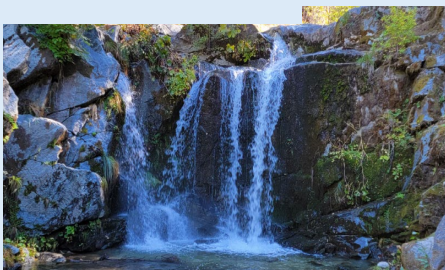
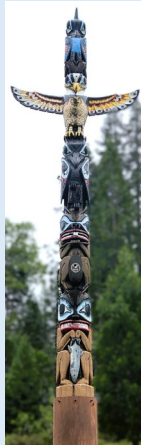




2025-2026 Grand Jury Final Report

Scenes from Shasta County:





The 2025-2026 grand jury pays tribute to some of the many quiet points of interest, beauty, commerce and recreation in our beautiful county.

Ranch Cattle

Courtesy of Shasta County
Cattlemen's Association

Hat Creek 'Wild Trout Area'
facing old community of
Carbon

Courtesy of Cordelia Saltzman

Wild Horse Sanctuary,
Shingletown

Courtesy of
Wild Horse Sanctuary

Lake Shasta
Caverns

Courtesy of Lake
Shasta Caverns

Totem
Pole,
Shingle-
town

Photo by
P.Bolton

Castle Craggs State Park

Courtesy of
CA State Parks

Castle Craggs State
Park

Courtesy of
CA State Parks

Releasing juvenile Chinook
Salmon into the Sacramento
River

Courtesy of US Fish and Wildlife
Service
Coleman National Fish Hatchery

Fishing on the Fall River

Courtesy of The Fly Shop,
Bryan Quick, photographer

Crystal River Falls,
Whiskeytown/French Gulch

Courtesy of John Soares,
photographer

Grenache Noir grapes

Courtesy of
Old 44 Cellars

Ferry to Lake Shasta Caverns

Courtesy of
Lake Shasta Caverns

Hat Creek

Photo from Google

Adult Chinook Salmon

Courtesy of US Fish and Wildlife
Service
Coleman National Fish Hatchery

**2025-2026 SHASTA COUNTY
GRAND JURY**

FINAL REPORT



June 16, 2026

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2025-2026 Shasta County Grand Jury Reports

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Shasta County

GRAND JURY

P. O. BOX 992086
REDDING, CA 96099-2086
VOICE MAIL: (530) 225-5098

The Honorable Tamara L. Wood
Shasta County Superior Court
1515 Court Street, Room 610
Redding, CA 96001

June 16, 2026

On behalf of the 2025-2026 Shasta County Grand Jury, I present to you and the citizens of Shasta County this grand jury's consolidated final report.

This year's grand jury ended with twelve individuals from across the county, a smaller than average jury; yet we worked together to successfully consider and evaluate, research, and write two reports. We want to thank the many individuals who were called to provide background (interviews and/or documentation) to us. These reports would not have been written without their help.

The Shasta County Grand Jury Association (SCGJA) helped the grand jury with initial training and were instrumental in locating a new office space. The change in venue is much appreciated and will be for long in the future.

The Civil Grand Jurors' Association (CGJA) continues to provide excellent early and mid-term training and manuals, plus extra advice on civil and legal questions from Marsha Caranci and Karen Jahr. This year, the CGJA gifted the Shasta County Grand Jury with its own; appreciation to Molly Schneider for making this possible.

County staff are always helpful in getting annual 'newbie' jurors on the right path. Especially:

- Michael Stock, County IT Specialist, and the IT staff
- Cody Stenderup, Executive Officer, and Dawn West, Assistant Executive Officer, with Superior Court
- Patricia Webber, Senior Deputy Counsel, County Counsel office
- Emily Mees, Chief Deputy District Attorney
- Chaz Laws, Agency Staff Services Analyst, County Administration Office

Thank you for the privilege of serving on this year's grand jury with my fellow jury members.

Sincerely,

Patti Bolton
Foreperson
2025-2026 Shasta County Grand Jury

WHAT IS THE GRAND JURY?

GRAND JURY HISTORY IN CALIFORNIA

A 'grand jury' derives its name because it usually has a greater number of jurors than a trial jury. Early grand juries investigated local prisons, audited county books, and pursued matters of community interest.

The California State Constitution requires the Superior Court in each County to impanel at least one grand jury each year. They are governed and guided by California Penal Code Section §925.

THE SHASTA COUNTY GRAND JURY

The grand jury is an independent body usually comprised of 19 Shasta County citizens. Grand jury members are volunteers selected through an application and review process conducted by the Shasta County Superior Court in conjunction with members of the Shasta County Grand Jurors Association. The term of service is one year.

The goal of the grand jury is to help make local government or agencies more responsive and efficient to promote positive change in Shasta County. The grand jury functions as an arm of the Judicial Branch of government, operating under the guidance of the Superior Court Presiding Judge. The grand jury can examine aspects of:

- City governments
- County government
- Special districts
- Local agencies
- School districts
- Housing authorities
- Joint power agencies

State law requires the grand jury to investigate and issue at least one report on the operations or functions of County government each year.

All communication with the grand jury is confidential. The grand jury is exempt from the State's open meeting law (the Brown Act). Grand juries have their own rules and procedures, allowing them to operate independently of external pressure.

Issues to be investigated can come from citizen complaints, citizen requests for investigation, jurors' interests or concerns, or issues in the news. County Counsel, the District Attorney, and the Court are available to aid the grand jury in their investigations.

The grand jury can issue individual reports throughout the year; a final report, including all individual reports, is issued immediately after the end of the jury's term. Each report contains investigative findings as well as recommendations for the body being investigated. Responses to the findings and recommendations are required within 60 to 90 days.

CONSIDER BECOMING A GRAND JUROR

As a grand juror, you will have an opportunity to learn about city and county government and agencies and to ensure activities and services are authorized by law and are efficiently provided.

Grand jurors come from all walks of life, bringing a broad range of experiences, talents, and interests. One thing is common, however: willingness to devote time and energy to improve Shasta County government operations.

You can learn more about qualifications and complete an application at the Shasta County website:

www.shastacounty.gov/grand-jury

CONTACT THE GRAND JURY

The Shasta County Grand Jury encourages the public to share concerns about our county government and agencies. If you have a concern you would like investigated, please complete a Request for Investigation form at:

www.shastacounty.gov/grand-jury/page/request-investigation

You can email the request to:

grandjury@shastacounty.gov

You can print and mail it to:

Shasta County Grand Jury
P.O. Box 992086
Redding, CA 96099-2086

You can call and leave a message for the grand jury:

503-225-5098.

2025-2026 SHASTA COUNTY GRAND JURY

COMMITTEES:

- City Government
- Complaint
- Criminal Justice and Public Safety
- Continuity and Editorial
- County Government
- Local Agencies and Districts
- Social

OFFICERS:

- Foreperson
- Foreperson Pro Tem
- Financial Officer
- IT Officer
- Corresponding Secretary
- Recording Secretary

ACTIVITIES:

This year’s grand jury received over twenty formal complaints from the public; additionally, many local municipal and county organizations were considered for review. This required attending public meetings, conducting interviews, reviewing public documents and the internet, and other research. Time management required that not all complaints or inquiries resulted in a report.

