

**Summers Engineering, Inc.**  
**Consulting Engineers**  
**Hanford, California**

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# **Engineer's Report**

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**LOWER SAN JOAQUIN LEVEE DISTRICT  
Benefit Assessment Evaluation**

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**California Proposition 218**

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**February 2024**

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## Introduction

The Lower San Joaquin Levee District (“LSJLD” or “District”) was created by the California State Legislature in 1955 as a special act district. The purpose of the District is to ensure the flood protection benefits that were provided by the Lower San Joaquin River Flood Control Project (project) are maintained. The project, which was designed and constructed by the State Department of Water Resources between 1959 and 1966, is located along the San Joaquin River and some of its tributaries in Merced, Madera, and Fresno Counties. The service area of the project covers 108 river miles and 195 miles of levees, which protect over 300,000 acres of land and approximately 4,500 parcels. Figure 1 is a map of the overall project. Figures 2 through 4 are enlarged maps of the project with the District’s current boundary indicated by a green line.

The San Joaquin River and its tributaries have historically caused flooding that threatens life and property. Measures taken by federal, state, and local government agencies, as well as affected private landowners, have lessened but not eliminated flooding problems. Friant Dam was completed in 1947 and has since served to reduce the peak flows in the San Joaquin River below the dam. A byproduct of reducing the peak flows is an increase in sediment buildup in lower sections of the river because the material is no longer flushed downstream under natural flow conditions. The sediment buildup reduces the channel capacity and makes the river more prone to flooding and erosion when high flows occur. Buildup of sediment has also increased the growth of vegetation in the channel, causing a further reduction in channel capacity.

The project is comprised of a series of bypass channels built to collect flood flow from the San Joaquin and Kings Rivers and divert it around the portions of the River where channel capacity is most limited.



