

A black and white photograph of an almond orchard with rows of trees receding into the distance, serving as a background for the title text.

Madera County GSAs – Rate Studies – Looking Forward

Public Workshop/Webinar

GSAs Rate Study

June 10, 2022

Sustainable Groundwater Management

- The Sustainable Groundwater Management Act (SGMA) made critically overdrafted subbasins develop plans by January 2020 and to become sustainable over a 20-year period
- Current Prop 26 exempt fee can pay for administration of GSP and planning, but not for projects
- Any additional fees levied need to go through a Proposition 218 process in order to fund projects

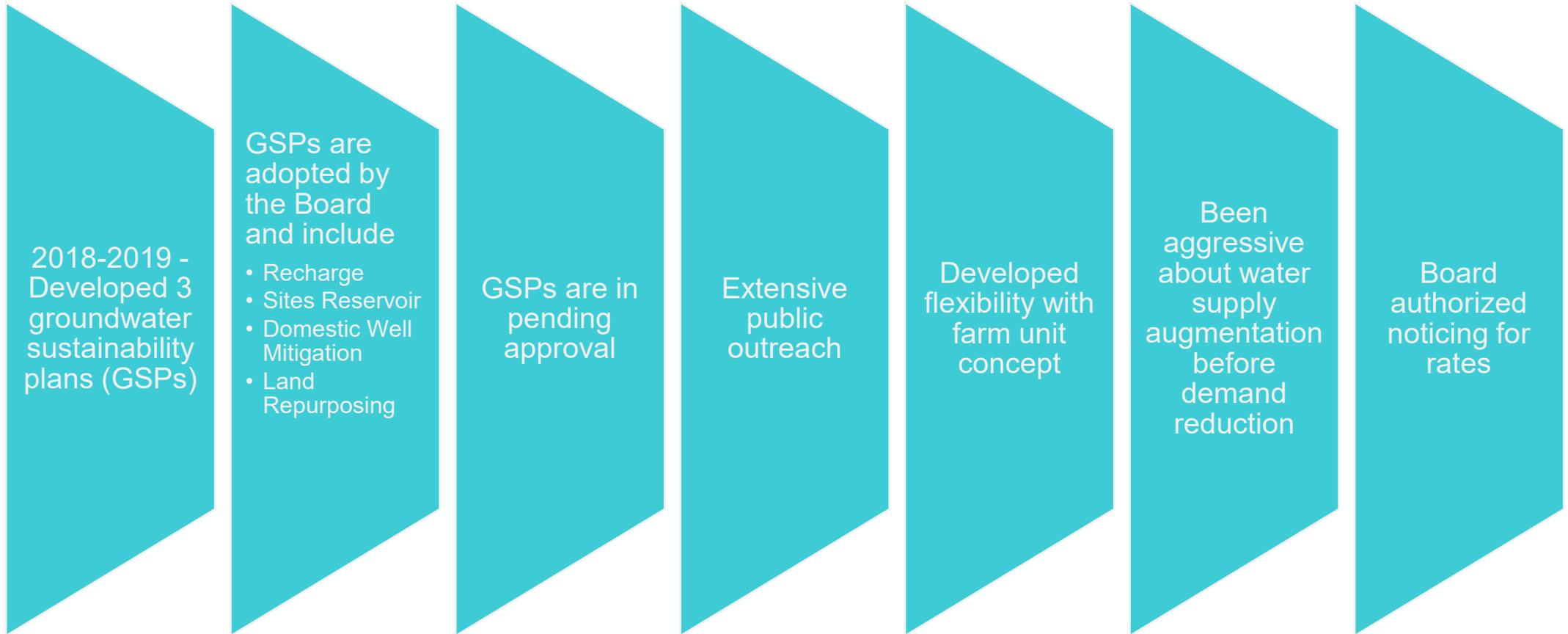
Since 2014 / GSAs Formation

- The County took responsibility for the land in the “white areas” and formed three groundwater sustainability agencies
- The County GSAs participated in three separate processes to write groundwater sustainability plans in three subbasins
- To pay for planning and management, the County GSAs adopted a Prop 26 exempt fee
- Awarded grants for Prop 1, land repurposing (SALC), domestic well inventory/monitoring wells (Prop 68), recharge (Prop 68), water market strategy (WaterSMART)
- Accelerated planning for recharge, land repurposing, and domestic well mitigation to develop costs for rate study
- Project and programmatic details will be determined at a later date and each will require individual Board actions