Grand juries are required to “inquire into the condition and management of ‘public prisons’ within the county”. In Shasta County, that means the Shasta County Jail must be toured or reviewed each year. Additionally, the Shasta County Juvenile Rehabilitation Center and/or Sugar Pine Conservation Camp (a State institution) may be toured as well.

This year, we toured both the Shasta County Jail and the Shasta County Juvenile Rehabilitation Center; we thank the staff of both facilities for sharing their knowledge and professionalism with us. And we thank you for the work you do for the citizens of our county.

MEMBERS:

Darryll Alvey

David Dibble

Ralph Pellow

Carol Arnett

James Golden

Kit Rooney-Heritage

Patti Bolton

Andrew MacRae

Cordelia Saltzman

George DeFilippo

Denny Mills

Greg Simmons

IF YOU DON'T ASK, YOU WILL NEVER KNOW

Redding City Council grant of Civic Auditorium capital improvement funds to Advance Redding: was the public interest protected?

May 12, 2026

SUMMARY

On September 2, 2025, the Redding City Council approved a grant of more than \$675,000 to Advance Redding, the operator of the Civic Auditorium. It also reduced Advance Redding's lease obligation from \$23,000 per month to zero. There was almost no documentation supporting either request.

Many citizens in the City of Redding were surprised and concerned about how these decisions were made and whether they were justified. What had caused the emergent need to transform a significant fund for the preservation and improvement of the Auditorium to a gift to the operator of it?

Shortly thereafter, it became public that Advance Redding had, earlier in the year, donated \$49,500 in support of the City of Redding's ballot Measure A, to increase the city's sales tax by 1%. Citizen and city council comments raised the concern that Advance Redding may have used grant money to donate to a political campaign.

The 2025-26 Shasta County Grand Jury determined that an investigation and explanation of these matters were warranted. This report examines how the grant, rent reduction, and the donation to Measure A came about.



KEY DATES IN CIVIC AUDITORIUM HISTORY

1970	Civic Auditorium opens its doors	
1970-2010	City of Redding operates the Auditorium	
2011	Oct:	Bethel Church forms non-profit Advance Redding to operate the Auditorium
		City leases Auditorium to Advance Redding which is responsible for operations and promotions; the city is responsible for capital improvements and maintenance.
		Advance Redding subleases to Bethel Church to operate School of Supernatural Ministries
2014	City sells real property to allow construction of Sheraton Hotel and designates the money for capital improvements and deferred maintenance at the Auditorium	
2020-2023	Covid shutdown	
2023	Bethel Church terminates its lease with Advance Redding and moves out of the Auditorium	
2025	Spring:	Advance Redding donates funds to support Measure A
	Aug 4:	Advance Redding presents financial dilemma to City Council
	Aug 19:	Advance Redding asks for \$675K grant for current expenses, and to reduce rent
	Sept 2:	City Council approves grant for \$675K to Advance Redding & rent reduced to \$0 until 1/26
	Oct:	City Council learns of Advance Redding donation to Measure A
	Oct 9:	Advance Redding confirms the city was made aware of the Measure A donation
	Nov:	Measure A fails
2026	Jan 21:	City Director of Community Services tells City Council that closing the Auditorium would cost ≈\$1.2M annually
	Feb 3:	City Council approves \$116K per month funding through 6/26 and requires quarterly financial statements from Advance Redding

BACKGROUND

The Redding Civic Auditorium - “The Soul of the City”

The Redding Civic Auditorium is one of Northern California’s most significant cultural landmarks, serving as a center for entertainment, civic life, and community gatherings for more than five decades. The idea for a major cultural and convention center in Redding originated in the mid-1940s. After nearly 25 years of effort, the Redding Civic Auditorium officially opened its doors in 1970.

From the outset, the building was designed as a multipurpose civic facility, capable of hosting concerts, conventions, trade shows, graduations, banquets, public assemblies and various other community events. This flexibility allowed it to become a central gathering place for the North State. The City of Redding operated the Auditorium from its opening until 2010. Over time, the Auditorium assumed such a significant importance to the city and, indeed, the whole North Valley, that it has been called “the Soul of the City.”

Unfortunately, despite its immense presence and impact on the community, the Auditorium has always operated at a loss. As of 2010, the Auditorium was costing the City of Redding a net of \$1.9 million per year. In addition, substantial refurbishing of the building became necessary. The venue faced considerable financial challenges and potential closure. Something had to change for it to remain open.

However, the basic operational model for the Auditorium was problematic. Surveys of similar facilities throughout California and elsewhere revealed that they almost universally require investment from the governmental entities in communities they serve. This problem is particularly acute in a location the size and population of Redding and the surrounding areas. There simply is not a sufficient base to support a facility like the Civic Auditorium without financial assistance. Enter Advance Redding.

Advance Redding

Understanding this problem, and with no options available other than closing the Auditorium, in 2011 the Bethel Church formed a group to create Advance Redding. It was established as a local 501(c)(3) nonprofit organization, and its designated function was to lease and operate the Auditorium. The city remained responsible for capital improvements and deferred maintenance of the building.

At the time of the initial lease to Avance Redding, the premises were subleased to Bethel Church for the operation of its Bethel School of Supernatural Ministries. Advance Redding, as obligated by the lease, continued to operate and promote concerts and other events. Bethel Church paid Advance Redding \$750,000 a year for the sublease of the Auditorium. Advance Redding was paying the city \$23,000 a month (\$276,000 per year) in rent.

It was anticipated that, at some point in the future, Bethel Church would no longer need the Auditorium space for its programs. In 2021, the city and Advance Redding renegotiated the lease agreement and extended it for a period of 10 years until 2031.

Financial Issues Develop

From 2012 until 2023, the lease and operation agreement with Advance Redding worked to everyone's satisfaction. The city was relieved of the burden of operating and funding the Auditorium and was also receiving substantial rental income. Advance Redding was able to provide the community with the events and functions to which the city had become accustomed.

But it did not last. In 2023, largely due to the COVID crisis and the resulting increased participation of its students online rather than physically at the Auditorium, Bethel Church terminated its lease with Advance Redding and moved its School of Supernatural Ministries out of the building. Advance Redding lost the significant financial support Bethel Church had been providing.

The promotion of events such as those staged at the Auditorium requires significant advance planning with adequate funding ensured. Advance Redding's calendar of events from March through December 2026 lists 40 planned events, including Kool April Nites, the Redding Rodeo, Freedom Festival, the Foothill High School Prom and other events. Twenty additional events are currently being planned, with as many as 60 more being projected for the future. Some of these events are profitable, some are not.

Overall, the Auditorium continued to lose money. Advance Redding felt its ability to continue operating as it had was substantially impaired. It determined to seek city financing to enable it to continue.

