

SPECIAL MEETING AGENDA

July 23, 2019

Closed Session

1:00 PM

Special Meeting

2:00 PM

County of Merced Board Chambers, Third Floor
2222 M Street, Merced, CA

Bob Kelley, Stevinson Water District

Chair

Nic Marchini, Western White Area Representative

Vice Chair

George Park, Lone Tree Mutual Water Company
Lloyd Pareira, County of Merced

Kole Upton, Le Grand-Athlone Water District
Michael Gallo, Eastern White Area Representative

1. CALL TO ORDER/ROLL CALL

2. CLOSED SESSION

CONFERENCE WITH LEGAL COUNSEL – POTENTIAL LITIGATION (Subdivision (b) of Government Code Section 54956.9) 1 potential case

3. PLEDGE OF ALLEGIANCE

4. PUBLIC COMMENT PERIOD

Public opportunity to speak on any matter of public interest within the Board's jurisdiction including items on the Board's agenda. Testimony limited to three minutes per person.

5. PUBLIC HEARING ON PROPOSED LANDOWNER FEE FOR SGMA COMPLIANCE

To consider adopting a landowner fee for Sustainable Groundwater Management Act compliance in the Merced Subbasin GSA's management area.

- 1) Open the Public Hearing and receive testimony;
- 2) Close the Public Hearing;
- 3) Consider adoption of the landowner fee within the Merced Subbasin GSA's management area, excluding parcels in the Le Grand-Athlone Water District.

6. BOARD REPORTS

7. NEXT REGULAR MEETING: OCTOBER 10, 2019

8. ADJOURNMENT

Alternate formats of this agenda will be made available upon request by qualified individuals with disabilities. Appropriate interpretive services for this meeting will be provided if feasible upon advance request by qualified individuals with disabilities. Please contact the Secretary at (209) 385-7654 for assistance and allow sufficient time to process and respond to your request. Copies of agendas and minutes will be available at the Merced County Community and Economic Development Department and at www.countyofmerced.com/MercedSubbasinGSA.

BOARD ACTION ITEM

TO: MEMBERS OF MERCED SUBBASIN GSA GOVERNING BOARD
FROM: MARK HENDRICKSON, SECRETARY
DATE: JULY 23, 2019

SUBJECT: PUBLIC HEARING ON PROPOSED LANDOWNER FEE FOR SGMA COMPLIANCE

SUMMARY:

The Merced Subbasin GSA Governing Board has been working on developing a proposed landowner fee since 2018 to fund the GSA’s Sustainable Groundwater Management Act (SGMA) compliance. Over the past 12 months, the Merced Subbasin GSA has been working with Provost and Pritchard Engineering Group and Woodard and Curran, Inc. on developing a proposed fee, conducting public workshops, sending outreach mailings, and a developing a Fee Study. The Fee Study was approved and the public hearing set by the Governing Board at the June 5, 2019 Board meeting.

The proposed fee would cover the costs of operating the GSA, developing a Groundwater Sustainability Plan (GSP), and funding the activities necessary to develop and implement the GSP, satisfying the requirements of the Sustainable Groundwater Management Act and keeping the management of groundwater local to the GSA. Revenue would be used to fund the cost of a groundwater sustainability program, including investigations, inspections, compliance assistance, enforcement and program administration. Should the GSA not be in compliance with SGMA, the GSA risks the Merced Subbasin being designated a probationary groundwater basin by the State Water Resources Control Board and being subject to state fees and a state developed and implemented interim groundwater plan in the Merced Subbasin; thus removing local control of groundwater management.

The proposed fee would use a sliding scale, where all land use categories pay a minimum amount and irrigated agriculture land use categories pay an additional amount in a fixed ratio of 1:7.

Should this proposed fee be approved, all landowners within the Merced Subbasin GSA, with parcels greater than two acres, will pay a minimum per acre charge representing the benefit all lands receive from being in the GSA and covered by the GSP. Irrigated Agriculture land use categories will pay an additional amount in a 1:7 ratio, representing the larger impact irrigated agriculture has on the aquifer. In years when the Merced Subbasin GSA does not collect the maximum budget amount of \$750,000 annually, the minimum amount for all landowners will slide down to keep the largest percentage of the funding burden on irrigated agriculture, as shown in the table below:

Total Budget	All Parcels Fee (\$/Ac)	Irrigated Agriculture Premium (\$/Ac)	Total Irrigated Agriculture Fee (\$/Ac)
\$750,000	\$0.50	\$3.50	\$4.00
\$392,867	\$0.26	\$1.83	\$2.09

The Merced Subbasin GSA Governing Board approved a fiscal year 2019-2020 budget that includes proposed revenue from a landowner fee in the amount of \$392,867. According to this budget, the fiscal year 2019-2020 landowner fee would be: \$0.26/acre for all parcels, \$1.83/acre irrigated agriculture premium, for a total irrigated agriculture fee of \$2.09/acre. These estimations are according to the County of Merced 2018/19 Assessor's Roll. Should the proposed landowner fee be approved, the Parcel Fee Model would be updated with the County of Merced 2019/20 Assessor's Roll, which may slightly change the fee amounts due to changes in land use and parcels.

Some member districts in the Merced Subbasin GSA already collect SGMA compliance fees from their landowners and have chosen to pay the GSA directly rather than have the GSA impose a landowner fee. The Merced Subbasin GSA will not impose the fee directly on acres in the Le Grand-Athlone Water District, rather the Merced Subbasin GSA will bill the Le Grand-Athlone Water District for the total amount imposed on landowners within the boundary of Le Grand-Athlone Water District pursuant to the same per acre methodology proposed. The Lone Tree Mutual Water Company and Sandy Mush Mutual Water Company have elected to participate in the Proposition 218 proceedings, however they will notify the Merced Subbasin GSA annually of their decision to either pay the GSA directly that year, pursuant to the same per acre methodology as set forth in this study, or have the GSA collect the fees from landowners within their boundaries, if the proposed fee is approved.

This proposed fee has been presented at two public workshops on April 17, 2019 in Planada and April 24, 2019 in Atwater. Impacted landowners were mailed notification about the public workshops and were able to attend, ask questions and express concerns or thoughts about the proposed fee. Additionally, a summary of this proposed fee has been mailed to all impacted landowners with notification of this public hearing. Further details on the proposed fee are available in the Fee Study, publicly available on the Merced Subbasin GSA's website.

The Merced Subbasin GSA has elected to submit the proposed fees to Proposition 218 protest voting procedures. As a final step in the proceeding, the Merced Subbasin GSA has appropriately noticed and is holding a public hearing and protest voting procedures. Each impacted landowner in the Merced Subbasin GSA received a mailed notice in June notifying them at least 45 days in advance of this public hearing with directions on how to submit a written protest. If a majority of the impacted property owners submit protests, the Merced Subbasin GSA will not adopt the fees as proposed. Absent a majority protest, the fees may be implemented once adopted by the Merced Subbasin GSA Governing Board at this meeting.

REQUEST/RECOMMENDATION/ACTION NEEDED:

- 1) Open the Public Hearing and receive testimony;
- 2) Close the Public Hearing;
- 3) Consider adoption of the landowner fee within the Merced Subbasin GSA's management area, excluding parcels in the Le Grand-Athlone Water District.