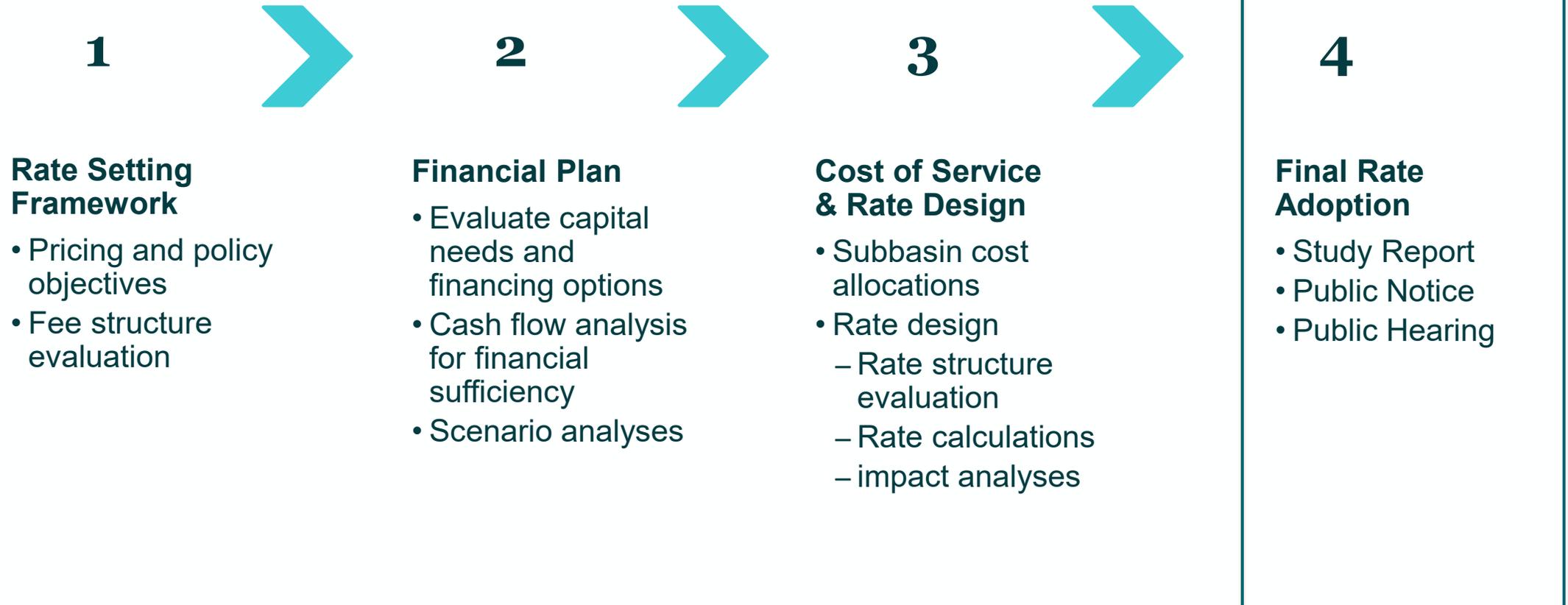
Timeline of SGMA and GSAs Formation



Accomplishments



Rate Study Process



Grant Funding

Prop 1 Stressed Basins

- \$500,000 for Madera and Chowchilla Subbasins

Prop 1 GSP Development

- \$5,000,000 for Madera and Chowchilla Subbasins

Prop 68 Planning

- \$900,000 for Madera and Chowchilla Subbasins

Prop 68 Implementation

- \$8,400,000 for Madera and Chowchilla Subbasins

SALC

- \$200,000 for Madera County

WaterSMART

- \$200,000 for Madera County

Prop 68 Recharge

- Another \$3,500,000 potentially in process

Five Year Rate Schedules (\$/enrolled acre)

Five-Year Averaged	FYE 2023	FYE 2024	FYE 2025	FYE 2026	FYE 2027
Madera	\$246	\$246	\$246	\$246	\$246
Chowchilla	\$203	\$203	\$203	\$203	\$203
Delta-Mendota	\$138	\$138	\$138	\$138	\$138