Figure 2

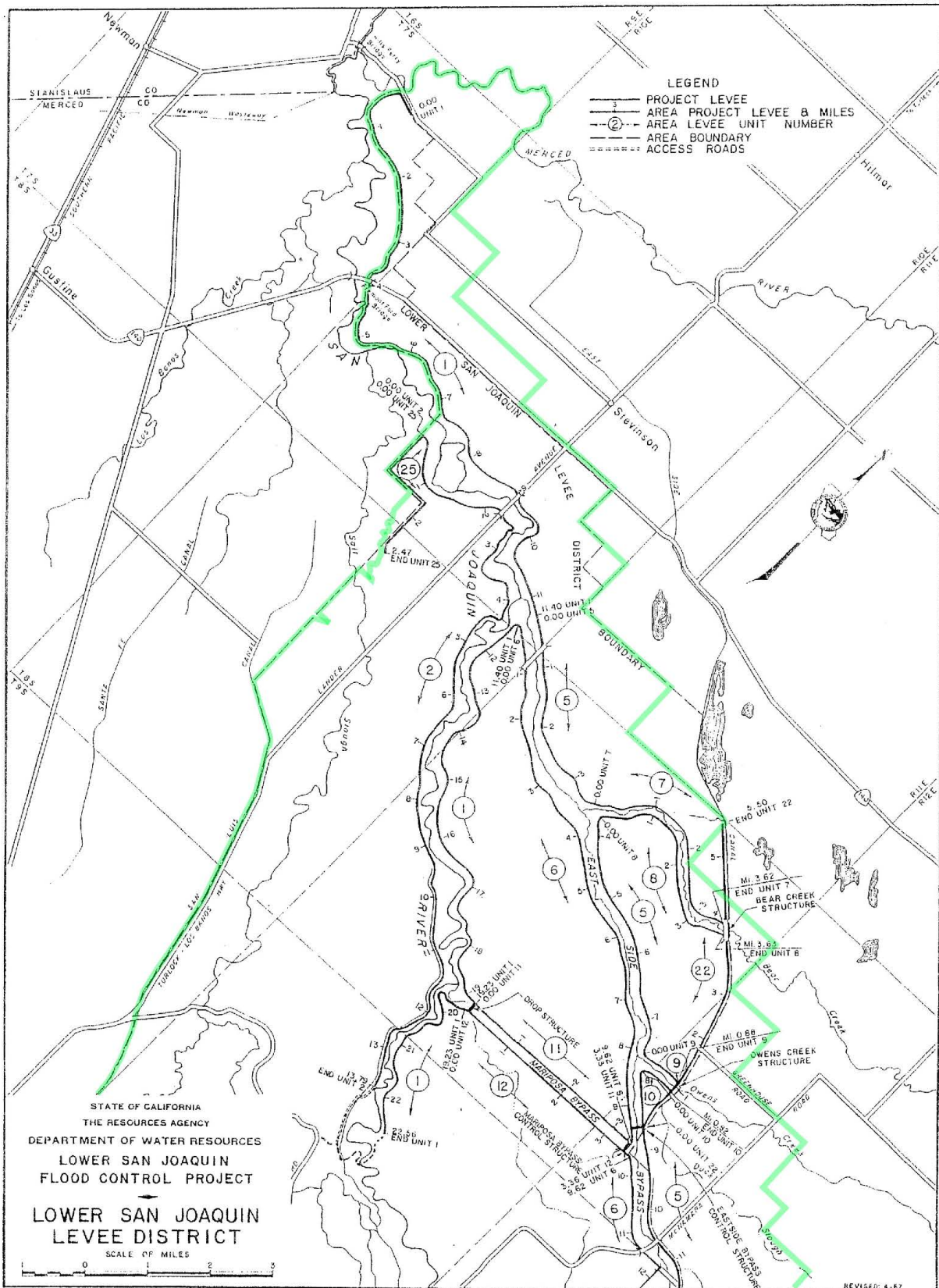


Figure 3

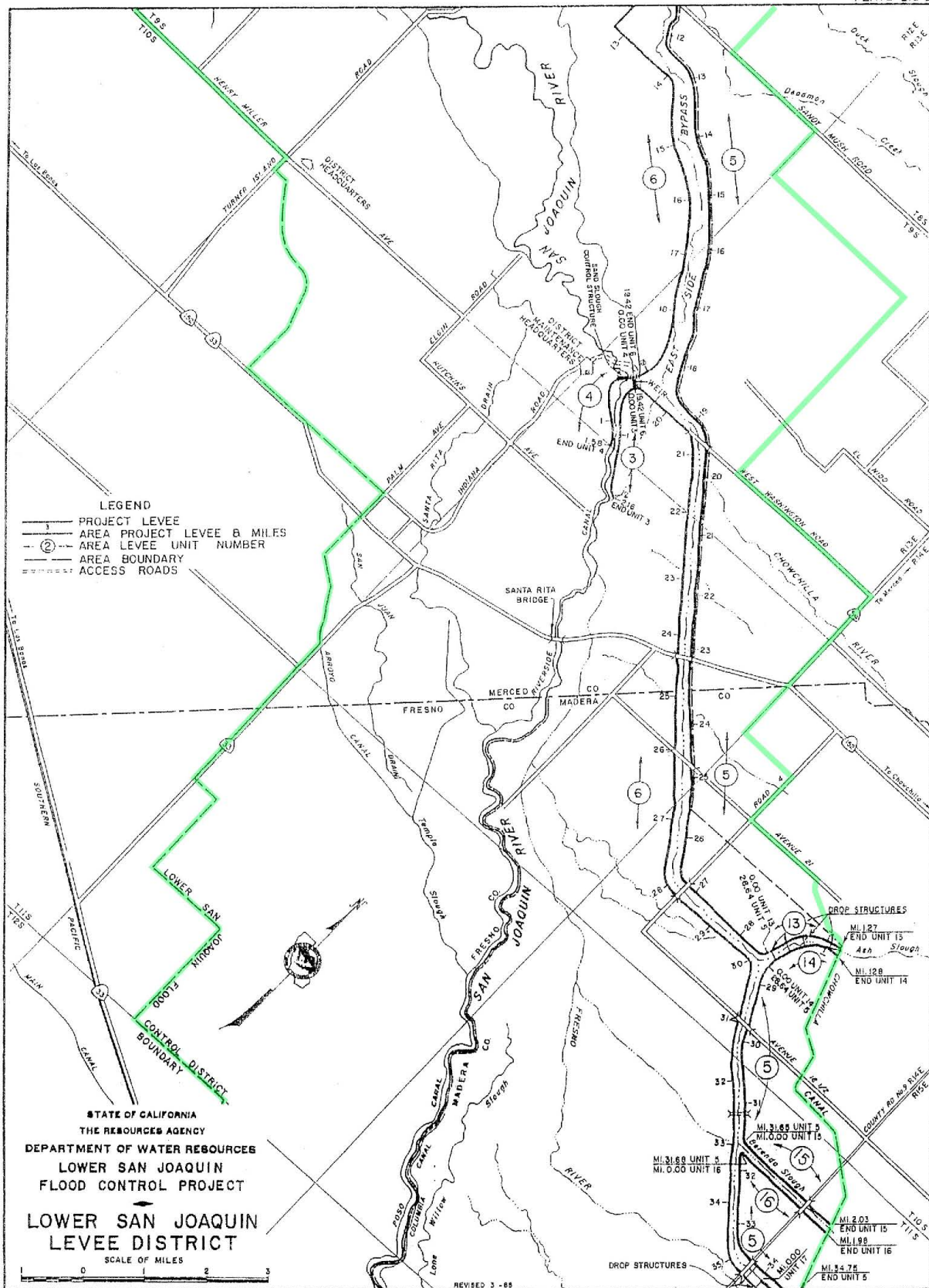
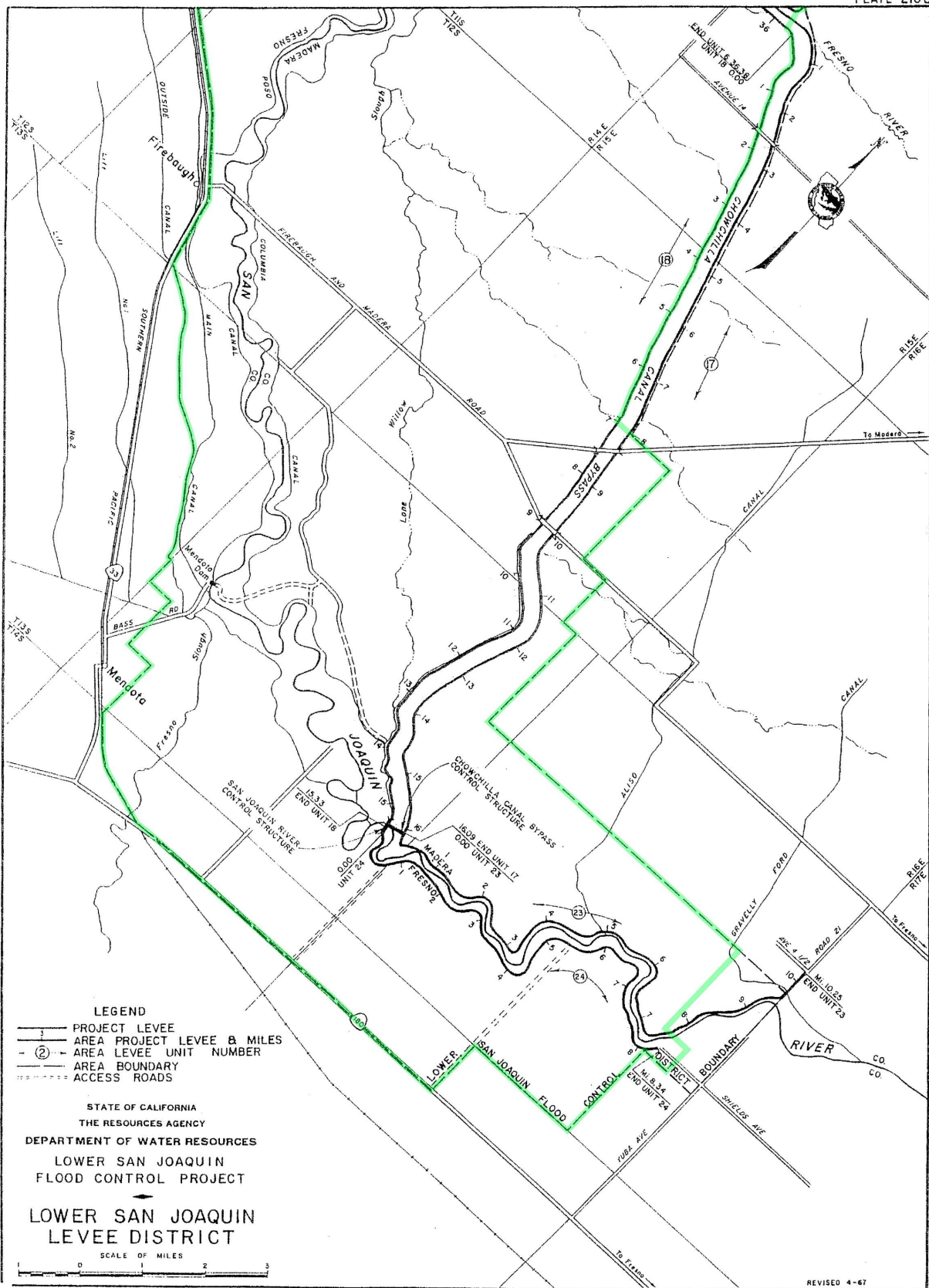


