

Merced Subbasin GSA Landowner Fee for SGMA Compliance Informational Meeting



Wednesday, April 17, 2019, 1:30-3 p.m. at Planada Community Center Main Hall

Wednesday, April 24, 2019, 5:30-7 p.m. at Castle Conference Center

Presented by:

Lacey Kiriakou, Water Resource Coordinator, County of Merced

Greg Young, Principal, Tully & Young



Merced Subbasin
Groundwater Sustainability Agency

Agenda

- Welcome & Meeting Objectives
- SGMA Background
- GSA Overview
- Projected Budgets
- Preferred Funding Alternative
- Billing Procedures
- Next Steps

Meeting Objectives

- Present the GSA's preferred approach for landowner fees needed to support near-term SGMA compliance
- Obtain public input on the approach
- Review 218 procedures required to enact the fee

SGMA Background

- The Sustainable Groundwater Management Act (SGMA) was enacted in 2014, creating a new, unfunded requirement on the Merced Subbasin
- SGMA requires the subbasin to adopt and submit to DWR a Groundwater Sustainability Plan (GSP) by January 31, 2020 that defines how sustainability will be achieved by 2040
- **SGMA is a completely different program than the Irrigated Lands Regulatory Program!**

SGMA Background (cont.)

- “Sustainable groundwater management” must be occurring by 2040 for the entire subbasin
 - Today through 2039 – focus on implementation
 - 2040 and beyond must be sustainable, with no “undesirable results”
- “*Sustainable groundwater management*” means the management and use of groundwater in a manner that can be maintained...without causing undesirable results. [CWC §10721(v)]

SGMA Background (cont.)

- Where “*Undesirable Results*” means one or more of the following effects caused by groundwater conditions occurring throughout the basin [CWC §10721(x)]:
 - (1) Chronic lowering of groundwater levels
 - (2) Significant and unreasonable reduction of groundwater storage
 - (3) Significant and unreasonable seawater intrusion
 - (4) Significant and unreasonable degraded water quality
 - (5) Significant and unreasonable land subsidence
 - (6) Depletions of interconnected surface water



Lowering
GW Levels



Reduction
of Storage



Seawater
Intrusion



Degraded
Quality



Land
Subsidence



Surface Water
Depletion

SGMA Background (cont.)

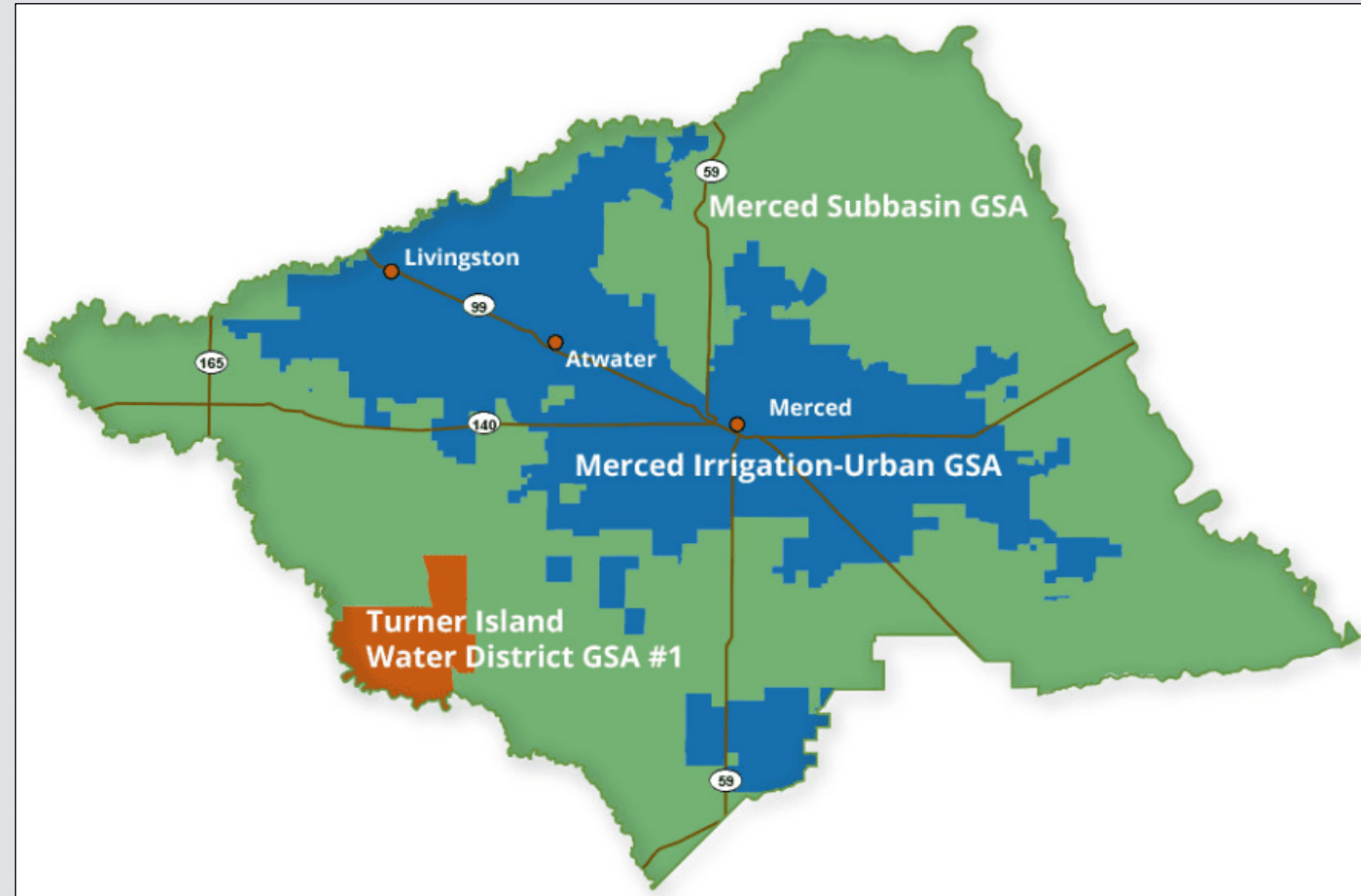
- The GSP allows our basin to maintain **local control** and protect the overlying groundwater rights for all users: active and dormant
- Failure allows the State to impose their plan and fees on us
- We define “undesirable results” that will not be exceeded
- We define and implement projects and actions to become sustainable
- This also means: We pay

