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November 27, 2023

Rich Seithel
Executive Officer
Solano LAFCO
675 Texas St.
Suite 6700
Fairfield, Ca. 94533
(707) 439-3897

Dear Rich,

Concerning our District's clarification of "water rights", I would like to address each of the several items in your email request to District counsel dated November 15, 2023.

The District is atypical in that rather than including all of the properties within a certain geographic boundary, it was formed on a voluntary "opt in" basis. As discussed in the email from counsel, concerns included ensuring only properties which had the right to use water would be able to vote for the purpose of Prop. 218. Contrary to LAFCO's assertion in its November 15th email, this concern still remains relevant and will be as long as the District operates. Rate increases due to the cost of providing services is unfortunately an ongoing concern.

Originally the District boundaries along with the Sphere of Influence were never clearly defined. Over the course of years, the Sphere of Influence became more defined with the input of our board, the hiring of consultants and LAFCO. As was originally determined the District has only 533 water rights. Those rights/parcels (only one right per legal parcel) would have the "voting rights" for the district. While it is true that at one point, the District stopped requiring those who sold their water rights to detach from the District, this only resulted in a handful of residents of parcels without water rights to retain voting rights.

I will now do my best to answer the various questions posed by LAFCO's email, noting that some of these are either irrelevant to the District or appear to be generated by a misunderstanding of how the District does or should operate.

- a. "Water law" is an extremely broad topic: some portions of it should be relevant, while others are not. For example, riparian rights are an entirely different matter, while the right to access and use the water provided in a general sense is the District's concern. Our District defines a "water right" as a right to connect to our system in our Rules and Regulations.
- b. A water right provided by the District is analogous to a permit. A "water right" can support a Developed, Undeveloped or Supplemental Connection as

described in District Rules and Regulations. The purchase of a water right entitles the owner to one connection. Regardless of how many residences are constructed on the property, the rule is one connection per legal parcel. The property owner is responsible for ensuring the residences are appropriately attached to the district connection. The cost for connecting to the district main will vary depending on the cost for the District to supply the materials and labor necessary to establish a connection. This connection fee is equivalent to the district's costs. Fee estimates for a water connection and costs for water rights are posted on the district's website.

- c. What constitutes a "property right" is a vague and broad question, as it concerns the application of federal, state and local laws. As stated, a water right allows the property to obtain and use water as a District member. Those properties that "opted in" the District at formation and purchased a water right are entitled to a connection. Also, a property outside the district desiring to have a District connection can and must be annexed from the SOI to the District with the District Board of Directors and LAFCO.
- d. The District's water rights generally do not "run with the land". No deeds are executed, and nothing is recorded with the county. A "water right/permit" can be transferred within the District under Section 20 of the Rules and Regulations. However, the transfer of that right is not allowed for parcels smaller than 2.5 acres as this is the minimum lot size and conditions of development generally require actual potable water from the district to be supplied to the property. Also, County Building Permits for new construction will not be issued unless a water right or permit has been obtained from our District and is non-transferrable.
- e. At the present time no notice of a "water right" is provided to a potential buyer. Each legal parcel within the district is identified with a serial number that can be reviewed on the District website showing the right to district water. A potential buyer or real estate agent often calls the General Manager directly to inquire of the status of the water connection. All other property owners within the District with "water connections" or "supplemental connections" receive a billing statement from the District.
- f. A water right is either sold with the land or transferred under Sections 19 and 20 of the Rules and Regulations (other than the conditions stated in item d above). It can be sold separately within the District and the SOI, subject to conditions discussed. A Supplemental water right is speculative in nature as there is only one water right and connection per legal parcel. Supplemental rights have been sold to property owners that have plans to subdivide their land.

- g. A water right that is sold or transferred is simply reviewed by the Board of Directors for approval and then processed with our billing department. There is a Purchase and Sales Agreement with conditions posted on the District's website. As discussed above, each water right is given a serial number for tracking purposes and the District keeps updated records.

Lastly mentioned, the District only has two "reserved" water rights to sell. Those will be financed at 3% interest or paid in full with cash. The District has a \$1500 processing fee for this service. There are no commissions for the district regarding sales of water rights transfers on the secondary market. Private to private water right sales, price and terms are completely negotiable with the owners and buyers.

I hope that we have adequately addressed all your concerns regarding water rights.

Sincerely,

Dale Motiska
General Manager RNVWD

