

Proposed Cosumnes Subbasin Fee Program

April 21, 2021

Presented by the Long-term Governance Committee

Process to Date

- ▶ Gathered basin data
- ▶ Discussed Rancho Murieta, Galt and Amador participation
- ▶ Evaluated multiple fee methodology options
- ▶ Proposed administrative and project costs
- ▶ GSAs looked into legal authority to implement fees
- ▶ Committee agreed on a methodology to propose to Working Group

Next Step - Authorize HDR (under contract to Sacramento County) to develop fee study to support GSA adoption of fee

5 Year Administrative and Project Cost Estimate

Cosumnes Basin GSP Implementation 5-Year Cost Summary					
	FY 21/22	FY 22/23	FY 23/24	FY 24/25	FY 25/26
Administration Costs	\$385,000	\$440,000	\$450,000	\$460,000	\$470,000
Project Costs	\$120,000	\$505,000	\$505,000	\$575,000	\$575,000
Total Annual Costs	\$505,000	\$945,000	\$955,000	\$1,035,000	\$1,045,000
More detail in Attachment A to Fee Program Summary					

First Year Fee Program

- ▶ Uses irrigated acreage as a proxy for groundwater costs
- ▶ Annual fee is based on year 1 costs divided by the number of irrigated acres in the basin
- ▶ Alternatively calculates a cost per acre-foot
- ▶ Amador and Galt will pay based on pumping - approximately \$5,000 and \$15,000 respectively
- ▶ Funds administrative costs in first year

First Year Fee Program (cont.)

Year 1 Program Costs Divided by Total Irrigated Acres -

Cost per irrigated acre:

$(\$505,000 - \$20,000) / 48,582 \text{ irrigated acres} = \$10.00/\text{irrigated acre}$

Alternatively, a cost per acre-foot can be calculated:

$(\$505,000 - \$20,000) / 123,400 \text{ AF} = \$3.93/\text{acre-foot}$

Note: Number of irrigated acres is from States Irrigated Lands program. This information will be confirmed as fee study is developed.

Second Year Fee Program

- ▶ Irrigated acreage fee program continues but transitions to fund projects rather than administration costs
- ▶ Program based on parcel size will be implemented to fund administrative costs.
- ▶ Assumes that all parcels in the basin benefit from groundwater management, pumpers and non-pumpers
- ▶ Amador's contribution to administrative costs will be \$40,000 (not confirmed)
- ▶ Galt's contribution to administrative costs will be \$100,000 (not confirmed)
- ▶ Rancho Murieta's contribution to administrative costs will be \$10,000 (not confirmed)

Second Year - Parcel Based Program

PARCEL SIZE	ESTIMATED FEE	NUMBER OF PARCELS	REVENUE
Less than 2 acres	\$12	981 ¹	\$11,772
Greater than 2 acres but less than 10 acres	\$45	3,557	\$160,065
Greater than 10 acres but less than 20 acres	\$55	623	\$90,975
Greater than 20 acres	\$65	877	\$32,265
Amador County	\$40,000		\$40,000
City of Galt	\$100,000		\$100,000
Rancho Murieta	\$10,000		\$10,000
TOTAL			\$445,077

Prop. 218 Timeline

- ▶ April 21, 2021 - Finalize approach and budget
- ▶ May 5, 2021 - Board of Supervisors Groundwater Workshop; Discuss fee program
- ▶ May 10, 2021 - Draft Engineer's Report submitted to the Working Group
- ▶ May 17, 2021 - Legal review of Engineer's Report completed
- ▶ May 24, 2021 - Draft final Engineer's Report submitted to the Working Group
- ▶ May 26, 2021 - Cosumnes Outreach Event; Discuss fee program
- ▶ May 28, 2021 - Complete "Notice of Proposed Assessment" inclusive of the proposed amount of the fees or charges, an explanation of the need for the new fees or charges, and the date, time, and location of the public hearing.

Prop. 218 Timeline (cont.)

- ▶ June 8, 2021 - GSA Boards adopt a Resolution of Intent for assessment and sets date and time of public hearing
- ▶ June 8, 2021 through July 27, 2021 - 45-day period required by Proposition 218
- ▶ June 10, 2021 - Send out “Notice of Proposed Assessment”
- ▶ July 27, 2021 - Public Hearing for the Consumes Fee Program at GSA Boards - Fee is adopted
- ▶ July 31, 2021 - Deadline for submitting Request for New Direct Levy Number from Auditor’s Office (Attachment B of the Direct Levy instructions)
- ▶ August 10, 2021 - Deadline for fee data, as required by the Direct Levy instructions, to be submitted to the Auditor’s Office to make 2021/22 Assessment

Pending Questions

- ▶ What does an appeals process look like? What are the criteria to exclude someone from the program?
- ▶ Should there be a discount for parcels that install a meter, employ quantifiable conservation measures or use exclusively surface water?
- ▶ Can we include previous expenditures for SGMA compliance in the fee program and reimburse agencies who have made investments?
- ▶ How will the Amador, Galt and Rancho Murieta contributions change over time if more groundwater is used?
- ▶ Others?

Cost of Non-Compliance and State Intervention

- State Board Non-Compliance Costs
 - \$4.4M annually for probationary subbasin allocated solely to groundwater pumpers
- Participation is necessary to avoid penalties
- All parcels in subbasin receive benefit in maintaining compliance

Proposed Schedule of Fees

Fee Category	Annual Fee Amount	Applicable Parties
Base Filing Fee	\$300 per well	All extractors required to report
Unmanaged Area Rate	\$10 per acre-foot, if metered	Extractors in unmanaged areas
	\$25 per acre-foot, if unmetered	
Probationary Basin Rate	\$40 per acre-foot	Extractors in probationary basins
Interim Plan Rate	\$55 per acre-foot	Extractors in probationary basins where the Board determines an interim plan is required.
De minimis Fee	\$100 per well	Parties that extract, for domestic purposes, two acre-feet or less per year from a probationary basin, If the Board decides the extractions will likely be significant.
Late Fee	25% of total fee amount per month late	Extractors that do not file reports by the due date.