District
LAFCO of Colusa County

This is a follow up to our letter of May 7, 2018, as we find out more about this issue and become more perplexed.

More than 3 decades ago, the District drew up a map of its boundaries that included ineligible property (owners refused to sign on and/or the property was outside the Bureau's service area). For 30 years or more, the District never got around to or bothered to correct the boundaries. Now the District proposes to correct the situation by among other things, forcing ineligible property into the District against the will of the owners.

We do not understand the apparently twisted logic:
You (District and LAFCO) admit that our property was never actually in the District but you threaten us that if we do not sign over property rights, you will put us in the District, never provide any service and extract $10's to $100's of thousands of dollars from us for nothing in return and never let us out of the District! If you are trying to confuse and stress us out you are doing a really good job of it with your "Kafkaesque" logic.

Background
Several decades ago, Mrs. Hahn agreed to put 120 acres of the Hahn Ranch in the District. However, Mrs. Hahn refused to put the remainder of the 1,142 acres (more than 1,000 acres) of the Hahn Ranch in the District. For one thing, much of the remainder of the Hahn Ranch was totally unsuited for irrigation because: Salt Creek and Sills Road traversed it and the steep hillsides, canyons, elevation of the hills, stands of native oak trees, etc. all add to the unsuitability. Furthermore, the 1,000 + acres were not even in the Bureau's service area and distribution of Bureau water is the District's entire reason to exist. As an aside, Mrs. Hahn also never received District water on the 120 acres she agreed to put in the District and never tried to farm the 120 acres but instead dug gravel out of it.

District Inflated Its Boundaries
However, for reasons of its own, the District deliberately included the additional 1,000 + acres of Hahn Ranch in the District boundaries despite Mrs. Hahn's flat refusal to put any more than 120 acres in the District. Then for more than three decades the District never got around to maintaining correct and accurate records of its boundaries. Also, just what was the District officially reporting to the Bureau all that time since the District boundaries or maps have apparently been incorrect or off by about 5,000 acres in total for over 30 years.

Since our parcel of the former Hahn Ranch was never in the District or the Bureau service area and is unsuited for farming; under what logic can it be "detached" from what it was never part of to begin with? Also, logically how can the District threaten to make our parcel <u>remain</u> in the District when the parcel has never been in the District?

District Proposed Fix

If anything, the District now, apparently at the direction of LAFCO, seems to be threatening to add our parcel to the District:

- Completely against our will, and
- Never provide any service,
- Make us pay $10's to $100's of thousands of dollars and other costs **TBD** for nothing whatsoever in return, and
- Never let us out of the District.

All of this even though our parcel was never in the District and is unsuitable for farming because of its extremely rugged terrain and elevation. Furthermore, our parcel is in the Conservation Program as well as being outside the Bureau's service area.

It hardly makes sense for the District to now get around to correcting the boundaries of its service area by threatening to add or adding a small, isolated, unconnected hill-country parcel that is in the Conservation Program and is outside of the Bureau's service area to the District.

Furthermore, the Districts ground water issue which is at the heart of its property rights sign over demand seems founded on the preposterous notion that any ground water runs up-hill from the flats of the District to the hill-country. Where is the District's Environmental Studies to support this unique theory? When were the studies done?

The District's overstatement of its area and boundaries has now become a liability. Now the District seems to want the property that it put in to inflate its boundaries to bail them out of their apparent miscalculation.

District Deadline

We also do not understand the District's June 1, 2018 deadline for signing over property rights or **ELSE.** LAFCO told us their date to clear all this up was March 2019. Was the District deadline chosen to preclude the victims from having reasonable time to research this and protest the District's demands?

Our Request

As we previously stated, we do not take issue with the District correcting its boundaries and maps to show that we are outside of and were never actually within the District. But, we are completely opposed to signing anything that gives up our property rights, clouds our title, and diminishes our property value without any just compensation. We just want to be left alone but will do whatever we can to defend ourselves and bring attention to this attempt to make us pay for the District's 30 years of inaction. You are causing us a lot of stress and anxiety with these inexplicable demands.