Figure 4





### Services Provided

The LSJLD operates in accordance with a 1956 agreement between the District and the Central Valley Flood Protection Board. Under the terms of the agreement, the District must maintain the bypass channels and the portions of the main San Joaquin River channel within the District's boundaries such that these channels are able to provide maximum flood protection benefits. Records of the flood protection that has been achieved indicate that the District has continually fulfilled this obligation without excessive or unnecessary expenditures of public funds.

The District operates with an unpaid board of directors, minimal staff and equipment, and no investment in real property. Operation in this manner has been possible largely through the cooperation of landowners and other agencies within the District during flood events.

District services can be categorized into three (3) modes of operation. The first mode includes typical maintenance activities such as removal of vegetation within the channels, rodent control and repair of rodent damage to levees, and diversion structure maintenance. The District also maintains approximately 400 drainage flap gates, operation of which must be verified several times per year. The second mode of operation occurs during flood events. During these periods, activities include operating the diversion structures, monitoring the channels and structures for problems such as breaks or debris blockage, and taking actions to rectify the problems. The third mode of operation occurs after flood events, when damage to the State's facilities that was caused by the flooding must be repaired. These activities typically include erosion repair and sediment and debris removal.

### Assessment Evaluation

The District recovers its operating expenses and maintains reserves for flood damage repairs through annual acreage assessments on lands within the District.

Individual assessments are based upon the parcel's proportional benefit. This benefit is expressed as a product of the parcel's size and its capacity for being put into use with respect to the other parcels in the District. The total benefit product of all parcels within a given county and within the District is updated each year by the county's auditor. The benefit product of a parcel is determined by multiplying the acreage and the land use factor for the parcel. Individual assessment amounts are then calculated by multiplying the benefit product of the parcel by the current base assessment rate for the District. The base assessment rate can also be expressed as the ratio of the total amount to be collected in a given county and the total benefit product of all parcels in that county that are within the District. Following is a sample assessment calculation for a fictitious 100-acre parcel in the District. The land use category is (C) Agricultural-other, which has a land use factor of 10.

Parcel acreage	100
Land use factor	<u>x 10</u>
Benefit product	1,000
Current base assessment rate	<u>x \$0.41809</u>
Assessment amount	\$418.09

During the first part of August each year, the auditor of each county transmits a written statement to the District indicating the sum of the benefit products of the parcels in that county and within the District. Using this information, the District then determines the portion of assessment to be collected by each county. At regular monthly board meetings, the District hears landowner requests regarding the land use categories and factors that are used to calculate the assessments. These requests are acted upon individually as they are received throughout the year. This process is less expensive for the District than an annual public hearing and the number of requests per year is typically small. Table 1 lists the various benefit assessment categories with descriptions of each. The land use factors

for each category are based on county zoning maps and were last updated by the District through Board Resolution No. 717-23, dated June 13, 2023. Table 2 lists the land use factors for each category.

**Table 1**  
**Lower San Joaquin Levee District**  
*Benefit Assessment Categories*

Category	Description
A	<b>Waste or Unusable Land:</b> would include parcels that are constantly under water.
B	<b>Agricultural-Grazing:</b> native pasture, duck clubs, and sand & gravel operations.
C	<b>Agricultural-Other:</b> farmed lands, dairies, and agricultural or residential parcels, 40 acres or greater, located in rural areas. Would include parcels with mixed usage where the number of acres devoted to agriculture is greater than the number of acres devoted to other uses.
D	<b>Single Family Residential:</b> single family residential in urban areas.
E	<b>Commercial, Industrial and Other:</b> commercial and industrial parcels, including multi-residential and churches. Also includes vacant parcels zoned commercial or industrial.
F-1	<b>Agricultural (80%)/Residential (20%):</b> mixed use parcels, less than 40 acres, where the acreage devoted to ag (80%) is greater than devoted to residential (20%).
F-2	<b>Agricultural (60%)/Residential (40%):</b> mixed use parcels, less than 40 acres, where the acreage devoted to ag (60%) is greater than devoted to residential (40%).
F-3	<b>Agricultural (40%)/Residential (60%):</b> mixed use parcels, less than 40 acres, where the acreage devoted to ag (40%) is less than devoted to residential (60%).
F-4	<b>Agricultural (20%)/Residential (80%):</b> mixed use parcels, less than 40 acres, where the acreage devoted to ag (20%) is less than devoted to residential (80%).
G-1	<b>Agricultural (80%)/Commercial (20%):</b> mixed use parcels, less than 40 acres, where the acreage devoted to ag (80%) is greater than devoted to commercial (20%).
G-2	<b>Agricultural (60%)/Commercial (40%):</b> mixed use parcels, less than 40 acres, where the acreage devoted to ag (60%) is greater than devoted to commercial (40%).
G-3	<b>Agricultural (40%)/Commercial (60%):</b> mixed use parcels, less than 40 acres, where the acreage devoted to ag (40%) is less than devoted to commercial (60%).
G-4	<b>Agricultural (20%)/Commercial (80%):</b> mixed use parcels, less than 40 acres, where the acreage devoted to ag (20%) is less than devoted to commercial (80%).

Note: Categories F-1 through G-4 are mixed categories for the purpose of covering properties that cannot be legally split into parcels less than 20 acres.