SGMA Background (cont.)

- SGMA required the creation of a Groundwater Sustainability Agency (GSA) to prepare GSPs and be charged with implementation,
- SGMA providing defined roles and responsibilities for GSAs:
 - Governance
 - Outreach/Engagement
 - Regulatory Compliance/Reporting
 - Coordination
 - Technical
 - Funding

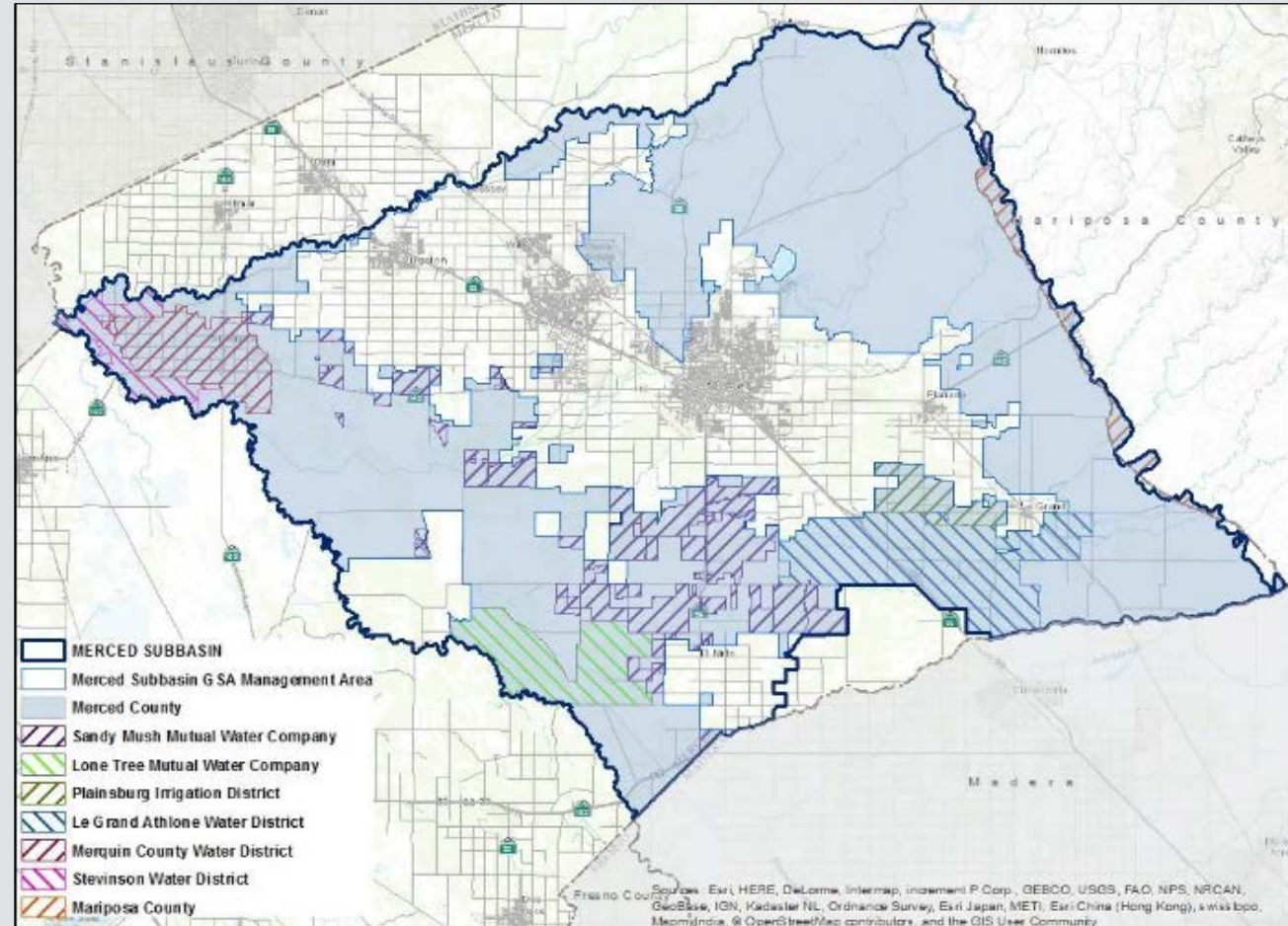
Merced Subbasin GSA Overview

- Three GSAs, one GSP
 - Merced Subbasin GSA
 - Merced Irrigation-Urban GSA
 - Turner Island WD GSA
- Coordination Committee
- Stakeholder Committee



Merced Subbasin GSA Overview (cont.)

- Member Agencies
 - County of Merced
 - County of Mariposa
 - Le Grand-Athlone Water District
 - Merquin County Water District
 - Plainsburg Irrigation District
 - Stevinson Water District
 - Lone Tree Mutual Water Company
 - Sandy Mush Mutual Water Company



Merced Subbasin GSA Overview (cont.)

- GSA Governing Board:
 - Bob Kelley, Stevinson Water District (Chair)
 - Nic Marchini, Western White Area Representative (Vice Chair)
 - Michael Gallo, Eastern White Area Representative
 - George Park, Lone Tree Mutual Water Company
 - Kole Upton, Le Grand Athlone Water District
 - Lloyd Pareira, County of Merced

Annual Budget

Annual Implementation Budget

- GSA estimates \$300,000 to \$750,000 annually for the initial implementation years to cover:
 - Administrative functions
 - Data collection, monitoring, and management
 - Required annual reporting
 - Legal services
 - Project investigations and feasibility studies
- **This does not include designing, permitting and building projects**

Landowner Fee Development

- SGMA allows local agencies and GSAs to impose fees
- The GSA is proposing a landowner fee to pay for the annual budget
- Proposition 218 defines the procedures which the GSA must follow to initiate the landowner fee
 - Approved by voters in 1996, Prop 218 imposes certain requirements relative to the imposition of certain assessments, fees and charges by local agencies.