Sincerely,

Patti and Robert Powell

CC: _____

Powell Ltr 3 - May 21, 2018

May 21, 2018

To: LAFCO of Colusa County
John Benoit, Executive Officer, Colusa Local Agency Formation Commission
Colusa County Water District

Thank you for providing a copy of Resolution 2017-0006 which was not available on the website. The Resolution was approved unanimously as being "true and correct." A quick reading of the Resolution however, indicates/shows there are several inaccuracies or misstatements (you chose the term) in the Resolution such as:

- "There is 100% land owner consent". Land owner consent to what? Since we had never even heard of the Resolution and we were never part of the CCWD (CCWD records from the 1980s show this) and did not consent to anything.
- "Has furnished copies of said report...to all persons required to receive it". We clearly never got a copy so does that mean we were never required to see said report?
- "All land owners within the affected territory have given their written consent to the proposal." This can be interpreted two ways:
  - Since we were never in the CCWD, we were not "affected" land owners and therefore our written consent was not needed, or
  - Is the CCWD now claiming we were within the "affected territory"? If so, we never gave any written consent to the proposal.
- "All properties involved are fully developed farms." This is blatantly incorrect. Our property is in the Conservation Program as it consists of several deep and rugged canyons, across the length and breadth of it, steep hillsides dropping down to the canyons, and stands of native oak trees. We have never attempted to farm the property and it is unsuitable for farming.
- "Lands requesting detachment". We don't know what our land has been up to behind our backs but we never requested detachment as we were never in the CCWD.
- "All owners wishing to detach". How can we "wish" to detach when we were never even in the CCWD to begin with?
- "Mail a certified copy...to those persons...on the application". This is probably ok since we clearly were not on the application or even aware of it.
- "The properties being detached were not receiving district water before the detachment and that will not change after detachment. In addition, the impact of the detachment on future groundwater determinations whether under SGMA or by groundwater adjudication are too speculative to allow environmental evaluation at this time." But then LAFCO turns around and demands exactly that, i.e. that land owners sign a waiver of groundwater benefit claims.

So how could the Resolution be approved as "true and correct."?

Again, we take no issue with the detachment from CCWD to finally correct their overstated service area since we were never in the CCWD. We just want to be left out of this issue because the stress and anxiety is detrimental to our health. What we cannot understand is that the CCWD and LAFCO agree that our parcel, which was at the northwest corner of the former Hahn Ranch was not in the CCWD but the District is unwilling or simply will not tell us to "never mind" and treat us like any other property owner in Colusa County who is outside the District.

Sincerely,

Patti and Robert Powell

CC: _____

Powell Ltr. 1 - May 7, 2018

May 7, 2018

To: Colusa County Water District
LAFCO of Colusa County

We had never even heard of the Colusa County Water District until we received an undated notice from LAFCO stating that lands that do not and never have received water from the District is proposed to be removed from the District to clean up the District boundaries.

Then on April 21, 2018 we received a demand from the District that we execute a covenant clouding our property rights in perpetuity without any just compensation or the District will impose charges of $10's to $100's of thousands of dollars on us forever in return for absolutely nothing. We have heard somewhere that taking of property rights like this is illegal or unconstitutional or at least it used to be.

We take no issue whatsoever with being detached or expelled from the District since we had never heard of the District prior to this and do not believe we were ever part of the District. But we seriously take issue with the District's threat to extort $10's to $100's of thousands of dollars from us in return for absolutely nothing if we do not submit to the District clouding our property rights. All we want is for the District to simply treat us like the other property owners in Colusa County that are outside the District and leave us alone.

Our parcel should never have been in the District and likely never was in the District
We purchased a small parcel of the former "Hahn Ranch" from Mrs. Hahn about 20 years ago and there was never any mention of the District by Mrs. Hahn, the realtors, the title insurance company, Colusa County, or our deed. We had also never until this point received any correspondence, newsletters, or anything from the District.

