
Director's Report - GSAs Fee Evaluation - September 5, 2019



Agenda

- Study Objectives
- Study Schedule
- Proposed Fee Authority
- Fee Approaches
- Policy Objectives
- Next Steps
- Discussion



Study Objectives

- GSA's financial budget development
- Policy and Pricing Objectives
- Evaluation of fee structures
- Fee design
- Document proposed fee in a Study Report for:
 - > GSP Submittal
 - > Administrative record of the GSAs
- Workshops with the GSA Board
- Support public outreach efforts



Study Timeline

Task	Deliverables/Meetings	Date
Project Initiation	Kickoff Meeting	June 6, 2019
Data Collection	N/A	June-August 2019
Policy Objectives	Board Meeting	September 3, 2019
Fee Design	N/A	August-October 2019
Preliminary Fees	Board Meeting	October 1, 2019
Proposed Fee Adoption	Board Meeting	November 12, 2019
Fees Implemented	N/A	2020



Funding Options

Three primary options available to fund the GSA and implement the GSP:

- Fees (Prop 218 rates and Prop 26 exempt fee)
- Assessments (special benefit nexus)
- Taxes (approval from electorate)
- We recommend Prop 26 exempt regulatory fees
 - > Defensible with SGMA and Water Code
 - > Least costly, least time consuming, and most efficient option
 - > Does not require periodic re-adoption



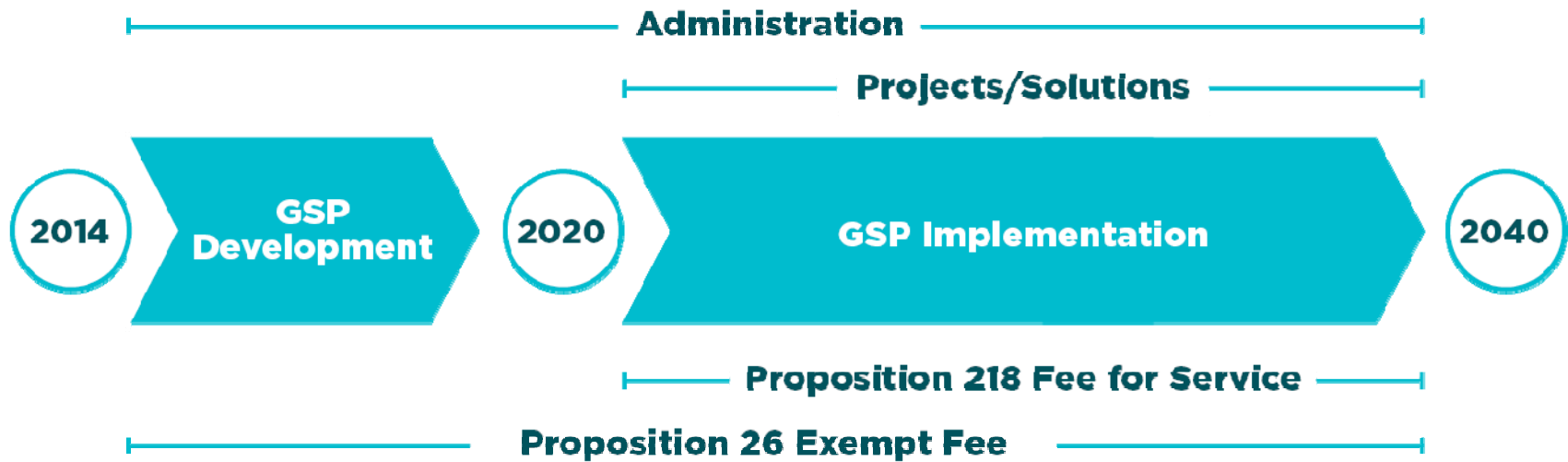
Proposition 26

Everything is a tax under the California Constitution Article XIII C, section 1, except:

1. Fees for benefits and privileges (parking permits)
2. Fees for service or products (wholesale water)
3. Reasonable regulatory fee (building permits)
4. Fee for use of government property (park entrance fees)
5. Fines and penalties (parking fines)
6. Conditions of property development (capacity fees)
7. Assessments and property-related fees subject to Proposition 218 (water rates)



SGMA Timeline



Proposition 26 / 218 and GSAs

- GSP development funded under Proposition 26 exempt fee
 - > This implies some flexibility: funds the study and administrative costs of the agency
 - > Everyone benefits from the goals of the GSP
- GSA operations funded under Proposition 26 exempt fee
 - > Funds the daily operations, management, and administrative costs of the agency
 - > Everyone benefits from a sustainably managed basin (current, future, and potential users)
- GSA solutions funded under Proposition 218
 - > The cost to implement the projects and solutions of the GSP
 - > Requires a nexus between costs and benefits
- Disclaimer: Rafele is not a law firm