The annual rates in each of the five years are averaged or “smoothed” over the rate-setting period

SGMA/GSP Implementation Elsewhere

- Lower Tule River Water District
 - › Admin costs are covered internally by the water district
 - › Transition Water is \$90/AF for tier 1 allocation and \$180/AF for tier 2 allocation
- Tri-County Groundwater Authority GSA
 - › Admin Costs are \$4/AC and \$10/AF;
 - › Transition Water is \$125/AF for tier 1 allocation and \$500/AF for tier 2 allocation
- Eastern Tule GSA
 - › Admin costs are \$5.12/AC
 - › Transition Water is \$245/AF

Project Parameters

- Authorization to notice affected parcels did not commit the County GSAs Board to project implementation details
- The Board will separately approve rules for:
 - › Land Repurposing (SALC)
 - › Domestic well mitigation
 - › Final Sites participation
 - › Recharge projects
- Adoption of the rates proposal allows project development to move forward

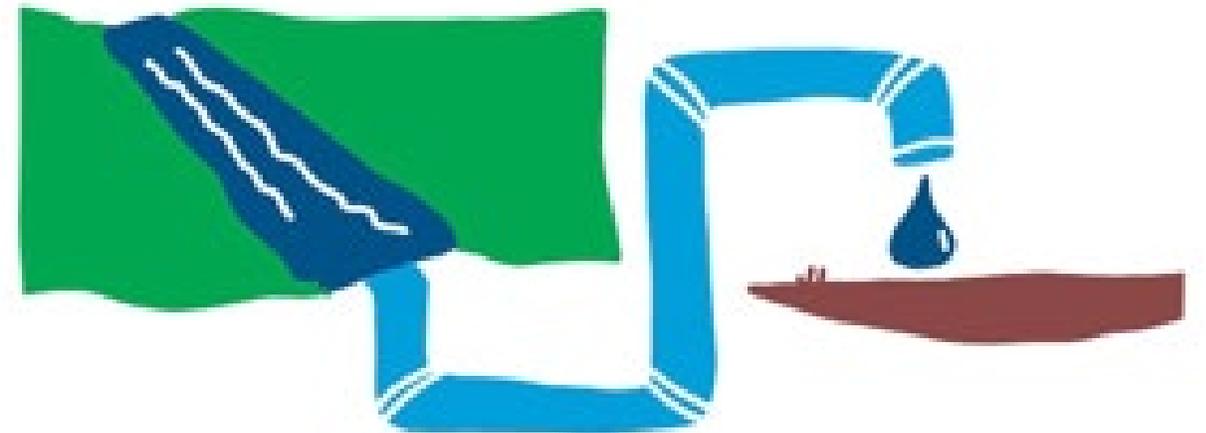
Looking Ahead – Sites Reservoir

- Rebalancing and waiting on Reclamation level of participation
- Potential future rebalancing
- Potential transfer agreements with others
- Check ins with Sites in June and September 2022



Looking Ahead – Recharge

- Bring draft contract to the Board potentially in August
 - › Costs: water rights, permitting, water, land, infrastructure, legal costs
 - › Benefits: credit of water to allocation or to GSA
- Ongoing water rights discussion
 - › Bureau of Reclamation CVP expansion of place of use
 - › State Water Resources Control Board



Looking Ahead – Domestic Well Mitigation

- Separate technical ad hoc groups are working on proposed rules for domestic well mitigation in the Madera and Chowchilla Subbasins
- Proposed MOU, including implementation rules, headed to the Board before the end of the 2022
 - › Program terms (effective dates and items covered)



Looking Ahead – Land Repurposing (SALC)

- Develop stakeholder process to determine rules for land repurposing
- Refine rules regarding
 - › Payment
 - › Structure
 - › Terms of program
 - › Draft of agreement with landowners
 - › Updates to program



Mailer and Notice

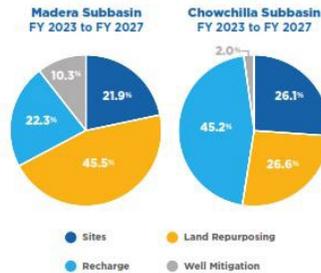
The Costs of Ensuring Our Water Future

The projects we described will cost the GSAs approximately \$220M Madera / \$75M Chowchilla to implement over the next 10 years. Paying for this considerable investment accounts for subbasin cost shares with other GSAs, private contributions, and public grant estimates. The proposed fees include all, and only, the projects included in the Groundwater Sustainability Plan (GSP).