How did we get in the District?
After considerable effort, we have determined the story of Hahn Ranch and the District. As stated, in 1998 we purchased a parcel in the former "Hahn Ranch". At the time, Mrs. Hahn had 4 parcels consisting of a total of about 1,142 acres collectively known as Hahn Ranch.

- Parcel 1 21-200-62 about 197.104 acres
- Parcel 2 21-200-63 about 355.866 acres
- Parcel 3 21-200-64 about 105 acres
- Parcel 4 21-200-65 about 484.644 acres

Two of the parcels were partially in the District:

- Parcel 3 21-200-64 with 94.4 acres in the District
- Parcel 4 21-200-65 with 26 acres in the District

Apparently, the partial inclusion of these two parcels in the District was fully disclosed to the purchaser of the two parcels. Those two parcels also happened to be at the eastern edge of the

May 26, 2018

To: Colusa County Water District
LAFCO of Colusa County

They say a picture is worth a thousand words. To clarify, for your information we are providing some pictures taken this week of typical scenes of our property, the whole of which is in the Conservation Program. The pictures were taken from the more accessible locations of our property.

This is the property the CCWD is now trying to force into its farm irrigation district. But the CCWD goes on to state that it will never provide any irrigation water to our property under any circumstances. This comes some 30 years after the former owner of our property refused to put the property in the District. Go figure.

Sincerely,

Patti and Robert Powell

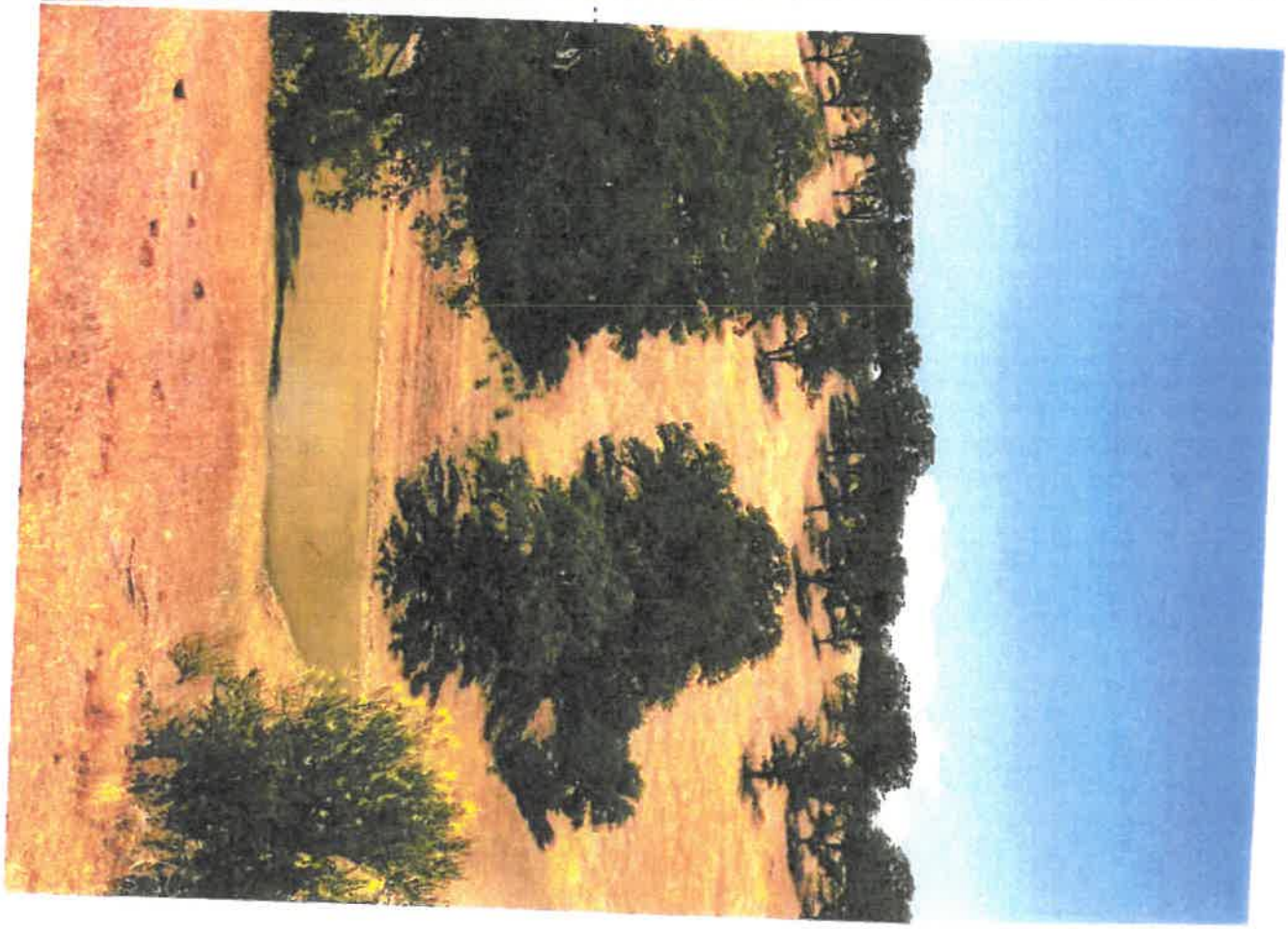
The pictures show the road in to our property, our two recharge/stock ponds that we installed, stands of native oak trees, and more gentle terrain.