 - Procedures act to fully inform affected parties while simultaneously giving them a direct say in the matter.

Landowner Fee Development (cont.)

- Proposition 218 procedures for landowner fee
 - Consultants will complete a rate study to determine a fee structure based on Merced Subbasin GSA's budget and acreages in the GSA's jurisdiction
 - The GSA will adopt the rate study and schedule a public hearing
 - Notices will be sent out to all GSA landowners indicating, among other things:
 - Fees in the Prop 218 notice are the maximum fees that may be adopted
 - Information regarding the public hearing
 - A public "majority protest" hearing will be held
 - Absent majority protest, the Merced Subbasin GSA may adopt fees

Landowner Fee Development (cont.)

- A Work Group of GSA Board Members was selected:
 - Bob Kelley
 - George Park
 - Nic Marchini
- Consultants were hired:
 - Woodard & Curran – Data Analysis and Fee Model
 - Provost & Pritchard – Rate Study and Outreach

Landowner Fee Development (cont.)

- Fees would apply to the lands currently assessed by the County
- Except for exemptions
 - Federal government owned parcels
 - All parcels less than 2 acres in size
- ~310,000 acres remain
- ~170,000 acres “irrigated”

Land Use Category	Area (acres)	% of Total	Count of Parcels
Grazing	123,390.3	37.9%	595
Farming	82,431.5	25.3%	952
Trees or Vines	76,071.1	23.4%	698
Exempt Govt Owned	28,017.1	8.6%	192
Dairy	6,841.9	2.1%	45
Poultry	3,458.3	1.1%	20
Non-Contract Duck Club	1,593.1	0.5%	7
Vacant	885.4	0.3%	148
Sand and Gravel	734.2	0.2%	2
SF Residential	579.5	0.2%	397
Minor Commercial	552.4	0.2%	40
Assessed Govt Owned	413.2	0.1%	9
Industrial	311.3	0.1%	22
Utility Roll	196.0	0.1%	33
Minor Mult	137.7	0.0%	49
Mobile Home	104.6	0.0%	20
Misc	58.8	0.0%	7
Church	1.5	0.0%	3
Total	325,777.90	100%	3,239.00

Landowner Fee Development (cont.)