Proposed Rates

We've developed a rate proposal to pay for these investments from groundwater users across the subbasins. The proposed rates recover only the costs of the projects that benefit each subbasin directly. The funds generated from the rates can only be used for these projects and cannot be utilized by, or transferred to, any other County of Madera Department.

How the costs are allocated percentage-wise to each project (per basin?)



Subbasin	FYE 2023	FYE 2024	FYE 2025	FYE 2026	FYE 2027
Madera	\$246	\$246	\$246	\$246	\$246
Chowchilla	\$203	\$203	\$203	\$203	\$203
Delta-Mendota	\$138	\$138	\$138	\$138	\$138

What if we don't succeed?

If we aren't successful in passing these new charges for groundwater management and service, there are some consequences to consider.

- We can't bring in new water, so we can't do recharge.
- The allocation may drop more quickly.
- The state may intervene and we lose local control.

If you have questions, ideas, or just want to talk through this in more detail please contact County of Madera Groundwater Sustainability Agency at mcwater@maderacounty.com or 559-662-8015. For more information, visit www.maderacountywater.com/county-gsas.

Notice of Public Hearing

You have recently been sent a separate Notice of Public Hearing as your property is subject to the proposed GSA rates. The notice contains detailed information including:

- The basis for the rates,
- The proposed rates in your subbasin,
- Your legal rights to protest the rates, and
- The time, place, and location of the Public Hearing

The Board of Directors of the County GSA will conduct the Public Hearing on June 21, 2022 at 10:30am, or soon thereafter.

Proposition 218 Notification

Notice to Property Owners of Public Hearing on Groundwater Fees Pursuant to the Sustainable Groundwater Management Act

County of Madera Groundwater Sustainability Agency - Madera Subbasin

Hearing Date & Time: June 21, 2022 at 10:30 AM or as soon thereafter as possible

Hearing Location: Board of Supervisors Chambers, 200 W. 4th Street, Madera, CA 93637



Background

In September 2014, Governor Brown signed historic groundwater legislation requiring California's medium and high-priority groundwater basins be sustainably managed by local agencies called Groundwater Sustainability Agencies ("GSAs"). This legislation, known as the Sustainable Groundwater Management Act ("SGMA"), imposes upon local agencies like cities, counties, and special districts the obligation to sustainably manage groundwater resources. Sustainability is achieved through the development and implementation of Groundwater Sustainability Plans ("GSPs"). As a high-priority basin the Madera Groundwater Subbasin ("Madera Subbasin") has submitted a GSP to the Department of Water Resources ("DWR") and is required to implement the GSP to achieve sustainability over 20 years. Implementation of the GSP requires several projects and management actions to achieve sustainability as defined within the GSP.

Why Am I Receiving This Notice?

Under the SGMA, the County of Madera Groundwater Sustainability

What Services Do the Rates Fund and Why Are the Rates Needed?

The County of Madera GSA is the agency responsible for managing groundwater for the area overlying the Madera Subbasin within its jurisdiction. The proposed rates are required to generate sufficient revenues to recover the cost of service for groundwater management, namely, funding

Rate Implementation

Rate adoption resolution (absent a majority protest) will include:

- Annual financial updates to the Board with the ability to adjust rates downward if:
 - Projects do not progress on the current timeline
 - Other revenues are materially larger than current estimates
 - Project and programmatic details cause a change in future costs
- If financially prudent, the Board may elect to implement rates lower than those adopted without having to re-notice

Charges

Rates effective

- July 1 (beginning of the County's new fiscal year)

The first charges

- Would show on fall property tax statements as a new "fixed charge" for the County GSA