The Fund

In 2014, the City of Redding sold a parcel of city-owned property for the purpose of constructing the Sheraton Hotel. The city received net proceeds of approximately \$600,000 from the land sale. By City Council direction, the proceeds from the sale were placed into an account with a specific purpose: capital investment and deferred maintenance at the Auditorium.

The Grant Proposal

In early August 2025, Advance Redding presented its dilemma to the City Council. It was requested to come back with proposals to remedy the situation. Because of the long standing and satisfactory relationship between the City and Advance Redding, the Department of Community Services, which oversees the operation of the Auditorium, worked with Advance Redding to come up with a grant proposal to address these issues. The fund established by the sale of the property to the Sheraton was identified to assist with this financing. As of that time, the fund totaled \$675,445.57.

On September 2, 2025, Advance Redding presented to the City Council a grant proposal wherein the city would grant to Advance Redding the total amount of the funds in the account. The City Council debated the merits of the proposal. Some registered concerns about providing the entire amount of the funds at the same time. However, when it came time to vote to award the grant, the motion passed.

By resolution, the City Council changed the purpose of the fund from capital improvement and deferred maintenance to providing a grant to assist with operational expenses at the Civic Auditorium. In addition, Advance Redding's rent was reduced to \$5,000 per month, with that amount waived until the end of the year. Advance Redding was required to report back by September 2, 2026, with a final accounting as to the distribution of the funds, with the return of any unused funds. In fact, the entire amount of the funds was almost immediately distributed by Advance Redding.

Donation to Measure A

The Citizens for a Better Redding were successful in placing Measure A on the November 2025 ballot. If successful, the initiative would have imposed an increase of the city sales tax by 1%. A portion of these funds could have been used to support the Civic Auditorium, thereby alleviating the financial pressure on Advance Redding. The ultimate success of Measure A would not be known until November 2025.

In early October 2025, it came to light that Advanced Redding made a \$49,500 donation in support of Measure A in the Spring of 2025. Some council members expressed surprise and dismay upon learning this after the grant had been approved and intimated that their vote to approve the grant might have been different had they known about it beforehand.

METHODOLOGY

The grand jury initiated its investigation using the following methods:

1. Review of printed and broadcast media items related to the topic
2. Study of the webpages of the City of Redding and Advanced Redding
3. Examination of the City Council's agendas, agenda packets, and minutes
4. Attendance at City Council meetings
5. Review of video recordings of relevant City Council meetings
6. Attendance at Redding Community Services Advisory Commission meetings
7. Review of financial and contractual documents from Advance Redding and the City of Redding
8. Evaluation of Advance Redding's 2018-2024 Non-Profit Tax Filing Forms 990
9. Interviews with knowledgeable authorities

DISCUSSION

Duty of the City Council

Elected officials owe a fiduciary duty to their citizens requiring them to act with loyalty, care, and in the public's best interest. Public service is a trust. This fiduciary duty demands the exercise of due diligence. This means taking reasonable steps to thoroughly investigate and

understand an issue before making a commitment. It is about being careful, checking details, verifying facts, and ensuring that an informed decision is made. Due diligence requires that decision makers have complete and accurate information on the topic to be considered.

It is the responsibility of the city manager and city staff to provide the council with relevant information regarding upcoming matters. Council members review the agendas and packets and confer with those involved with any questions or concerns. There is limited time for council members to digest the information contained in the packet before the next meeting.

While the City Council makes the ultimate decisions and bears the final responsibility for them, the city manager and city staff play an integral role:

- Coordinate with entities wanting council action
- Assemble agenda packets
 - ✓ Construct meeting agenda
 - ✓ Add relevant background documents
 - ✓ Make recommendations
 - ✓ Identify courses of action
- Publish for public access
- Deliver packets to each council member late Thursday afternoon for Tuesday meeting

The agendas and packets also serve the important purpose of informing the public of the matters that the council will consider. They provide the documentary basis for the council's consideration and assure that interested citizens can access the same information.



Redding City Council Chambers

City Council members bring differing skills, abilities, expertise, and levels of inquiry and effort to the job. They bring differing views as to the concepts and demands of due diligence. Some had off-the-record conversations with Advance Redding about the nature, severity and immediacy of its financial situation. Others wanted more financial information and a business plan. Some accessed public information that was available about the Measure A donation made by Advance Redding months before the vote on the grant.

It is commendable that some council members took it upon themselves to obtain information they needed to be more fully informed about the grant. However, the City Council and the public were not provided relevant available information prior to the council meeting where the matter was to be voted on.

Basis for Approval of the Grant

The grand jury identified all financial documents and other records presented to and relied upon by the City Council which purported to support this grant proposal. Upon review, there was only one document.

The Quote

At page 323 of the agenda packet for the September 2, 2025 City Council meeting at which the grant was proposed, the grand jury found a single financial document supporting the request. This was attached as Exhibit A to the grant request and was termed a “Quote.” The document is a single page and lists 4 categories of expenses that Advance Redding was seeking to be paid by the city.

It is important to note that all of the expenses listed were for matters that were the responsibility of Advance Redding under the lease. Further, no receipts or invoices were included in the agenda packet. The additional fact that the Quote totaled the exact amount of the funds in the account also raised questions.

Description	AMOUNT
Utilities 08/01/2024 - 07/31/2025	\$178,536.03
Stage: decking, truss and roof systems rentals - 08/01/2024 - 10/31/2025	\$259,564.01
Production: sound, lights, and video rentals - 08/01/2024 - 10/31/2025	\$187,345.53
Fencing Purchase - 312 panels with feet	\$50,000.00
Total:	\$675,445.57

The grand jury was able to determine that the grant proposal requested, to the penny, the total amount in the Auditorium fund was not, in the words of one council member, an “amazing” coincidence. Advance Redding and city staff worked together (without the exchange of any invoices or receipts) and created the Quote so as to arrive at the number that would clear out the account and be spent on specific categories that had been agreed upon. How this was done should have been communicated to the public so that it would better understand what happened. It’s not that the invoices didn’t exist, because the grand jury obtained them in its investigation.

At the time of Advance Redding’s request for these funds, Measure A was still in the hands of the voters. If approved, significant funds would potentially be available to alleviate the financial stresses that concerned the city and Advance Redding. While Measure A ultimately failed at the polls, the City Council seems to have disregarded its potential passage in determining to award the entire amount requested.