**Table 2**  
**Lower San Joaquin Levee District**  
*Land Use Factors*

<b>Category</b>	<b>Land Use Factor</b>
(A) Waste or Unusable Land	0
(B) Agricultural-Grazing	1
(C) Agricultural-Other	10
(D) Single-Family Residential	250
(E) Commercial, Industrial and Other	500
(F-1) Agricultural (80%) / Residential (20%)	58
(F-2) Agricultural (60%) / Residential (40%)	106
(F-3) Agricultural (40%) / Residential (60%)	154
(F-4) Agricultural (20%) / Residential (80%)	202
(G-1) Agricultural (80%) / Commercial (20%)	108
(G-2) Agricultural (60%) / Commercial (40%)	206
(G-3) Agricultural (40%) / Commercial (60%)	304
(G-4) Agricultural (20%) / Commercial (80%)	402

The primary source of revenue for the LSJLD is acreage assessments on benefited lands. A small amount of supplemental income, which varies from year to year, is generated from grazing leases and the sale of river sand. Therefore, the District's annual income is essentially fixed, regardless of the expenses incurred for flood events. Historically, the income generated by the District has provided the cash flow needed for operating expenses and to maintain an operating reserve. The operating reserve is necessary to pay for repairs to facilities following flood events and to cover additional expenses for personnel and equipment during flood events. Based on the frequency and severity of flood

events, cash flow to the operating reserve must be sufficient for the reserve to fluctuate above and below a median amount of approximately \$750,000. Furthermore, the operating reserve should never be less than \$500,000 after all reimbursements have been received for flood event expenses. The District also maintains reserve funds for flood emergency expenses that are not reimbursed by the state. These funds, which are typically not used for operations, are held in investment accounts with the Merced County Auditor and the Local Agency Investment Fund (LAIF). As of October 1, 2023, the total balance of the reserve accounts was approximately \$352,000.

### Other Funding

Over the past ten years or more, the District has been involved in a number of funding opportunities with the State of California, including the Regional Flood Management Program (RFMP), Flood System Repair Project (FSRP), Deferred Maintenance Project (DMP), and Flood Maintenance Assistance Program (FMAP). The RFMP is a high level planning document prepared in coordination with the State Department of Water Resources (DWR) and local agencies to describe local and regional flood management priorities and challenges, and identify site-specific projects and potential funding mechanisms. Work on the first phase of the RFMP for the Lower San Joaquin River ran from about 2012 through 2017. The RFMP served to identify a number of capital improvement projects which were then funded by the State through other programs. The FSRP has provided funding to the District for capital improvements, including, resurfacing levee patrol roads with compacted gravel and replacing aged electrical and control equipment for the flood control gate structures operated by the District. Additional FSRP funding has been allocated for future patrol road resurfacing and channel erosion repairs. The District has received DMP funding to contract video inspections of several hundred drainage inlet culverts maintained by the District. The inspections identified failed and damaged culverts, which will in turn be replaced through a second phase of DMP funding. FSRP funding required a 10% cost share by the District, so although the

improvements were highly beneficial to the District, they also cut into the District's reserves. The DMP funding programs do not require a cost share by the District and the cost of staff and consultant time to administer the program can be reimbursed. These first three funding programs (RFMP, FSRP, and DMP) have provided needed improvements to the flood facilities operated and maintained by the District, but there is still more work to do and they have not provided assistance with the District's operating expenses.

The FMAP is a relatively new program providing State funds to Local Maintaining Agencies to help correct operation and maintenance deficiencies. Although the process to apply for and receive these funds can be time consuming, to date, the program has reimbursed the District for improved mowing equipment and herbicides for weed control. Additional FMAP funding for mowing equipment will be sought in 2024.

#### Revenue Reductions

Lands within the District that are acquired for State and Federal wildlife refuges become exempt from further assessments by the District. These land acquisitions and subsequent exemptions have become more prevalent over the past 25 years, resulting in a reduction in the District's assessment base and total annual revenue.

In the past five years, the District's operating expenses have increased approximately 28% due to higher labor costs, increased premiums for health insurance and worker's compensation insurance, and general price inflation for services and supplies. Since fiscal year (FY) 2018-19, the District has balanced its budget by utilizing its operating reserves. In FY 2022-23 the District's expenses exceeded revenues by more than \$465,000. Near the end of FY 2022-23 an audit was conducted to compare the parcels that are being assessed with the parcels that are actually within the District's boundaries. In addition to making assessment roll adjustments related to the District boundary, the use factor for

many parcels was updated. These adjustments resulted in a revenue increase which should balance the budget for FY 2023-24. However, this revenue increase does not address the deficits of the past five years and subsequent loss of operating reserves, or the future budget deficits that are projected beyond FY 2023-24.

Current assessment rates have been in place and unchanged since 2010, while inflation indices since then have increased nearly 40%. Revenue available to the District has decreased due to assessment exemptions for lands acquired by the federal government. The increasing disparity between operating expenses and revenue has made it necessary for the District to increase its assessments rates.

#### Proposition 218 Requirements

In November 1996, a California Constitutional initiative titled Proposition 218 was approved by the voters of the State. The primary intent of the initiative was to ensure that all taxes and most charges on property owners were subject to voter approval. Proposition 218 applies to general taxes that were imposed in 1995 or 1996 without a vote of the people, or the raising of new taxes, assessments, or property-related fees after 1996.

To increase assessments, Proposition 218 requires that LSJLD perform a number of steps. Information regarding the proposed assessments, including a voting ballot, must be mailed to every property owner. A public hearing must be conducted by the District no less than 45 days after the mailing. At the public hearing, the District will consider all protests against the proposed assessment and tabulate the ballots. If there is a majority protest, LSJLD may not adopt the proposed assessment. A majority protest exists if, upon the conclusion of the hearing, ballots submitted in opposition to the assessment exceed the ballots submitted in favor of the assessment. In tabulating the ballots, the ballots shall be weighted according to the proportional financial obligation of the affected property. If a majority of the ballots received (weighted in proportion to

assessment liability) are in favor of the assessment, LSJLD may take action to adopt the assessment increase.

Under California Government Code section 53759, there is a 120-day statute of limitations for challenging any new, increased, or extended fee or charge. This statute of limitations applies to the benefit assessment proposed herein and to future benefit assessments charged by LSJLD.