Total charges

- Based on Enrolled Acres in a farm unit

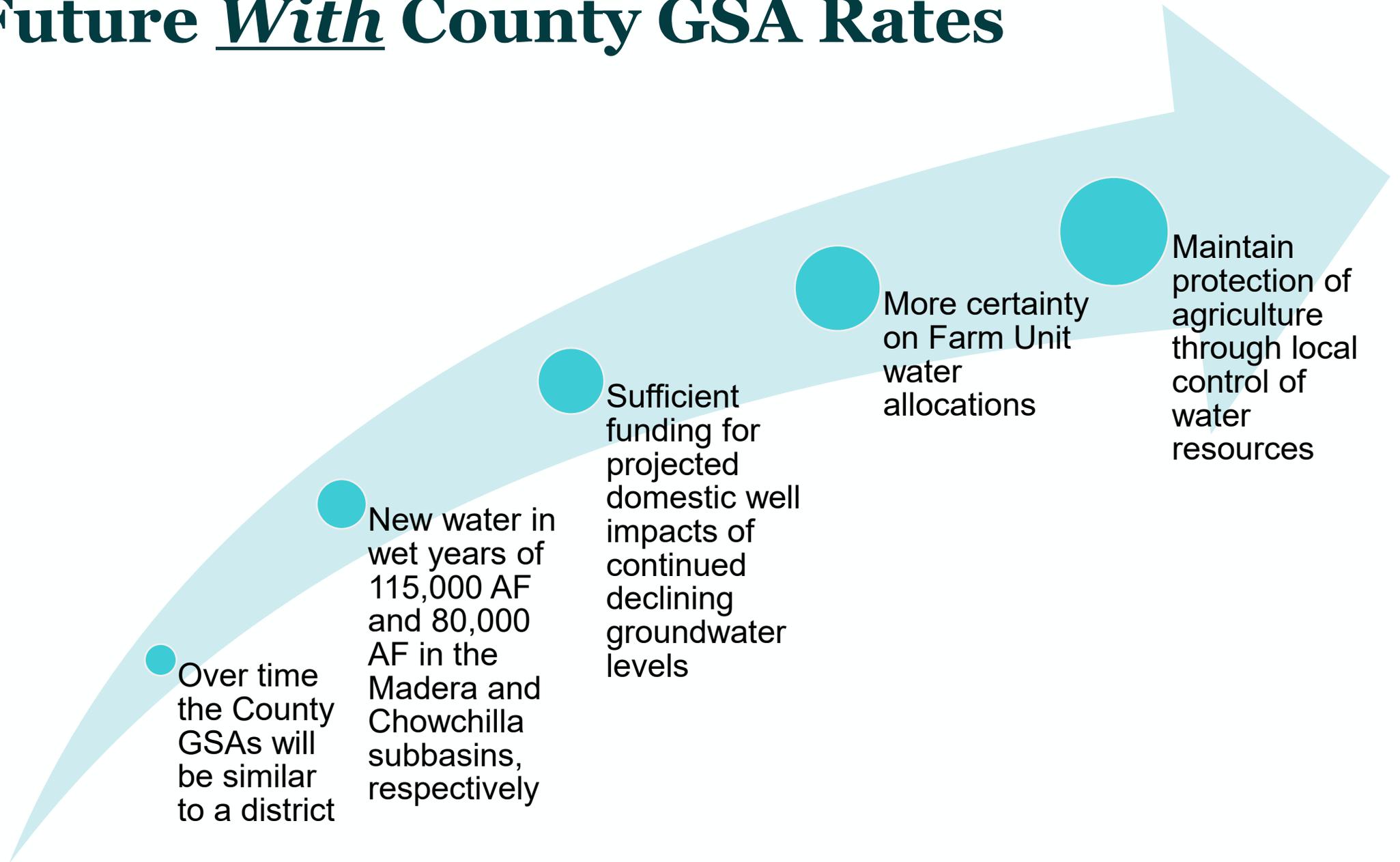
If parcel (APN) acreage is enrolled

