

## Long-Term Governance Committee Meeting

March 23, 2021

### Updates

- Outstanding questions - CPI escalator, nexus study, other
- Joint attorney meeting report back
- Intra-GSA report back

### Continue Discussion: Subbasin Approach to SGMA Fee Program

- Continue reviewing / revising subbasin approach
- Goal is to gain clarity on several key decisions related to Admin Entity fee
  - Common methodology or not?
  - Across all parcels or groundwater pumpers only?
  - Approach to Rancho Murieta?
  - Fee levels by parcel size?
  - Additional adjustments needed to AE costs estimates?

### Continue Discussion: Administrative Entity

- Review and discuss working draft JPA

### Public Comment

### Next Steps

## **Proposed Cosumnes Subbasin Fee Program**

The fee program suggested by the County will serve as the basis for the proposed approach. Subject to losses due to delinquency and adjustment, the total funds raised by the usage fee will be approximately \$485,000 while the funds raised by the parcel fee will be about \$447,000.

The key differences between the following plan and the one proposed by the County are:

- The initial assessment will be based on a pre-GSP usage fee that will cover administrative costs in the first year only.
- This fee will be extended indefinitely however, as the usage fee will revert to covering projects once the parcel fee is adopted in year two to cover post-GSP administrative costs.

The details are as follows:

### **Overview Pre GSP fee**

- Through the authority granted by <<Water Code 10730>>, only extraction fees to be used for administrative purposes can be levied pre-GSP adoption. Administrative activities include developing and implementing a GSP, which includes preparation and adoption of a GSP, investigations, inspections, compliance assistance, enforcement, and general program administration, including a prudent reserve
- The proposed user fee program would generate approximately \$485,000 (less delinquency and adjustment) to cover expenses from July 2021 to December 2022. These fees cannot be used for capital improvement projects.

### **Structure of the Pre-GSP usage fee**

The user fee would depend on revenue generated from all groundwater use in the subbasin. The fee will cover irrigated agricultural land, aquaculture, rural residential properties that have irrigated pastures or have micro-farms/vineyards, and urban use.

- Estimated 129,000 AF used to irrigate agricultural land (assuming 44,000 acres irrigated at 3 AF/acre).
- Estimated 11,000 AF used in aquaculture.
- Estimated 2,000 AF used on rural residential properties. Spatial analysis will be used to verify this estimate.
- Estimated 5270 AF used in urban areas Amador County and Galt.

At \$10 per irrigated acre or \$3.30 per AF, the fee would raise an estimated \$485,000.

### **Post GSP fees**

Following adoption of the GSP, a parcel fee would be adopted to cover the long-term administrative costs of implementing the GSP. This would allow the use fee which would continue to be collected to cover the costs of the PMAs included in the GSP. Unlike the usage fee which was primarily funded by agriculture, the parcel fee will be mainly funded by ag-res and urban parcels. In this case, ag-res parcels would generate about \$200,000 and urban

parcels about \$175,000 while agricultural parcels would generate just over \$60,000. The following table is based on the one produced by the County, with some modifications based on categories that appear to reflect observed parcel sizes. **These modifications need to be verified.** An assumption of the parcel fee structure is that all landowners in the basin benefit either directly (access to groundwater through ownership of their property or deliver of groundwater to the tap) or indirectly (access to fresh food, agriculturally related businesses, and the wise management of natural resources).

Proposed Fee Structure (Entire Subbasin):

Size	Location	Parcel number	Fee	Revenue
< 2 acre no GW	Rancho Murieta	806	<i>Voluntary agreement w/RM CSD</i>	\$11,700
< 2 acre no GW	Sac. County	~1,300??? Need to get clarification	\$0	\$0
< 2 acre GW dep	Galt	8000	Voluntary agreement with Galt - \$12/parcel	\$96,000
2- <10 acre, GW dep	Sac. County	~3450	\$40	\$138,000
10 - <20 acres, GW dep	Sac. County	~782	\$50	\$39,100
20+ acre GW dep	Sac. County	~1,004	\$60	\$60,240
All	Amador	~4,240	Voluntary agreement with Amador - \$12/parcel	\$50,880
			ESTIMATED TOTAL	\$384,220

**Note:** Sacramento County EMD: No parcels under 2 acres can have a groundwater well.  
Amador: Assuming most parcels are using surface water and are small parcels.

#### Issues that need clarification

- Willingness of RM, Galt and Amador to voluntarily agree to contribute to GW management
- Appropriateness of charging parcels that are not currently using GW the same fee as parcels that are currently using GW.

#### Required Data Needs:

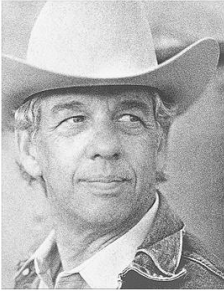
- List of Parcels with:
  - Parcel Size
  - If it has a groundwater well
  - If supplied by urban purveyor

# Working Group Feedback

- Continued strong support for sharing Admin Entity costs broadly, with project costs focused on groundwater users
- May need to account for different authorities among the GSAs; several options discussed
  - Continue common fee approach to share costs across basin, but give each GSA latitude to set approach for assessing fees within its jurisdiction consistent with its authorities and anticipated GSA-specific costs
  - Consider using extractive fee to cover AE costs for Year 1 only until SGMA authorities established (SRCD only, others too?)
  - Potential impact on County nexus study if differing fee methods across GSAs
- Continued preference for spreading costs across basin based on parcel size (preferred approach) or on parcels dependent on groundwater pumpers only (mixed views)
  - Fairly strong pushback against idea of charging Admin Entity by well (implementation challenges, equity)
- Per Anona: Equal share or acreage are most common approaches for sharing costs across GSAs
- Some questions raised:
  - Any potential to further refine Admin fees (lower costs, missing costs)
  - Need clear justification for charging higher fees for larger parcels