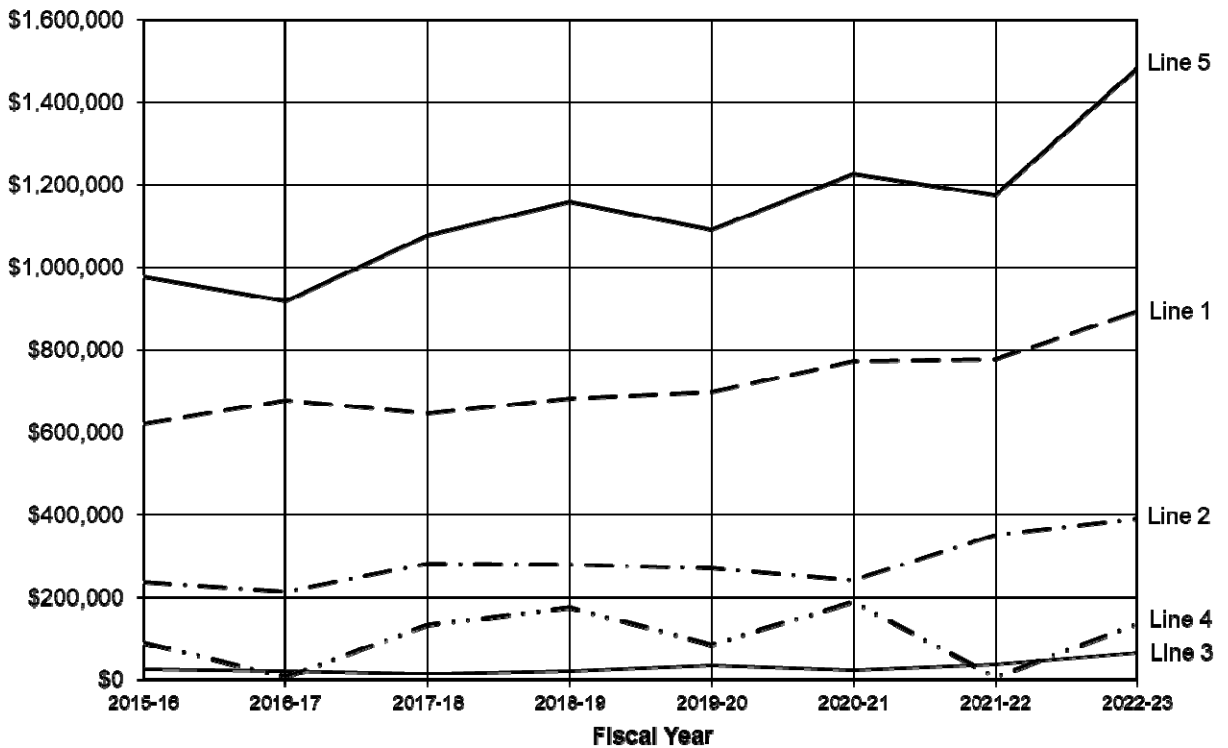
## Benefits Provided by the District

Proposition 218 makes a distinction between *general* and *special* benefits provided by a project or service. A *general* benefit is defined as something that benefits the general public, such as ambulance service, libraries, police stations, or business improvements. A *special* benefit is defined as a particular and distinct benefit over and above general benefits conferred on real property located in the district or to the public at large. LSJLD provides a *special* benefit to the lands within the District by maintaining flood protection for those lands. None of the services provided by LSJLD are considered as *general* benefits to the public. Therefore, under the requirements of Proposition 218, LSJLD is eligible to recover one-hundred percent (100%) of its costs through acreage assessments.

## Cost of Service

The cost of the services provided by the District can be separated into two categories: (1) general operating expenses and (2) flood operations and repair. Figure 5 indicates the District's expenditures since FY 2015-16. Line 1 indicates expenses for salaries and benefits. Line 2 indicates expenses for services and supplies, not including maintenance of structures, improvements and grounds. Expenses for maintenance of structures, improvements and grounds are shown separately by Line 3 because they include costs for flood damage repairs. Line 4 indicates expenses for fixed assets. Line 5, which is the sum of Lines 1 through 4, indicates the total annual expenses of the District. Table 3 lists the specific expense items that have been included in Lines 1 through 4 of Figure 5.

**Figure 5**  
**Lower San Joaquin Levee District**  
*Annual Expenditures (FY 2015-16 through FY 2022-23)*



**Table 3**  
**Lower San Joaquin Levee District**  
*Expenditures Categories for Figure 5*

Category	Included Expenses
Line 1 Salaries and Benefits	Salaries and wages – permanent employees Overtime – permanent employees Salaries and wages – extra help Overtime – extra help F.I.C.A. Medicare tax Employee group insurance Unemployment insurance Workmen’s compensation insurance Deferred compensation plan – retirement
Line 2 Services and Supplies (not including Line 3)	Clothing & personal supplies Communications Household expense - supplies Insurance-other Maintenance - equipment, other Memberships Miscellaneous expense Office expense Professional services Professional services - contractual agreements Publications and legal notices Rents and leases - equipment Rents and leases - structures, improvements, grounds Small tools and instruments Special department expense, other Transportation and travel Utilities
Line 3 Maintenance of structures, improvements & grounds	Maintenance-structures, improvements, grounds
Line 4 Fixed Assets	Equipment

Annual costs for salaries and benefits (Line 1) have increased more than \$270,000 since FY 2015-16. There have been modest increases in costs for group insurance and worker’s compensation insurance, but most of the increase is attributable to salary and overtime costs for permanent employees. Annual costs for services and supplies (Line 2) have steadily increased more than \$150,000 since FY 2015-16. Annual costs for maintenance of structures, improvements, and grounds (Line 3) can increase sharply in flood years, because they include costs for repairing flood damage. However, these costs only

increased about \$37,000 over the period of record, which does not include any major flood events. As will be discussed later in this section, a portion of these costs are reimbursed to the District through emergency relief programs, and a portion are covered by the District's operating reserve. Flood fighting and repair expenses were \$769,000 in FY 2022-23, but it is yet to be determined how much of that will be reimbursed. As such, FY 2022-23 flood fighting and repair expenses are not reflected Figure 5. Annual costs for fixed assets (Line 4) have fluctuated by as much as \$180,000 from one year to the next. Overall the annual costs increased about \$45,000 during the period of record.