- It will be charged

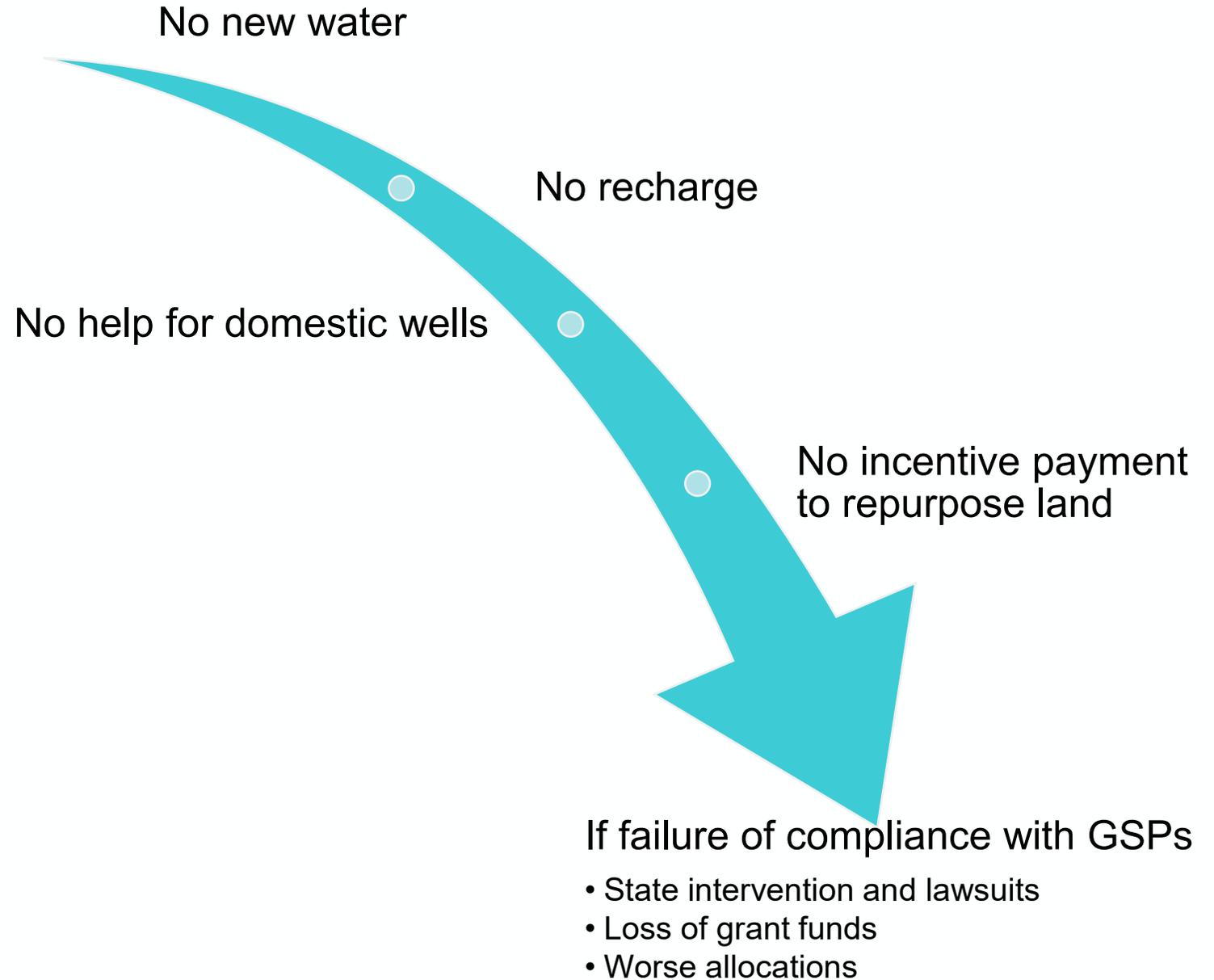
The charges will be split

- Between fall and spring tax statements (half each)

