



**NORTH DELTA WATER AGENCY  
BOARD OF DIRECTORS  
RESOLUTION NO. 2022-11**

**Resolution to Adopt the North Delta Water Agency Reserve Fund Policy**

WHEREAS, the California Legislature created the North Delta Water Agency (Agency) for the primary purpose of negotiating, entering into, amending, administering, performing and enforcing a contract with the State of California and/or the United States to protect the water supply of lands within the Agency against intrusion of ocean salinity and to assure the lands within the Agency of a dependable supply of water of suitable quality sufficient meet present and future needs (North Delta Water Agency Act, Statutes of 1973, Chapter 283, as amended (Agency Act) § 4.1); and

WHEREAS, in administering, performing, and enforcing the Contract, the Agency exercises additional powers, including employing labor and contracting for services, levying assessments, and carrying on technical and other investigations of all kinds necessary or convenient for accomplishment of the Agency's purposes and powers (Agency Act § 4.2); and

WHEREAS, on January 28, 1981, the Agency and the State Department of Water Resources (DWR) entered into the Contract for the Assurance of a Dependable Water Supply of Suitable Quality (Contract), in exchange for which the Agency makes annual payments to DWR; and

WHEREAS, among other things, the Contract provides special benefits to the landowners within the Agency by requiring DWR to operate the State Water Project to meet established water quality criteria at specified monitoring stations in the Sacramento–San Joaquin Delta (Delta) channels; prohibiting DWR from operating the State Water Project in a way that alters Delta flows to the detriment of Delta channels and water users within the Agency; recognizing the right of water users within the Agency to divert water from the Delta channels for reasonable and beneficial uses; and requiring DWR to furnish such water as may be required within the Agency to the extent not otherwise available under the water rights of the Agency water users (Contract, Articles 2, 6, and 8); and

WHEREAS, since 1981 the Agency has levied a per-acre property assessment pursuant to which the Agency landowners fund the special benefits they receive from the Contract and from the Agency's administration, performance and enforcement thereof; and

WHEREAS, the annual payment to DWR under Article 10 of the Contract is a fixed cost that has a 25% escalator every 5 years, which resulted in a payment increase from \$170,000 the first year of the Contract, to \$771,236 in 2022. Over the next 40 years, the annual payment is projected to increase from \$771,236 to \$3,677,540. In addition, the Agency has other annual expenses to run the agency and to defend and enforce the Contract; and

WHEREAS, the revenues collected from assessments are currently in excess of annual expenses, so the additional amount is put into reserves in each year through 2031, in anticipation of keeping up with the future 25% escalator for annual Contract payments to DWR. Under the current authorized assessment base rate, annual expenses will exceed revenues beginning in 2032, which means the reserves will start reducing each year in order to cover annual the Contract payment amount and other expenses; and

WHEREAS, Under Proposition 218 (Prop. 218), the Agency cannot significantly increase property assessments beyond cost-of-living without a costly and time-intensive ballot proceeding to secure a majority vote of approval from the landowners; and

WHEREAS, in lieu of initiating a Prop. 218 proceeding in 2025, the ad-hoc committee has recommended that the Board consider increasing the Agency’s target reserve from \$2 million to \$ 6 million, based on annual projections and consumer price index increases, which would allow the Agency to extend the need to hold another Prop. 218 proceeding until the year 2036; and

WHEREAS, the Board of Directors has determined it is appropriate to adopt a formal North Delta Water Agency Reserve Fund Policy delineating the need and use of the fund, and to increase the target funding level amount.

NOW THEREFORE BE IT RESOLVED

The North Delta Water Agency Board of Directors hereby adopts the attached Reserve Fund Policy and increases the target funding level amount from \$2,000,000.00 to \$6,000,000.00.

BE IT FURTHER RESOLVED

The target funding level contained in the Reserve Fund Policy is a guideline based on estimated revenues and expenses, and shall be used to assist the Board in managing reserved funds. The Board may decide to keep more or less than the target level in the Reserve Fund at its discretion through the annual budgetary process. Nothing in the Reserve Fund Policy (or any other previously approved fiscal management policy) shall prohibit the Board from allocating and using revenues from any outside source or the Agency fund to meet the Agency’s responsibilities and payment obligations.

CERTIFICATION OF SECRETARY

I, \_\_\_\_\_, Secretary of the Board of Directors of the North Delta Water Agency, do hereby certify that the foregoing is a true and correct copy of Resolution No. 2022-\_\_\_\_\_ adopted by the Board of Directors at its regular meeting held on the \_\_\_\_\_ day of \_\_\_\_\_ 2022, by the following vote:

- AYES:
- NOES:
- ABSENT:

\_\_\_\_\_  
Secretary