Potential Budget Items

- Data Management System
- Water Use Estimation Software
- Professional services
 - > Planning studies
 - > Well measurements
 - > Annual and five-year reports
 - > Monitoring wells
- Personnel
- Reserves

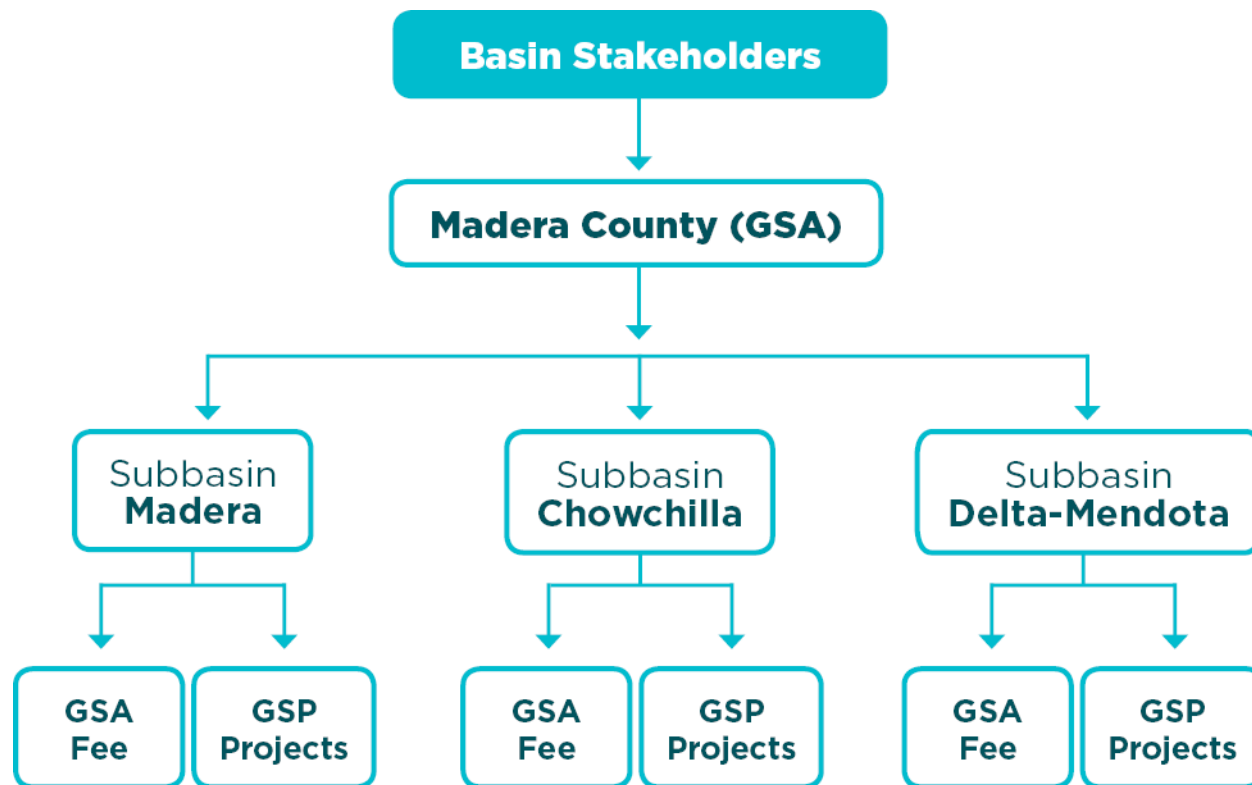


Fee Calculation Steps

- Comprehensive budget for the three subbasins
- Cost allocation steps:
 - > First, allocate to each subbasin based on area
 - > Second-step allocation between user classes within each basin
 - > Third, derive fees for each user based on parcel, area, or estimated groundwater use
- Raffelis performs a "revenue proof" to ensure sufficient revenue from fees to recover costs of GSA administration
- Fees collected on the County tax roll beginning calendar year 2020 (FY 2020/21)
- County to receive tax revenue twice annually to financially self-sustain the GSAs operations



GSA's Organizational Structure



Fee Structure Options

Options to develop fees and recover costs of planning for and administering the GSP:

- **Parcel (All)** - every parcel pays a flat charge
- **Parcel (Non-dominant)** - only non-residential parcels pay a flat charge
- **Total Acreage** - total area of a parcel
- **Irrigated Acreage** - irrigated area of a parcel
- **Estimated Gross Pumping** - irrigated area + land cover to estimate groundwater use
- **Estimated Net Pumping** - gross pumping less estimated recharge