Figure 6 indicates the total annual expenses line from Figure 5 versus the total annual revenues for the same period from FY 2015-16 to FY 2022-23. Also indicated is the balance of the operating reserve, which was near the targeted median of \$750,000 through FY 2021-22, but then dropped sharply in FY 2022-23 due to the aforementioned flood expenses that had to be covered.

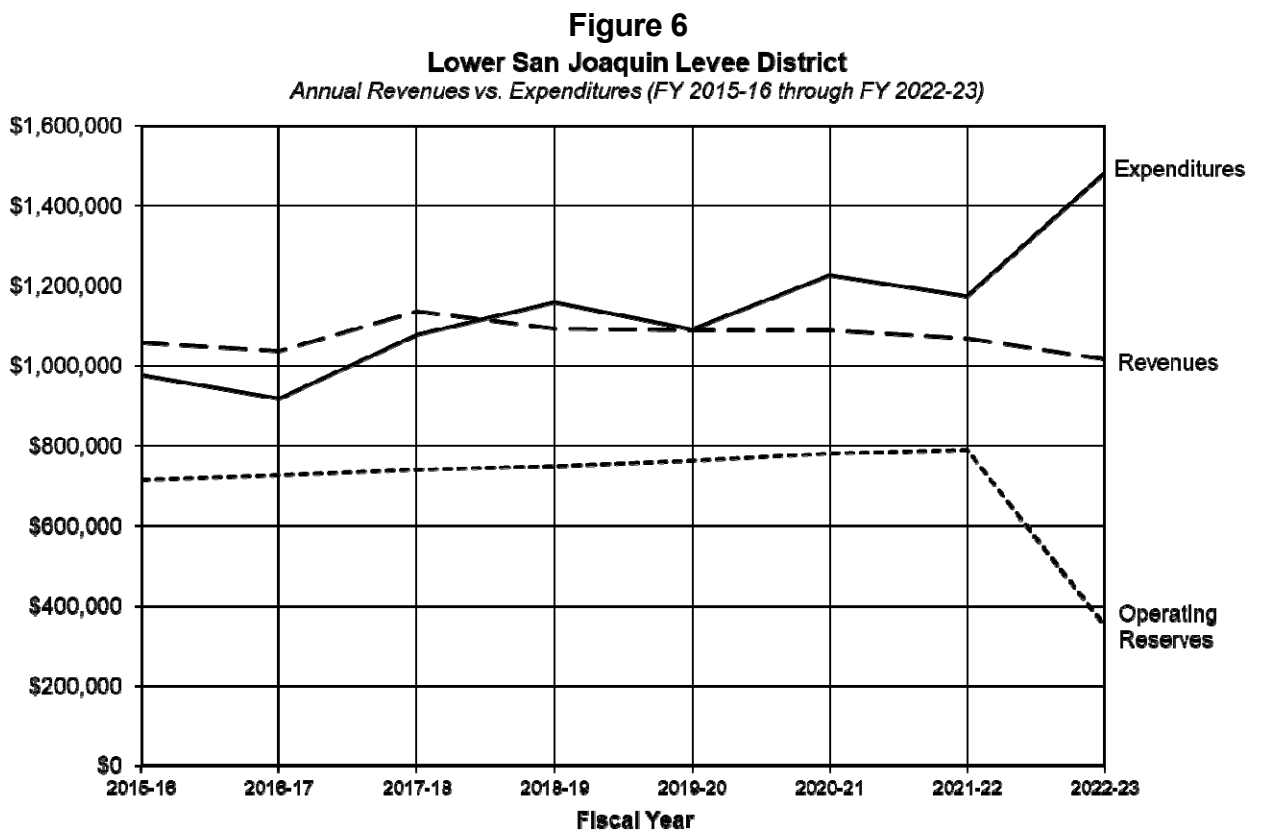


Table 4 provides a 10-year budget projection assuming there is no increase in the District’s annual revenue. The expense amounts (Lines 1-3) in subsequent years assume a 2.5% increase each year. For reference, the Consumer Price Index published by the United States Bureau of Labor Statistics has increased an average of 2.4% over the past 15 years and 2.7% over the past 10 years. Fixed assets (Line 4) are slightly elevated in FY 2023-24 due to the replacement of aged pickup trucks. Projected fixed asset amounts after FY 2023-24 are based on actual expenditures since FY 2015-16 and 2.5% annual inflation. Additional items that need to be replaced over the next several years include a 1980 Caterpillar motor grader, 1985 Caterpillar loader, spray rigs for herbicide application, a smoker for rodent control, and a water trailer. Total revenues in Table 4 were held constant at the amount projected for FY 2023-24, after the aforementioned adjustments were made for assessed parcels and use factors. The reserve amounts were calculated from the reserve balance at the beginning of the prior year less the budget deficit of the prior year. The continued budget deficits indicated in Table 4 would deplete the operating reserve in FY 2028-29.

**Table 4**  
**Lower San Joaquin Levee District**

*10 Year Budget Projection (FY 2023-24 through FY 2032-33) - NO ASSESSMENT INCREASE*

Line	Expenditures / Revenues	FY2023-24	FY2024-25	FY2025-26	FY2026-27	FY2027-28	FY2028-29	FY2029-30	FY2030-31	FY2031-32	FY2032-33
1	Salaries and Benefits	\$909,857	\$932,603	\$955,919	\$979,816	\$1,004,312	\$1,029,420	\$1,055,155	\$1,081,534	\$1,108,572	\$1,136,287
2	Service and Supplies (not including maintenance of structures, improvements & grounds)	\$434,000	\$444,850	\$455,971	\$467,371	\$479,055	\$491,031	\$503,307	\$515,890	\$528,787	\$542,007
3	Maintenance of structures, improvements & grounds	\$60,000	\$61,500	\$63,038	\$64,613	\$66,229	\$67,884	\$69,582	\$71,321	\$73,104	\$74,932
4	Fixed Assets	\$149,500	\$138,785	\$142,255	\$145,811	\$149,456	\$153,193	\$157,022	\$160,948	\$164,972	\$169,096
5	<b>Total Expenses</b>	<b>\$1,553,357</b>	<b>\$1,577,738</b>	<b>\$1,617,182</b>	<b>\$1,657,611</b>	<b>\$1,699,052</b>	<b>\$1,741,528</b>	<b>\$1,785,066</b>	<b>\$1,829,693</b>	<b>\$1,875,435</b>	<b>\$1,922,321</b>
6	<b>Total Revenues</b>	<b>\$1,554,405</b>	<b>\$1,554,405</b>	<b>\$1,554,405</b>	<b>\$1,554,405</b>	<b>\$1,554,405</b>	<b>\$1,554,405</b>	<b>\$1,554,405</b>	<b>\$1,554,405</b>	<b>\$1,554,405</b>	<b>\$1,554,405</b>
7	Operating Reserve Balance (at beginning of FY)	\$351,803	\$352,851	\$329,518	\$266,741	\$163,534	\$18,888	-\$168,235	-\$398,897	-\$674,185	-\$995,215