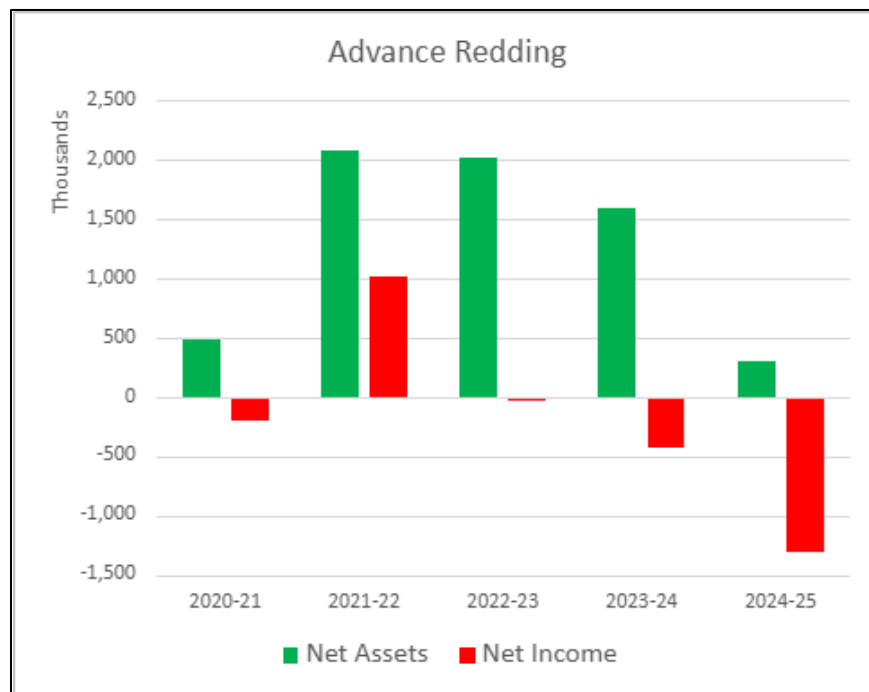
The grand jury confirmed that no other financial documents supporting such a request were either supplied to, or requested by, the City Council prior to approving the grant. However, the grand jury sought and received the supporting documents. Invoices were obtained confirming all

of the expenses listed in the Quote and, in fact, those invoices substantiate obligations and payments in excess of the amounts requested.

Advance Redding’s Financial Status

Without the benefit of satisfactory documentary support for the grant request, the grand jury then turned to investigate the financial status of Advance Redding. This inquiry was necessary to determine if the City Council would likely have approved the grant anyway.

Available to the City Council at the time of the grant request would have been Advance Redding’s 2023-24 public tax filing 990. This filing reveals that, although Advance Redding had a net worth of \$1.65 million as of July 31, 2024, it also reveals sustained operational losses in the amount of \$425,000 for that fiscal year. Also available would have been Advance Redding’s balance sheet as of July 31, 2025, and its revenues and expenditures for fiscal year 2024-25. These documents reveal that Advance Redding’s net worth as of that time was approximately \$300,000 and that its net operational losses for the year were approximately \$1.3 million. Advance Redding has confirmed all of these documents were not only available but would have been provided to the City Council had it been requested to do so.



With the above-described need for Advance Redding to have a reliable source of funding to plan and execute all the functions already scheduled and others in the future, the options became clear: either provide Advance Redding the necessary short-term funding or begin the closure of the Auditorium.

Effect of the Donation to Measure A

When Advanced Redding’s donation of \$49,500 in support of Measure A became public shortly after the approval of the grant request, the facts surrounding the donation and its potential effect on the decision of the city council with respect to the grant request were unclear. There were questions about the overall financial status of Advance Redding and the timing and source of the donation. There was discussion among the council members of the possibility of “clawing back”

the grant funds in some manner, but this was dismissed as the grant funds had already been spent by that time.

However, it was confirmed that the Advance Redding donation actually came from a separate fund provided by the Bethel Church for community improvement and was made in the spring of 2025. There was no co-mingling of funds between the grant money and the donation. Advance Redding made a legitimate donation to Measure A. Accordingly, the grand jury finds it unlikely that knowledge of this donation would have substantially affected the city's decision to fund the grant.

Going Forward

This grand jury did not undertake an evaluation of the long-term funding for the Auditorium. This is a matter for the City Council to resolve. For the short term, the city has agreed to advance the sum of \$116,000 per month to Advance Redding to continue operation of the Auditorium; the present period of this commitment is for four months ending June 2026. Funds provided by the sale of Stillwater property and the Redding Rancheria Health Center have been identified as potential sources to assist in the ongoing operation of the Auditorium.

The City Council now requires that Advance Redding provide quarterly financial statements and a business plan as a condition of continued assistance. In addition, the lease agreement may now be canceled by either party.

Conclusion

The manner in which the grant proposal was addressed by the Redding City Council causes concern as to whether the interests of the public were adequately represented with the due diligence required. The decision to approve this grant appears to have been largely based upon faith, predicated on the long relationship the city had with Advance Redding. While this may be understandable, it is not due diligence. The public interests require receipts, invoices, financial documents and business plans; it requires facts.

Based upon our investigation into the grant for Advance Redding, the grand jury concludes that not all Redding City Council members met their obligation to represent the interests of the public with due diligence. The City Council was not provided available relevant information. Nevertheless, our investigation also reveals that the outcome of this matter would not likely have been different had due diligence been exercised. The grand jury hopes that, with this report, the public has a better understanding of what occurred and why.

FINDINGS

- F1. The Redding City Council did not receive documentation that would have allowed council members and the public to have a clear understanding of Advance Redding's financial position to justify the request for the grant and the reduction in rent.
- F2. Some Redding City Council members failed in their duty to exercise due diligence by not requesting background information from Advance Redding or other sources when it was not provided to the council when considering and approving the grant request and reduction in rent.
- F3. Documents and interviews produced during this investigation support the grant request and the reduction in rent. Detailed supporting documents would not have influenced the approval of the grant request and reduction in rent by the city council.
- F4. The Redding City Council did not receive notification of Advance Redding's donation in support of Measure A before considering the grant request, resulting in citizen and council concerns that Advance Redding may have used grant money to donate to a political campaign.
- F5. Documents and interviews substantiate that the donation by Advance Redding in support of Measure A was proper and its disclosure to the City Council would not have influenced the approval of the grant request and reduction in rent.

RECOMMENDATIONS

- R1. On or before December 31, 2026, the Redding City Council direct the Redding City Manager to adopt procedures which educate and emphasize the duty of its support staff to provide all relevant information to the council and the public prior to any action taken.
- R2. Effective immediately, each member of the Redding City Council must exercise due diligence in considering any requests for city funds.

REQUIRED RESPONSES

The following responses are required, pursuant to Penal Code §§933 and 933.05:

From the following elected county officials within 60 days:

- Redding City Council: F2
- Redding City Council: R1, R2

SOURCES AND REFERENCES

City of Redding

- Videos of city council meetings of August 4, 2025, August 19, 2025, September 2, 2025, October 7, 2025
- Minutes, agendas and agenda packets for council meetings of August 4, 2025, August 19, 2025, September 2, 2025, October 7, 2025, December 2, 2025, February 3, 2026

- Meetings of Community Services Advisory Commission
- Financial, contractual and other documents provided in response to requests for documents
- Interviews of city council members and city staff

Advance Redding

- Financial, contractual and other documents provided in response to requests for documents
- Correspondence from Advance Redding management to the city council
- Interviews of knowledgeable employees
- Facebook post of Kris Vallotin of October 25, 2025

Independent Sources

- ProPublica records of nonprofit 990 tax filings

Local Media Reporting

- KRCR reports of October 9, 2026, October 16, 2025
- Record Searchlight, *Redding Civic stuck in middle after major campaign donation irks some on council.* October 16, 2025
- Record Searchlight, *Redding Civic could close permanently, council votes on funding.* February 3, 2026
- Shasta Scout, *Advance Redding receives grant from city, long-term fate of Civic Auditorium still unknown.* August 27, 2025
- Shasta Scout, *The Fate of the Civic Auditorium may be decided this week. Here's what you should know.* February 2, 2026.