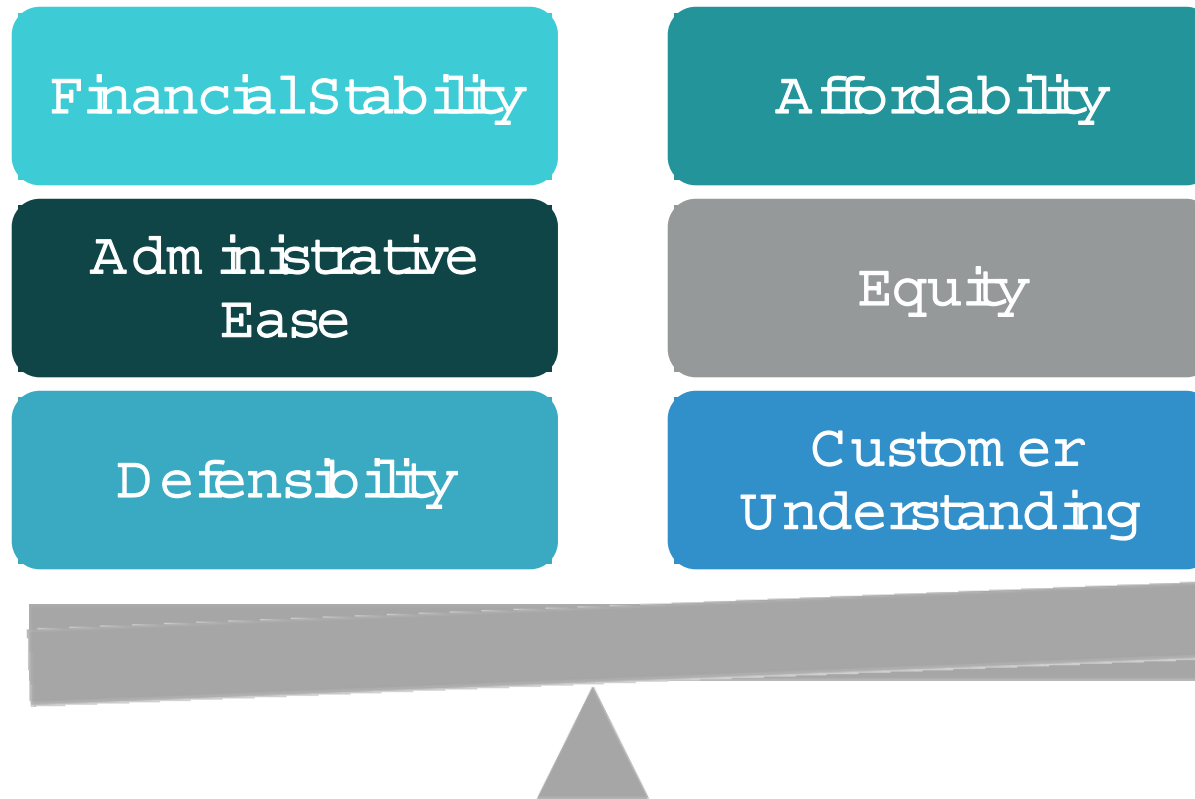


Policy Objectives

- Each objective is related to one or more possible fee options
- The various fee methods have certain positive and negative qualities, policy outcomes, and data requirements
- Objectives are frequently in conflict and tradeoffs must be made
 - > Example: Ease of Understanding v Equity
- Additionally, objectives may overlap to a degree
 - > Example: Equity and Affordability
- Eliciting the GSAs' prioritized objective(s) focuses Raffle's evaluation to determine the most appropriate fee structures



Balancing Competing Objectives



Policy Objectives

Administration	Equity	Financial Stability	Affordability
<ul style="list-style-type: none">• Ease of Understanding• Easy of Implementation and Administration (Simplicity)• Defensibility	<ul style="list-style-type: none">• Equitable among property owners• Equitable among pumpers• Equity across all users w/in County GSAs• Equity across County managed subbasins• Intergenerational equity	<ul style="list-style-type: none">• Revenue Stability• Fee Stability• Minimize financial impacts	<ul style="list-style-type: none">• Shared burden• Affordability for Essential Use



Fee Structure Evaluation

Policy Objective	All Parcels	Non-de minim is Parcels	Total Acreage	Irrigated Acreage	Est. Gross Pum ping	Est. Net Pum ping
Adm inistration	★★★★★	★★	★★★★	★★	★	★
Equity	★★	★	★★	★★★★	★★★★★	★★★★★
Financial Stability	★★★★★	★★★★★	★★★★★	★★★★★	★★★★	★★★★
Affordability	★★	★	★★★★	★★★★	?	?



Next Steps

- Calculate fee alternatives w /pricing objectives results
- Advisory Committee meeting September 5
- Stakeholder meeting (Date TBD)
- Present preliminary fee alternatives October 1
- Advisory Committee meeting October 3
- Document fee derivation
- Notification of fee adoption (mid-late October)
- Fees considered for adoption November 12