# Ongoing Issues Needing Resolution

- Admin Entity fee:
  - Common methodology across all GSAs? - AGREE
  - Across all parcels or groundwater pumpers only? – INTEREST BUT STILL UNDER DISCUSSION - ~~TBD~~ ~~On wells only?~~
  - Do we have the fees right by parcel size? Differentiate fee size by pumpers / non-pumpers? - TBD
  - Apply equally to Rancho Murieta? - TBD
- Differing authorities – UNDER DISCUSSION
  - Rely on common basis for calculating AE fees to be raised within each GSA?
  - How account for differing authorities for raising funds in the short-term?
  - Impact on County-wide nexus study
- Other issues - AE:
  - Any adjustments needed to AE costs (ways to cut, grant match sufficiently covered, etc.)?
  - Any adjustments needed to AE fees (~~meter installed, verifiable conservation~~, surface water user, small parcels)?
  - Annual escalator needed? - YES
- Other issues – Project costs:
  - Any additional discussion needed on project costs at this time? To what extent do you want to describe GSA's current thinking about fees for project costs in GSP (tied to groundwater usage, uniform charge applied by irrigated acre, rebuttable presumption, implement in 3-5 years, etc.)?



# Jay Schneider

March 12, 2021

To whom it may concern

RE: Levying a fee on parcels that do not use groundwater pursuant to WC 10730

This letter is an effort to put the idea of taxing no groundwater use lands to rest with regard to SRCD's GSA, who has no such authority that I'm aware of to levy such a fee. It "may" be true, that other agencies such as OHWD, CWD, GID, SCGA, SCWA have such other authority.

This language seems dispositive: except Water Code Section 10730:

a) A groundwater sustainability agency may impose fees, including, but not limited to, permit fees and fees on groundwater extraction or other regulated activity, to fund the costs of a groundwater sustainability program, including, but not limited to, preparation, adoption, and amendment of a groundwater sustainability plan, and investigations, inspections, compliance assistance, enforcement, and program administration, including a prudent reserve. A groundwater sustainability agency shall not impose a fee pursuant to this subdivision on a de minimis extractor unless the agency has regulated the users pursuant to this part. [WC 10730(a)] (emphasis added)

Counsel informs that having an ordinance registering wells may be a lawful method to initiate regulating. That seems reasonable, and pragmatic.

All parcels, such as in Rancho Murieta, or rangeland, or vacant ag res lots, are de-facto de minimis; thus SRCD has no authority under 10730, ( that anyone has cited) and no wells to register.

Other agencies, with other authorities may already have the authority under another legislative authorization.

Continued pressure to tax those who law forbids, may result in a much more unpleasant outcome.

If, for instance, this stink continues, and homeowners get riled up, they may attack the registration (by litigation or referendum for instance,( rather easy to get with so few voters, ) and since such registration isn't a tax, it is possibly legal.... Don't underestimate the ability to get people riled up when discussing PUMP TAXES

THE chart Kerry displayed, indicated 2258 di minimis wells. I think that may be high, as many, if not most 5 ac ag res parcels, do have enough outside use, that they may not be di mininis; however if they all were removed from any scenario, the results are quite a bit larger fee for the others, and there is enough similarities in the different methodologies, to indicate that the fee will probably be \$ 43-\$ 50 par parcel equally, or \$ 61-\$80 if di minimis users with wells are not "regulated" and are excluded.

Sincerely  
Jay Schneider

Figure from Austin Presentation				
Size	Location	Number of Parcels	Fee	Estimated revenue
2-9 ac	Cosumn es (Sac Co)	4,350	\$ 45	\$ 195,750
20-Oct		500	\$ 55	\$ 27,500
>20		1,024	\$ 65	\$ 66,560
		<b>5,874</b>		<b>289,810</b>

Note Kerrys chart in her presentation about "state intervention" estimated 2258 de minimis wells at:

Removing 2258 de minimis wells				
Size	Location	Number of Parcels	Fee	Estimated revenue
2-9 ac	Cosumn es (Sac Co)	2,092	\$ 80.147	\$ 167,667
20-Oct		500	\$ 80.147	\$ 40,073
>20		1,024	\$ 80.147	\$ 82,070
		<b>3,616</b>		<b>\$ 289,810</b>

Changing all parcels to same fee				
Size	Location	Number of Parcels	Fee	Estimated revenue
2-9 ac	Cosumn es (Sac Co)	4,350	\$ 49.338	\$ 214,619
20-Oct		500	\$ 49.338	\$ 24,669
>20		1,024	\$ 49.338	\$ 50,522
		<b>5,874</b>		<b>\$ 289,810</b>

Reduce estimator de minimis wells by 1/2 assumes many if not most of ag res are not de minimis 1129

Removing 1/2 of 2258 de minimis wells 1129				
Size	Location	Number of Parcels	Fee	Estimated revenue
2-9 ac	Cosumn es (Sac Co)	3,221	\$ 61.077	\$ 196,729
20-Oct		500	\$ 61.077	\$ 30,538
>20		1,024	\$ 61.077	\$ 62,543
		<b>4,745</b>		<b>\$ 289,810</b>

Kerry's was difficult because it had galt and RM			
Size	Number of Parcels	Fee	Estimated revenue
Total Kerry	14,869		
Less AMC, RM	8,250		
Sub Total	<b>6,619</b>		
Less di minimis			
Subject to fee	<b>6,619</b>	<b>\$ 43.78</b>	<b>\$ 289,810</b>