The second type of service provided by the District is to operate the project when flows from upstream reservoirs require flood patrolling and / or damage repairs. The District's Operation & Maintenance manual stipulates that when water levels in the project channels reach the waterside toe of the levees, the District is obligated to initiate flood patrols. The flow criteria used to determine when flood patrols should be done is different for each channel of the project. The upstream reach of the project, where the San Joaquin River has levees on each side, has a channel rating of 8,000 cubic feet per second (cfs). However, the flow criteria stipulates that flood patrols be initiated when the flow is approximately 2,500 cfs or above. This flow is measured at the Gravelly Ford gauging station by the United States Bureau of Reclamation, who also operates Friant Dam at Millerton Reservoir. Historical records indicate that flows past Gravelly Ford impact the flood project at least once every three years.

Other project reaches differ according to their channel rating and the upstream reservoir operations at Pine Flat Dam on the Kings River, Hidden Dam on the Fresno River, Buchanan Dam on the Chowchilla River, and the operations of the Merced County Streams Group. The initial flood patrolling that occurs is usually in the upstream portion of the San Joaquin River between Gravelly Ford and the bifurcation control structures for the Chowchilla Canal Bypass.

Declared flood events are dependent on specific actions taken by the local, county, state, and federal government agencies. Guidelines are set forth in the Standardized Emergency Management System (SEMS) from the California Office of Emergency Services (OES), and the United States Federal Emergency Management Agency (FEMA). Actions taken by these agencies evolve into a declared disaster and a declared flood event for the District. Initially, the District is obligated to meet the stipulations in the project's O&M Manual by expending District funds. There is never any guarantee at the beginning of a flood event that it will be declared a disaster, so the District's efforts are made without expectations of being reimbursed. Regardless, the District has to front the money.

This criteria, together with the historic frequency of flood events and the cost to repair damage due to flooding, provides the basis for maintaining reserves at approximately \$750,000.

Table 5 lists flood flows and District-related expenditures over the past 39 years. Within this period, 12 flood flow events occurred requiring District actions. Column (2) indicates the maximum flood flows that were measured at the Gravelly Ford gauging station in each year. Column (3) indicates the expenses that were incurred by LSJLD each year for flood patrolling, flood fighting, and repair of damage to the project caused by flooding. Even though some flood events did not cause damage to the project, the District still incurred flood event expenses for additional patrolling of the levees and operation of the control structures and channels. The District logs all expenses that are attributable to a flood event so they can be eligible to be reimbursed by OES and FEMA if the flood event is declared a disaster. Column (4) indicates the reimbursement of flood related expenses the District received from relief agencies. The remaining District flood expenses, which were not reimbursed by relief agencies, are indicated in Column (5). These expenses were paid for out of the District's operating reserve. Table 5 also indicates that cash must be available in the operating reserve to pay for flood expenses until all or a portion of these expenses are reimbursed. The lag time from when the expenditures are actually made to when they are reimbursed is typically a year or more. As such, the amounts for flood relief aid and District flood expenses are yet to be determined (TBD) for 2023.

**Table 5**  
**Lower San Joaquin Levee District**  
*Historic Flood Flows & Flood Expenses*

(1) Year	(2) Maximum Flood Flow Measured at Gravelly Ford (cfs)	(3) LSJLD Flood Expenses (\$)	(4) Flood Relief Aid Received by LSJLD (\$)	(5) LSJLD Flood Expenses Not Reimbursed – Covered by Operating Reserve (\$)
1985	87	0	0	0
1986	12,884	108,316	99,979	8,337
1987	76	0	0	0
1988	38	0	0	0
1989	23	0	0	0
1990	76	0	0	0
1991	304	0	0	0
1992	103	0	0	0
1993	3,091	0	0	0
1994	142	0	0	0
1995	10,238	41,543	19,164	22,379
1996	8,646	1,799	0	1,799
1997	41,000	1,430,480	1,424,144	6,336
1998	7,938	150,299	94,280	56,019
1999	869	0	0	0
2000	2,147	0	0	0
2001	526	0	0	0
2002	66	0	0	0
2003	519	0	0	0
2004	70	0	0	0
2005	7,814	410,250	366,750	43,500
2006	9,407	308,937	227,219	81,718
2007	157	0	0	0
2008	141	0	0	0
2009	518	0	0	0
2010	4,255	9,665	0	9,995
2011	7,407	385,550	0	385,550
2012	902	0	0	0
2013	939	0	0	0
2014	775	0	0	0
2015	1,395	0	0	0
2016	982	0	0	0
2017	8,676	64,947	42,647	22,300
2018	568	0	0	0
2019	7,214	26,500	0	26,500
2020	795	0	0	0
2021	214	0	0	0
2022	1,469	0	0	0
2023	9,479	769,465	TBD	TBD



## **Analysis of Alternative Solutions**

It is possible the District could continue to provide limited services without an increase in assessments. However, this would not fulfill the District's contractual obligation with the Central Valley Flood Protection Board, which is to maintain the project and provide flood protection benefits in a manner consistent with the State standards set forth in the District's Operation Manual. Since the District's inception, it has always remained in compliance with the terms of the State contract. A breach of the contract could result in the State assuming control of the project. Under this scenario, the State would charge benefited landowners for the expenses to maintain and operate the project. Expenses incurred by the State would be for outside contractors and subject to prevailing wage labor rates for the staff that operates and maintains the project. Because this requirement does not apply to the District, as the District has its own staff, the projected expenses for the District to continue operating the project are less than the expenses that would be incurred under State operation.