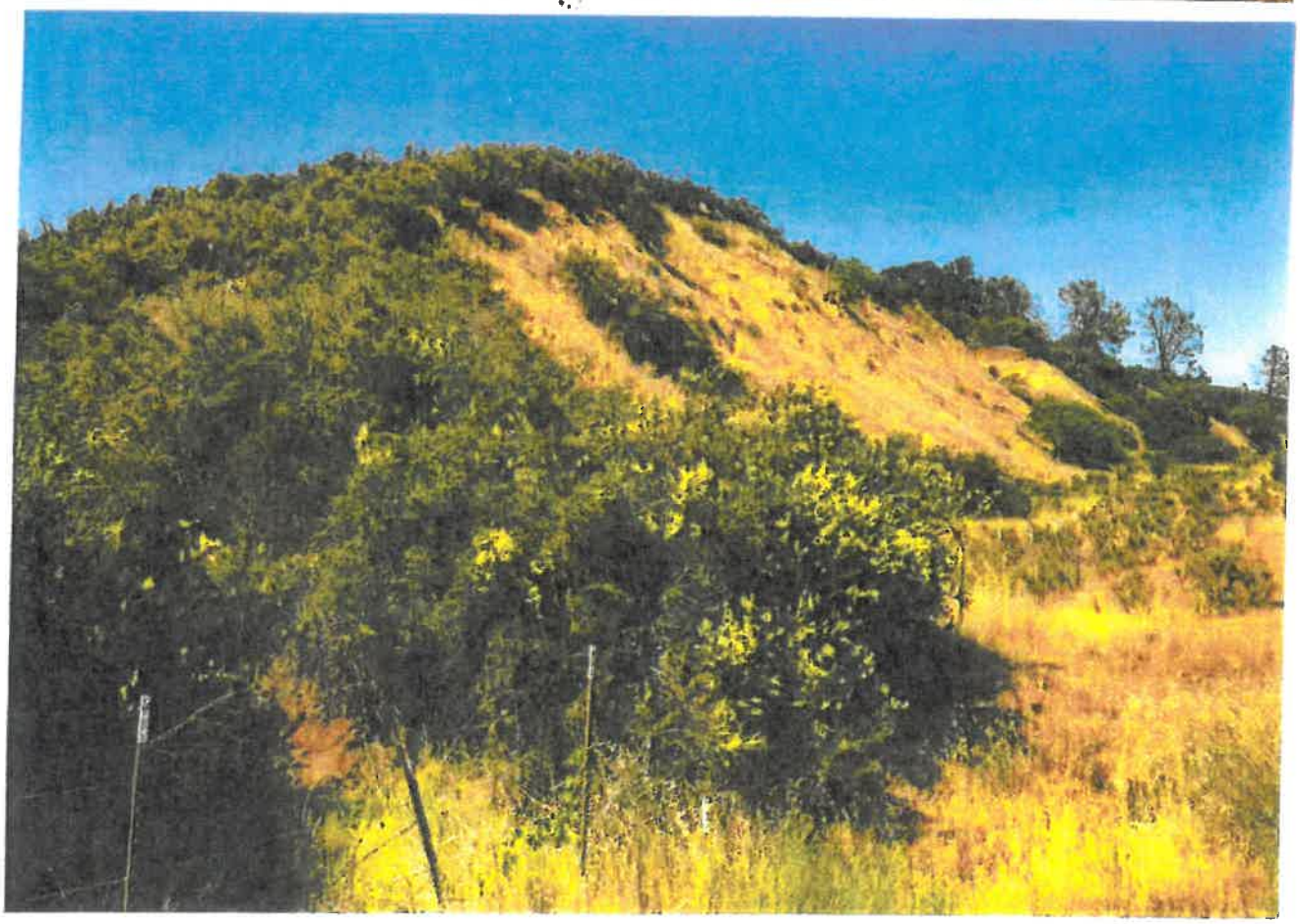
CC: _____

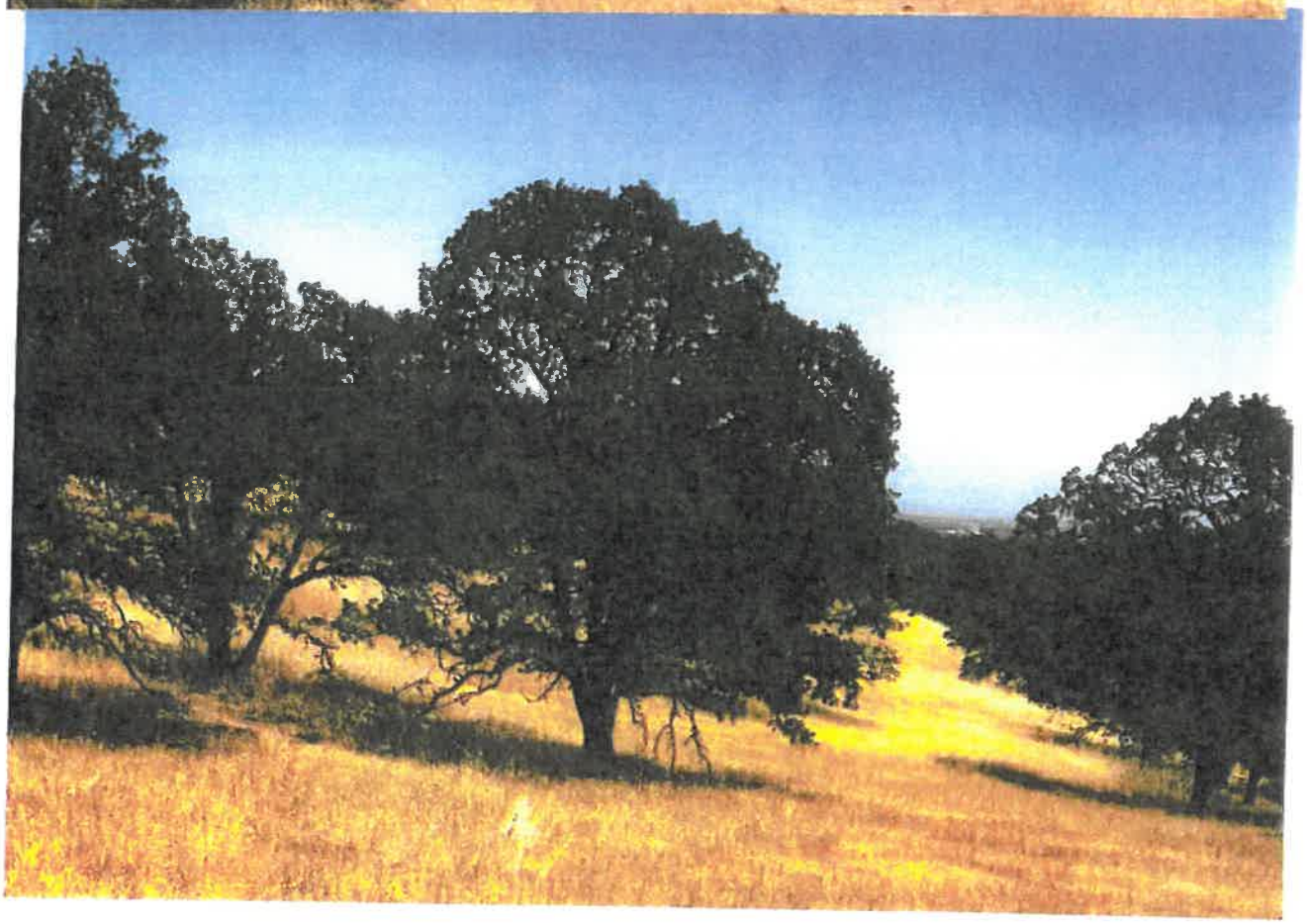
RECEIVED

MAY 31 2018

BY _____







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Marcos A. Kropf
County Counsel
mkropf@countyofcolusa.com

Jennifer K. Sutton
Senior Deputy County Counsel
jsutton@countyofcolusa.com

May 29, 2018

Shelly Murphy, General Manager
Colusa County Water District
P.O. box 337
Arbuckle, CA 95912

Re: Detachment of County Parcel No. 018-160-046 and 018-250-011

Dear Ms. Murphy:

We represent the County of Colusa. This letter is in response to your letter dated April 17, 2018 to the County of Colusa Board of Supervisors regarding the proposed detachment of County parcels 018-160-046 and 018-250-011 ("Property"). Your letter asks the County to execute an agreement waving certain groundwater benefits or rights in our Property. The letter further threatens to impose a "District Base charge" or "benefit charge yet to be determined" against the Property if we do not waive our rights, even though we receive no water or benefit from the District.