<p>Reports issued by the Grand Jury do not identify individuals interviewed. Penal Code §929 requires that reports of the Grand Jury not contain the name of any person or facts leading to the identity of any person who provides information to the Grand Jury.</p>
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“A CANAL RUNS THROUGH IT”

Sustainability of the Anderson-Cottonwood Irrigation District

2025/2026 Shasta County Grand Jury

June 10, 2026

SUMMARY

The Anderson-Cottonwood Irrigation District (ACID) canal is familiar to many Shasta County residents. Along with the Sacramento River, an interstate highway and a railroad, the canal can only be crossed and viewed at limited locations. But where does it start? Where does it end? What is its purpose? What is its value and cost? How is ACID managed?

The Shasta County Grand Jury has previously investigated ACID, with reports issued in 2004/2005 and 2023/2024. This grand jury elected to once again investigate the district after a cursory review of ACID’s annual financial report showed expenditures outpacing revenue in nine of the previous 10 years. Will the canal prove to be viable and sustainable in the foreseeable future?

GLOSSARY

ACID (Anderson-Cottonwood Irrigation District): Provides water from the Sacramento River to customers within parts of Shasta and Tehama counties.

Aqueduct: Artificial channel to transport water.

BOR (Bureau of Reclamation): The United States Department of the Interior agency that manages water and power in 17 western states.

CVP (Central Valley Project): Water management system bringing water from the north to the south in California.

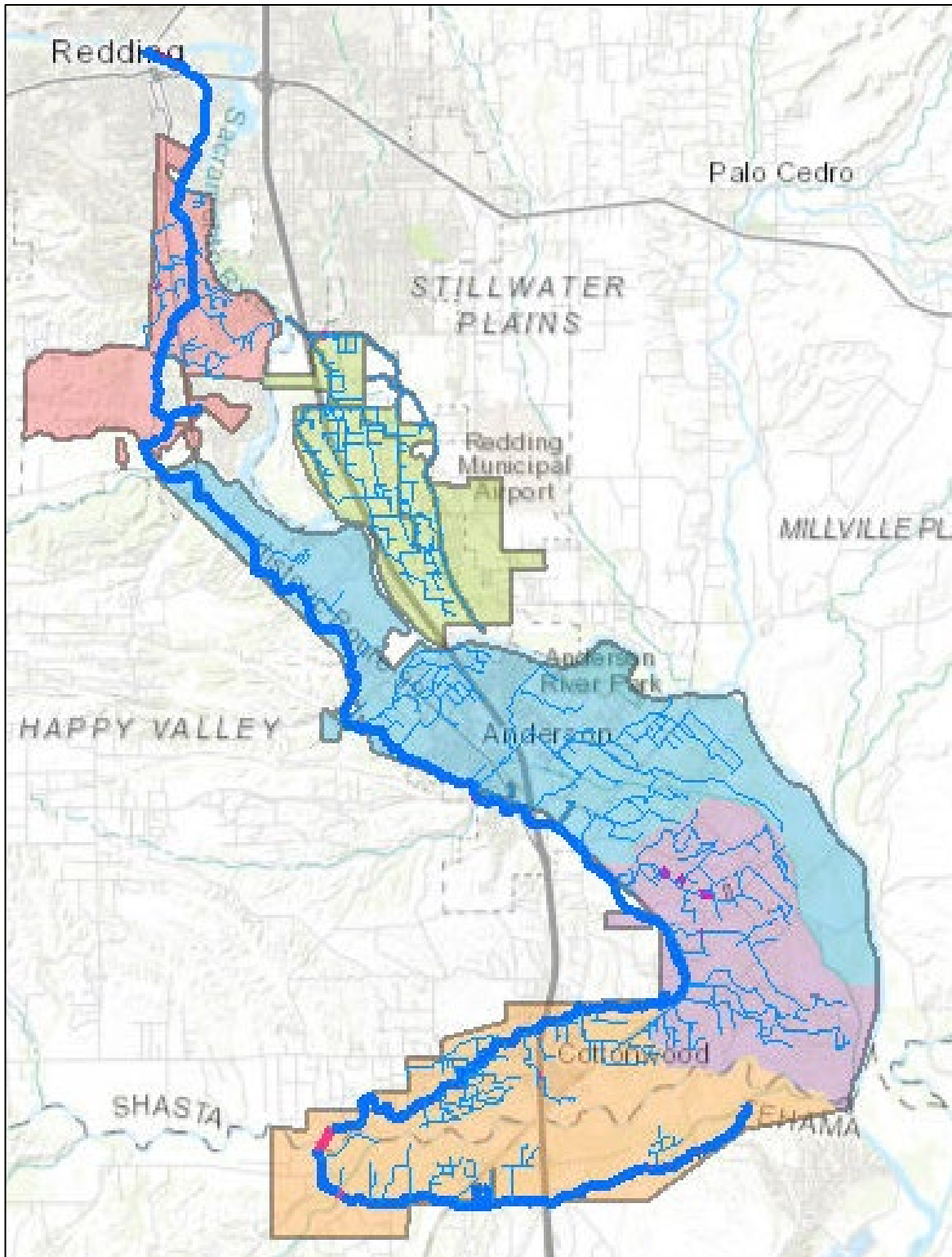
Customer Type:

Agricultural: includes but is not restricted to the irrigation of crops, the watering of livestock, incidental domestic use including related landscape irrigation, and underground water replenishment.

Municipal/Industrial: includes but is not limited to the watering of landscape or pasture for animals (e.g., horses which are kept for personal enjoyment) or water delivered to land holdings operated in units of less than 5 acres.

Wildlife Habitat: Boating, fishing and habitat protection.

Enterprise Special Districts: Agencies that run much like business enterprises and provide specific benefits to their customers. They are primarily funded by fees paid by service recipients.



Canal_View	Ditch_Tender_Divisions	DT5	Flume	Siphone
Main Canal	DT1	DT6	Flume - Culvert Type	Recirculation_Pond
Other	DT21	Linear_Structure	Other	Service_Area
	DT3	Arch Flume		

FEMA (Federal Emergency Management Agency): A federal agency aiming to help people before, during and after disasters.

Introverted Siphon: A hydraulic structure used to carry water beneath an obstacle.

Irrigation Lateral (or *Lateral*): A permanent channel, either open ditch or pipeline, designed to convey water from a main canal or supply source to one or more irrigated properties.

LAFCO (Local Agency Formation Commission): An independent regulatory commission operating in each of California's 58 counties, established by the state legislature to manage the boundaries of cities and special districts.