LSJLD currently operates with very limited staff: a manager, office administrator, and seven (7) field staff. Reductions in staff would result in maintenance cycles increasing from once every 3 to 4 years to even longer intervals. Operation in this manner would not comply with the aforementioned State contract.

The District's expenses for labor are relatively predictable and consistent during years without flood events. Recently, the District changed the normal workday from 10 hours to 8 hours, so there is no overtime pay outside flood events. When flood events occur, overtime is required to operate and maintain the project, and labor expenses increase during these critical periods. It might be possible to achieve modest cost savings by totally eliminating overtime pay for permanent employees and hiring temporary employees to provide additional labor during flood events. However, temporary employees would be untrained and their

reliability untested going into critical flood events, which would not allow the District to meet its contractual obligations with the State.

One final alternative to consider is the abandonment of the project. To discontinue operations, a study would have to be conducted for the decommissioning of the levees. In addition to discontinued maintenance of the levees and flood channels, landowners would no longer be afforded the benefits of the District's coordination with other agencies and landowners to manage flood flows. It is unlikely the State would allow the project to be abandoned. If it were to happen, the loss of property that would eventually occur from a severe flood event would be much more costly than the proposed assessment increase. Therefore, this alternative and the others discussed in this section are either not feasible or more costly than an assessment increase.

## Determination of Benefit Assessments

Current District assessments are based on the benefit products provided by each of the three counties, as discussed in the Introduction of this report. The proposed assessment increase would adhere to the same method of calculating individual assessments. The total revenue that could be collected using the increased rates would be approximately equal to the ten (10)-year budget projection presented in Table 4. Rather than implement the entire increase in the first year, the District would incrementally increase assessments over the next ten (10) years. Table 6 summarizes the projected ten (10)-year budget versus the proposed assessment increases and the resulting revenue generated. The far right column of Table 6 shows the operating reserve would be near \$700,000 by FY 2026-27 and remain close to the \$750,000 target in the following years. The total annual assessment amount chargeable to the lands in the District is indicated below Table 6.

**Table 6**  
**Lower San Joaquin Levee District**

*Proposed Incremental Assessment Increases (FY 2023-24 through FY 2032-33)*

Year	Projected Expenses	Proposed Base Assessment Rate	Annual % Increase on Assessments	Projected Revenues	Operating Reserve Balance
FY2023-24	\$1,553,357	0.45000	8%	\$1,653,026	\$351,803
FY2024-25	\$1,577,738	0.47000	4%	\$1,726,494	\$500,559
FY2025-26	\$1,617,182	0.47000	0%	\$1,726,494	\$609,870
FY2026-27	\$1,657,611	0.47500	1%	\$1,744,861	\$697,120
FY2027-28	\$1,699,052	0.47500	0%	\$1,744,861	\$742,929
FY2028-29	\$1,741,528	0.47500	0%	\$1,744,861	\$746,261
FY2029-30	\$1,785,066	0.49000	3%	\$1,799,962	\$761,157
FY2030-31	\$1,829,693	0.50000	2%	\$1,836,695	\$768,159
FY2031-32	\$1,875,435	0.51500	3%	\$1,891,796	\$784,521
FY2032-33	\$1,922,321	0.52500	2%	\$1,928,530	\$790,730

<b>Total Maximum Annual Assessment Amount Chargeable to the Lands in the District</b>	<b>\$1,928,530</b>
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Table 7 indicates the per acre assessment rates for each land use type that would be chargeable using a base rate of \$0.525 per acre, which corresponds with FY 2032-33 in Table 6. Per acre rates for prior years can be calculated by multiplying the land use factor of a given parcel by the corresponding base rates indicated in Table 6.

**Table 7**  
**Lower San Joaquin Levee District**  
*Proposed Assessment Rates by Land Use Type*

Category	Land Use Factor	Base Rate per Acre (\$)	Proposed Assessment Rate per Acre (\$)
(A) Waster or Unusable Land	0	0.525	0.00
(B) Agricultural-Grazing	1	0.525	0.53
(C) Agricultural-Other	10	0.525	5.25
(D) Single-Family Residential	250	0.525	131.25
(E) Commercial, Industrial and Other	500	0.525	262.50
(F-1) Agricultural (80%) / Residential (20%)	58	0.525	30.45
(F-2) Agricultural (60%) / Residential (40%)	106	0.525	55.65
(F-3) Agricultural (40%) / Residential (60%)	154	0.525	80.85
(F-4) Agricultural (20%) / Residential (80%)	202	0.525	106.05
(G-1) Agricultural (80%) / Commercial (20%)	108	0.525	56.70
(G-2) Agricultural (60%) / Commercial (40%)	206	0.525	108.15
(G-3) Agricultural (40%) / Commercial (60%)	304	0.525	159.60
(G-4) Agricultural (20%) / Commercial (80%)	402	0.525	211.05

## Conclusions

LSJLD provides a valuable service to landowners within the District by operating and maintaining the Lower San Joaquin River Flood Control Project. The District is obligated by a contract with the Central Valley Flood Protection Board to maintain the project facilities in a manner that provides flood protection benefits in accordance with the State standards set forth in the District's Operation Manual. The primary source of revenue for the District is through the collection of acreage-based assessments. Proposition 218 requires the increase of an assessment to be approved by a vote of the people paying the assessment. LSJLD is currently faced with significant annual budget deficits that will deplete the operating reserves needed to fulfill its contract obligations with the State. The current assessment rates have remained the same for the past 14 years, while inflation indices have increased nearly 40% during that same period. The District has reduced its operating expenses as much as possible, while continuing to provide flood protection benefits in accordance with its State contract.

LSJLD is proposing an increase in the base assessment rate chargeable to the lands in the District. Other alternatives, such as additional staff reductions, or abandonment of the project, have been determined infeasible or more costly than an assessment increase. Calculation of the new assessments will continue to be based on the benefit product provided yearly by each of the three counties the District lies within. Based on the frequency and severity of flood events, the District needs to maintain its operating reserve at approximately \$750,000. The total revenue generated by the proposed assessments would meet the estimated operating expenses of the District, restore the needed operating reserve by FY 2026-27, and maintain it through FY 2032-33. If approved, the total proposed increase in assessments would occur incrementally over the next ten (10) years. However, the District is seeking approval of the maximum amount as part of this Proposition 218 process.