As a preliminary matter, the County does not consent to the proposed detachment and we are unaware of any authorized consent to the detachment by the County Board of Supervisors. If you have any evidence to the contrary please provide it to us. Furthermore, we do not believe the County has ever been provided proper notice of the proposed detachment.

We also do not believe the District can impose a "District Base Rate charge" or so-called "benefit charge" against the County, a political subdivision of the State. We believe this charge would be particularly problematic in light of the fact that the County receives no water or benefit from the District. We are also troubled by the fact that under the terms of your letter the County would have to waive certain property rights to avoid what we believe to be an arbitrary and unsupported charge. To the extent you believe there is a legal basis for the charge and its amount, please provide us with that authority.

In sum, the County does not consent to the detachment, will not waive its rights, and does not consent to any proposed District Base Rate charge or other benefit charge. Please contact me if you have any questions.

Sincerely,

Marcos Kropf
County Counsel

Copy: John Benoit, Executive Director
LAFCo

Exhibit 3

Colusa County Water District Reorganization

We, the undersigned, request that the Colusa County Local Agency Formation Commission (LAFCo) remove the "WAIVER OF GROUNDWATER BENEFIT CLAIMS," requiring that we "waive any benefits or claims of credits for groundwater recharge and groundwater storage arising from past and future deliveries by the District and use of District surface water within the boundaries of the District" as a condition for the detachment of our lands from the District.

Signature	Printed Name
Muriel Scofield by Cynthia C. Peterson, POA	MURIEL SCOFIELD
Kathe Jeff Hail	Kathe Hail
Patti Powell	PATTI POWELL
Robert Powell	Robert Powell
	DONALD TRAYNHAM