P&P (Provost & Pritchard Consulting Group): External engineering firm hired by ACID.

Shasta and Tehama County Groundwater Basin: a major aquifer system in Shasta County supporting significant domestic, public supply, and agricultural water use.

BACKGROUND

ACID is an independent special district which has historically provided irrigation services to Southern Central Shasta County for agriculture purposes since 1917. In 2004/2005 the grand jury report focused on water rights, delivery system flaws, budgetary challenges, the relationship between ACID and the public, and the importance of the board following the Brown Act. Leveraging water rights to the natural Sacramento River flow established prior to 1914, ACID diverts water into the main canal at the Redding Caldwell Park diversion dam. For six months out of the year, from April until October, gravity moves the water south along the 35-mile canal for irrigation throughout the district.

ACID's sphere of influence covers roughly 80,813 acres serving customers from Anderson, Redding, and Shasta Lake, as well as the surrounding rural areas. The 2023/2024 grand jury report found that, despite the parameters of ACID's sphere of influence, only a few ACID customers remain north of the Bonnyview area. The customer base has evolved throughout the century in which the district has been active, with a marked transition away from agricultural use to municipal or industrial use (i.e. subdivision landscaping, schools, and cemeteries).

The map depicts ACID's sphere of influence including irrigation laterals (terminating in Cottonwood), and adjacent land. Approximately four miles south of the Caldwell Park diversion dam, an ACID pump station supplies water to district lateral customers in Churn Creek bottom. The 2023/2024 grand jury report found that 75% of water deliveries were localized to the lower 40% of main canal service areas located to the south of Anderson. Additional benefits of the canal include the roughly 3,000 acres of riparian vegetation and contribution to the Shasta and Tehama County Groundwater Basin by system leakage or deep percolation.

ACID is comprised of five geographical divisions, each of which is represented by an elected volunteer. These five elected volunteers serve as the board of directors who govern ACID by overseeing staff operations, advocating for constituents, and acting as liaisons to local government water agencies. Monthly board meetings are scheduled in accordance with California open meeting laws and where updates are given by the General Manager, Operations

Manager, and Finance Manager. The board approves the annual budget and monitors expenditures throughout the year.

METHODOLOGY

The investigation was conducted over several months and included:

1. Review of:
 - a. ACID website
 - b. ACID Independent Audit Reports 2022-2024
 - c. ACID Grant Applications 2021-2025
 - d. ACID Monthly Board Agendas, Packets, and Minutes
 - e. ACID Minutes of the 12/6/2024 Special Board Meeting
 - f. BOR Central Valley Project Contract
 - g. Shasta LAFCO Municipal Service Review and Sphere of Influence Update 2023
 - h. ACID Customer List 2025
 - i. Engineering and Contractor consultation reports
 - j. Previous Grand Jury Reports 2004/2005; 2023/2024
 - k. ACID division maps

2. In addition:
 - a. ACID monthly Board of Directors Meetings were attended
 - b. Knowledgeable authorities were interviewed
 - c. Thirty miles of the canal were walked and infrastructure photographed

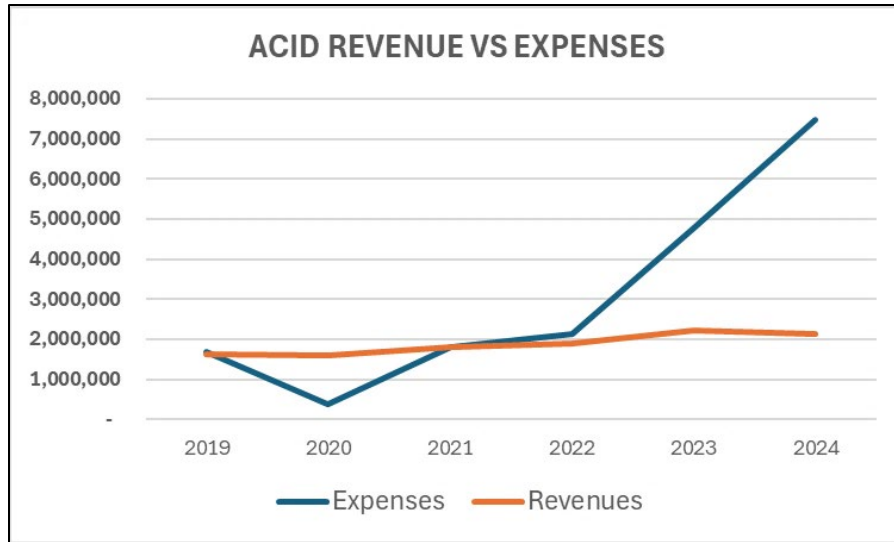
The facts resulting from the research were confirmed via cross-referencing of documentation and witness testimony. The facts are the basis of the grand jury's findings and led to the recommendations.

DISCUSSION

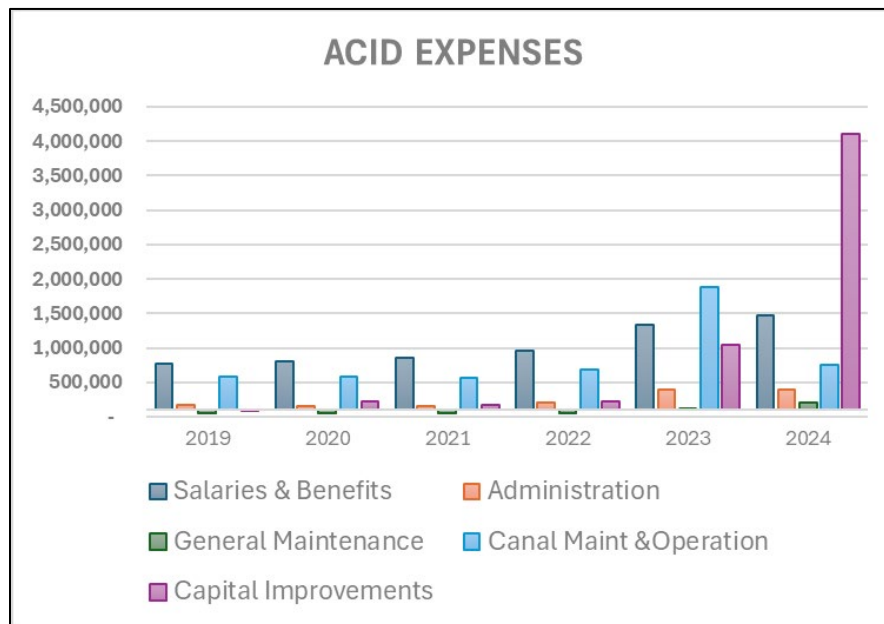
This grand jury report seeks to answer questions including *Will the canal prove to be viable and sustainable in the foreseeable future?* The investigation found that, while some progress has been made in terms of canal operations and maintenance over the 20+ years since the initial ACID grand jury report, the lack of structured, written procedures negatively impacts the district's financial and infrastructure health.

Financial Sustainability

ACID is facing significant challenges regarding its long-term financial sustainability. There is a



clear need to increase revenue and reduce the expenses for routine and deferred maintenance of the aging infrastructure.