Alternatives for funding annual budget (\$300,000 - \$750,000):

1. Equal rate per acre
 - Actual budget for year divided by 310,000 acres
2. Fixed minimum fee for all lands to cover a fixed portion of the minimum budget, plus extra fee to irrigated lands to cover the remainder
 - Set minimum fee at \$0.50/acre
3. (**Preferred**) Similar to #2, but sliding fixed minimum fee for all lands to proportion most of annual budget to irrigated lands

Landowner Fee Development (cont.)

Alternative #1 – Equal per Acre

- This option recognizes that SGMA applies to all parcels in the GSA and does not differentiate between different land uses or groundwater use.

Total Budget Range	All (\$/Acre)
\$750,000	\$2.42
\$300,000	\$0.97

Landowner Fee Development (cont.)

Alternative #2 – Fixed minimum plus extra for irrigated land

- All 310,000 acres pay a fixed rate of \$0.50/acre
 - Generates ~ \$155,000
- 170,000 irrigated acres pay additional amount to cover actual budget

Total Budget Range	Remaining budget to irrigated land	Acres	Incremental Cost (\$/Acre)	Total to irrigated land (\$/Acre)
\$750,000	\$595,000	170,000	\$3.50	$\$0.50 + \$3.50 = \$4.00$
\$300,000	\$145,000	170,000	\$0.50	$\$0.50 + \$0.85 = \$1.35$

Landowner Fee Development (cont.)

Alternative #3 – Sliding scale to maintain proportional responsibility

- All 310,000 acres pay a sliding fixed rate:
 - At \$750,000 budget: \$0.50/acre
 - At \$300,000 budget: \$0.20/acre
- Irrigated lands pay the remainder in a set ratio regardless of total budget
- Minimum fee of \$3.00/parcel

Total Budget Range	Remaining budget to irrigated land	Acres	Incremental Cost (\$/Acre)	Total to irrigated land (\$/Acre)
\$750,000	\$595,000	170,000	\$3.50	$\$0.50 + \$3.50 = \$4.00$
\$300,000	\$240,000	170,000	\$1.40	$\$0.20 + \$1.40 = \$1.60$

Landowner Fee Development (cont.)

Comparison of Alternatives

- \$750,000 Target

Option	All lands (\$/Acre)	Irrigated lands additional (\$/Acre)
Equal Per Acre	\$2.42	\$0
Fixed Min + Extra	\$0.50	\$3.50
Sliding Scale	\$0.50	\$3.50

- \$300,000 Target

Option	All lands (\$/Acre)	Irrigated lands additional (\$/Acre)
Equal Per Acre	\$2.42	\$0
Fixed Min + Extra	\$0.50	\$0.85
Sliding Scale	\$0.20	\$1.40

Landowner Fee Development (cont.)

Comparison of Alternatives

- \$750,000 Target

Option	All lands (\$/Acre)	Irrigated lands additional (\$/Acre)
Equal Per Acre	\$2.42	\$0
Fixed Min + Extra	\$0.50	\$3.50
Sliding Scale	\$0.50	\$3.50

 **Preferred by GSA**

- \$300,000 Target

Option	All lands (\$/Acre)	Irrigated lands additional (\$/Acre)
Equal Per Acre	\$2.42	\$0
Fixed Min + Extra	\$0.50	\$0.85
Sliding Scale	\$0.20	\$1.40

 **Preferred by GSA**

Billing Procedures

- GSA's member agencies to pay through either:
 1. County property tax bill to individual parcels; or
 2. GSA member agency billed directly

Next Steps

Task	Date
Public Outreach Meeting #1 – Planada	April 17, 2019
Public Outreach Meeting #2 – Atwater	April 24, 2019
Finalize Rate Study	Late April 2019
Board Meeting to Adopt Rate Study and Notice Public Hearing	Early May 2019
Majority Protest** Public Hearing and Fee Approval	Mid June 2019
Submit for inclusion on tax bill	August 16, 2019

**Although it is not legally required, the GSA has determined to comply with the requirements of Proposition 218 for imposition of the charge, and will proceed to hold a "majority protest" public hearing.