Closing the gap between income and expenses might include:

- Correctly sorting customers into categories defined by BOR
- Generating new opportunities for funding by targeting new categories and marketing service to prospective customers
- Creating a long-term strategic plan for routine maintenance
- Addressing deferred maintenance

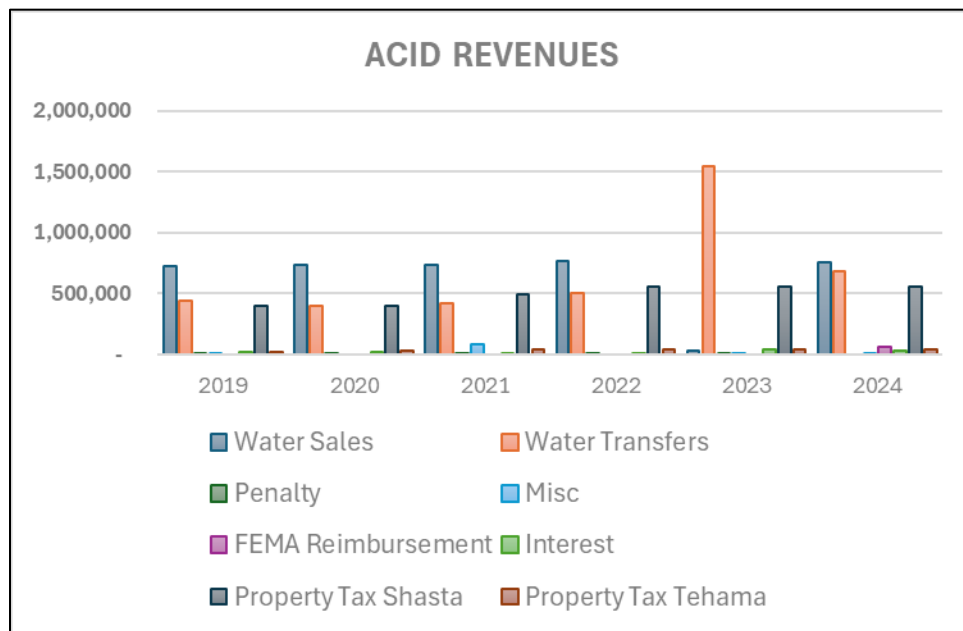
- Implementing a written schedule for ongoing inspection and canal maintenance
- Developing a schedule for capital improvements and modernization of infrastructure

ACID was authorized as an Enterprise Special District by LAFCO and was set up to primarily be funded by fees paid by service recipients. However, the income provided by these fees has not been sufficient to cover the annual expenses. The district has seen a continuing increase in annual expenses, with an average increase of 6.5% from 2019 to 2022, followed by a sharp 97% rise in expenses the next year.

ACID receives additional revenue from:

- Out-of-district water transfers
- Special district property tax from Shasta and Tehama counties
- Interest and principal from the one-time sale of water rights in 2022
- Water Efficiency, Habitat Restoration, Fish Habitat and Planning Grants
- FEMA reimbursement
- Penalties

In 2022 California experienced a severe drought. To conserve water, the BOR reduced that year’s annual water allocation for ACID by 82%. The ACID board made the decision to cancel the 2022 irrigation season and chose to sell the remaining water rights for \$7.5 million. While the decision was difficult for water customers, it gave ACID a financial lifeline by covering expenditures outpacing revenue. However, this represents a diminishing return as the lump sum is drawn down.



The grand jury is interested in ACID grant applications from 2021-2026. The grand jury requested information concerning the status of the \$13,332,483 of accepted and pending grants. ACID has not communicated that information.

Reducing Maintenance Expenses

ACID's infrastructure was constructed more than a century ago. While these systems were engineered to serve agricultural communities, the age and complexity of the infrastructure now require a more proactive approach to maintenance and risk management. Establishing a formal written inspection and maintenance schedule is a critical step toward operational reliability, public safety, and financial sustainability.

The district includes a large and complex network consisting of:

- A diversion dam
- Over 30 miles of main canal, approximately 90% earthen
- A pump station
- Six inverted siphons
- Three aqueducts, including one exceeding 1,200 feet in length
- Multiple crossings beneath a freeway, state highway, and several major roadways

Planned maintenance is significantly more cost-effective than emergency repairs. A formal schedule allows the district to prioritize repairs based on risk conditions, plan capital improvements strategically, spread costs over multiple budget cycles, and help avoid expensive emergency repairs. This approach improves financial predictability and responsible use of district resources.

A formal Inspection and Maintenance Schedule would also allow for early detection of structural issues: canal erosion, structural deterioration, seepage, sediment accumulation, concrete cracking, joint failure, and mechanical wear in pump stations, enabling staff to prioritize work. Early detection enables inexpensive repairs before damage progresses to catastrophic failures.

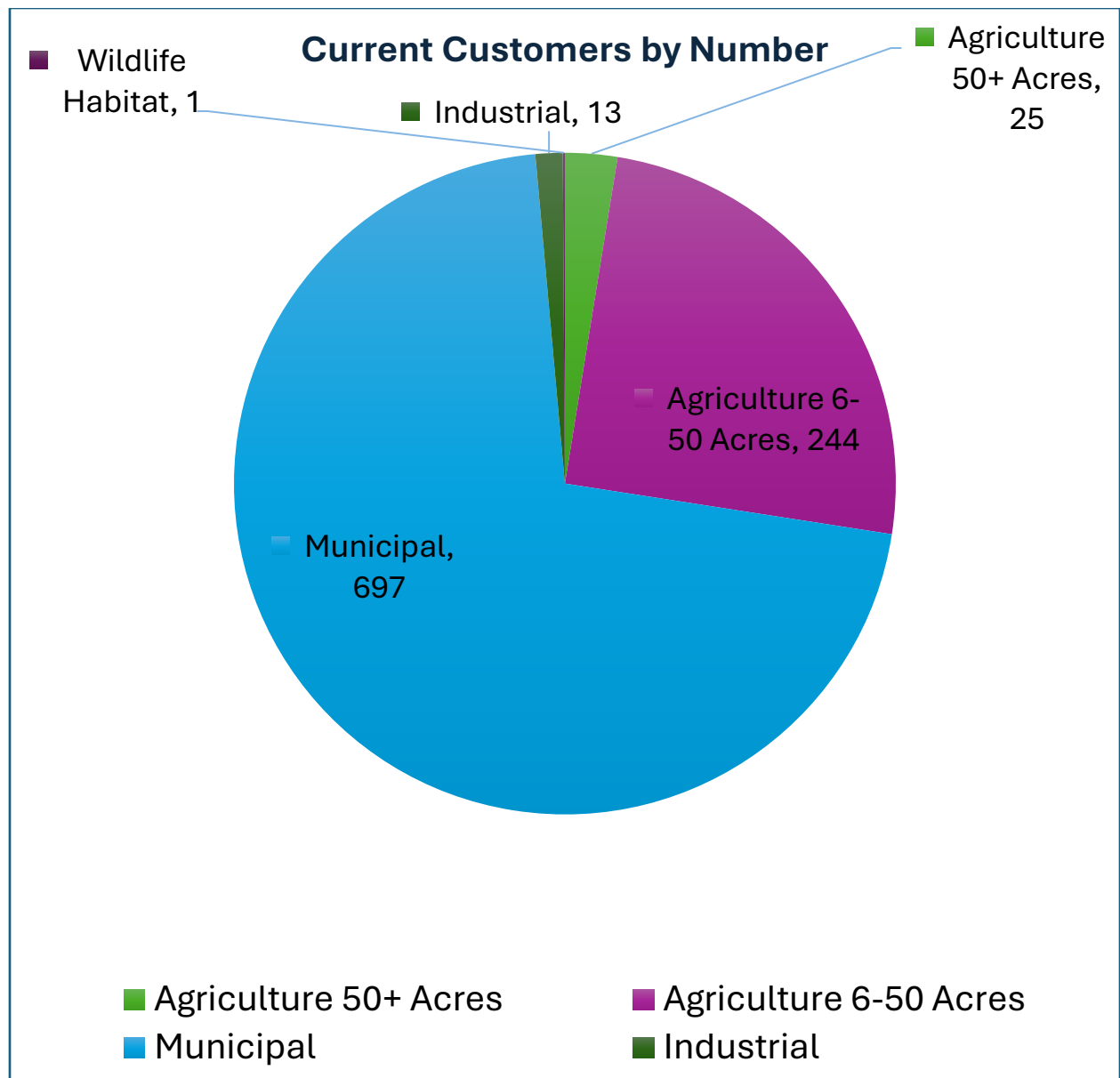
Proper Identification of Existing Customers

ACID serves a diverse mix of agriculture, municipal, industrial, and wildlife habitat users in their customer base. The total district acreage primarily serves agriculture, with 25 large agriculture customers operating properties greater than 50 acres, collectively accounting for 3,421 acres of irrigated land. In addition, 244 agricultural customers manage mid-sized parcels ranging from 6 to 50 acres representing another 3,306 acres within the district. These agricultural operations form the backbone of the district's water demand and illustrate the continued importance of irrigated farming to the region's economy and land use.

Complementing the agricultural sector, the district also serves a significant number of smaller municipal and specialized customers. A total of 697 municipal customers operates on parcels of 5 acres or less, together covering 1,787 acres and representing the largest group by number of accounts. The district also supplies water to 13 industrial customers with various parcel sizes

totaling 84 acres, supporting local commercial and industrial activity. In addition, the district serves one wildlife habitat customer encompassing 233 acres, demonstrating the district’s role in supporting environmental stewardship and habitat preservation alongside agriculture and community water needs.

Current Customer Composition



Customer Type	Number of Customers	Total Acreage	Percent of Customers
Agricultural	269	6,727	27.4%
Municipal	697	1,787	71.1%
Industrial	13	84	1.3%
Wildlife Habitat	1	233	0.1%
TOTAL	980	8,831	100%

Although historically viewed as an agricultural district, over 70% of customers are municipal users by count. Currently ACID lumps all users together as simply ‘agricultural users’ and charges all customers the same rate based on the acreage to be irrigated. The BOR contract, recognizes there are multiple types of users, and that the pattern of water use is shifting from purely agricultural to various other types of users. The grand jury recommends that ACID recategorize customers into agricultural, wildlife habitat, industrial and municipal. This would also allow for ACID to market and seek to expand its customers base to new customers who are not strictly agricultural.

Flood Management and Preparedness



Canal crossing Olney Creek normal operations; December 2025 flood

In December 2025 the North State experienced what has been labeled a “once-in-a-50-year storm event.” Rainwater overwhelmed some drainage systems and prompted emergency responses across California. In Redding, police and fire crews conducted about 60 water-related rescues during the peak of the storm. Shasta County Sheriff Michael L. Johnson declared a State of Emergency due to flooding across numerous Shasta County communities.

This recent experience reminds us that in our communities we are reliant on our water transport infrastructure to help provide drainage for flood water management. The ACID canal plays an important role in providing some of this management through numerous surface water drains that empty directly into the canal.

ACID is liable for any of its own infrastructure failures that might affect adjacent properties. The grand jury found instances where municipal and other inputs are directed into the canal, some without the knowledge of ACID staff or users. Identifying all inputs is essential to a comprehensive flood management and preparedness plan. Having policies and procedures in place to address any needed flood water diversion and flow adjustments as well as a flood risk communication plan to directly communicate with residents located adjacent to the canal is vital.

FINDINGS

- F1. ACID has operated at a deficit for nine out of the previous ten years.
- F2. ACID is in the process of addressing approximately four years of deferred maintenance.
- F3. ACID inaccurately categorizes a 100% agricultural customer base.
- F4. ACID lacks any formal flood management and preparedness plan for the canal.

RECOMMENDATIONS

- R1. Implement a written plan to decrease expenditures and increase revenue by April 2027.
- R2. Implement a written schedule for ongoing inspection and canal maintenance by April 2027.
- R3. Develop a written schedule for capital improvements and modernization of infrastructure by April 2027.
- R4. Recategorize customers into agricultural, wildlife habitat, industrial, and municipal by April 2027.
- R5. Target new categories and market service to prospective customers by October 2027.
- R6. Implement a written district flood management and preparedness plan and provide training for staff, customer base, and any other impacted parties by April 2028.

REQUEST FOR RESPONSE

Pursuant to Penal Code §933 & §933.05, the grand jury requests responses as follows:

From the following governing bodies within 90 days:

- ACID Board of Directors as to F1, F2, F3, and F4 within 90 days.
- ACID Board of Directors as to R1, R2, R3, R4, R5, and R6 within 90 days.

BIBLIOGRAPHY

Interviews

- Leadership staff, ACID

Documents

- Diversion Schedule indicating contracted total to be diverted, submitted to the Bureau of Reclamation 2021-2025
- Monthly operating schedules 2021-2025
- Anderson-Cottonwood Irrigation District Water Conservation Plan 2024-2025
- Map of ACID Divisions
- Maintenance Spreadsheet 2026
- Minutes from board meetings
- Customer list with acreage
- Surface Water Delivery Measurements 2021-2025

- Record of Grant Applications 2021-2025
- LAFCO ACID Approved Plan
- ACID annual audit reports 2021-2024
- Bureau of Reclamation Contract
- Provost & Pritchard reports
- Sheriff news release 12/22/2025, KRCTV
- Resolution of the Shasta Local Agency Formation Commission Adopting the Municipal Service Review & Sphere of Influence Update of the Anderson Cottonwood Irrigation District (06/2023)

Reports issued by the Grand Jury do not identify individuals interviewed. Penal Code §929 requires that reports of the Grand Jury not contain the name of any person or facts leading to the identity of any person who provides information to the Grand Jury.

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Sundial Bridge, Redding
Photo Courtesy of the Turtle Bay Exploration Park