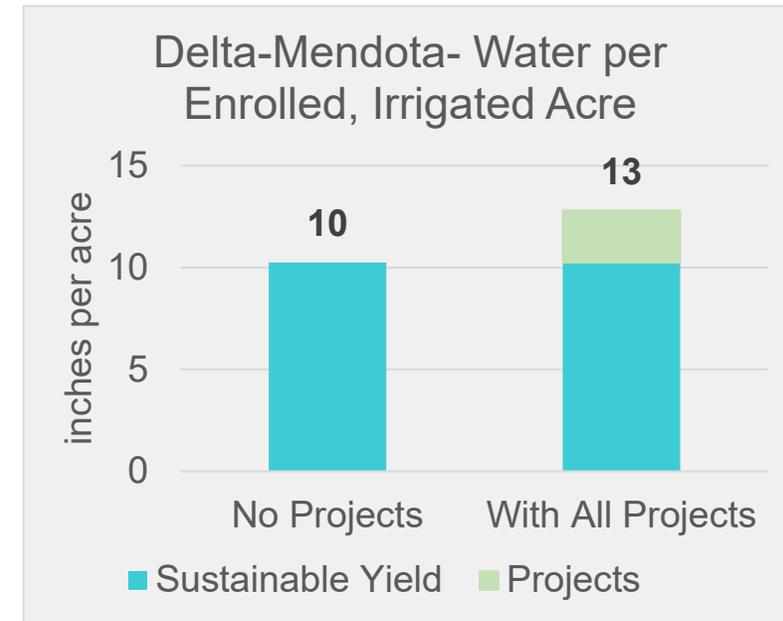
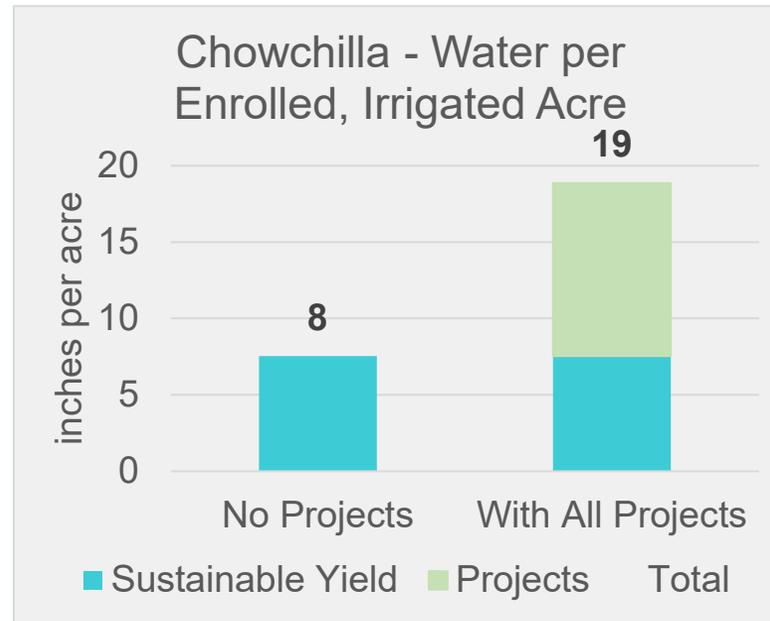
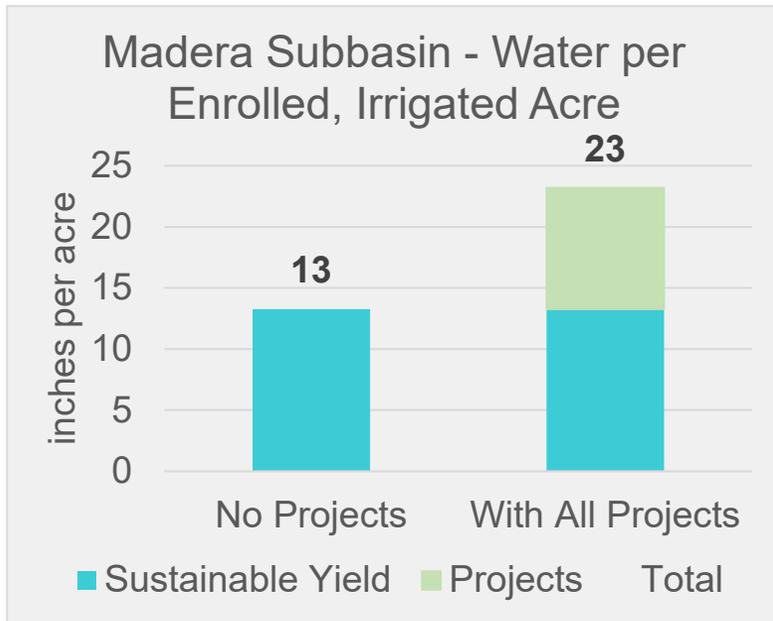
The Future With County GSA Rates



The Future Without County GSA Rates



Allocations at 2040 with and without Rates

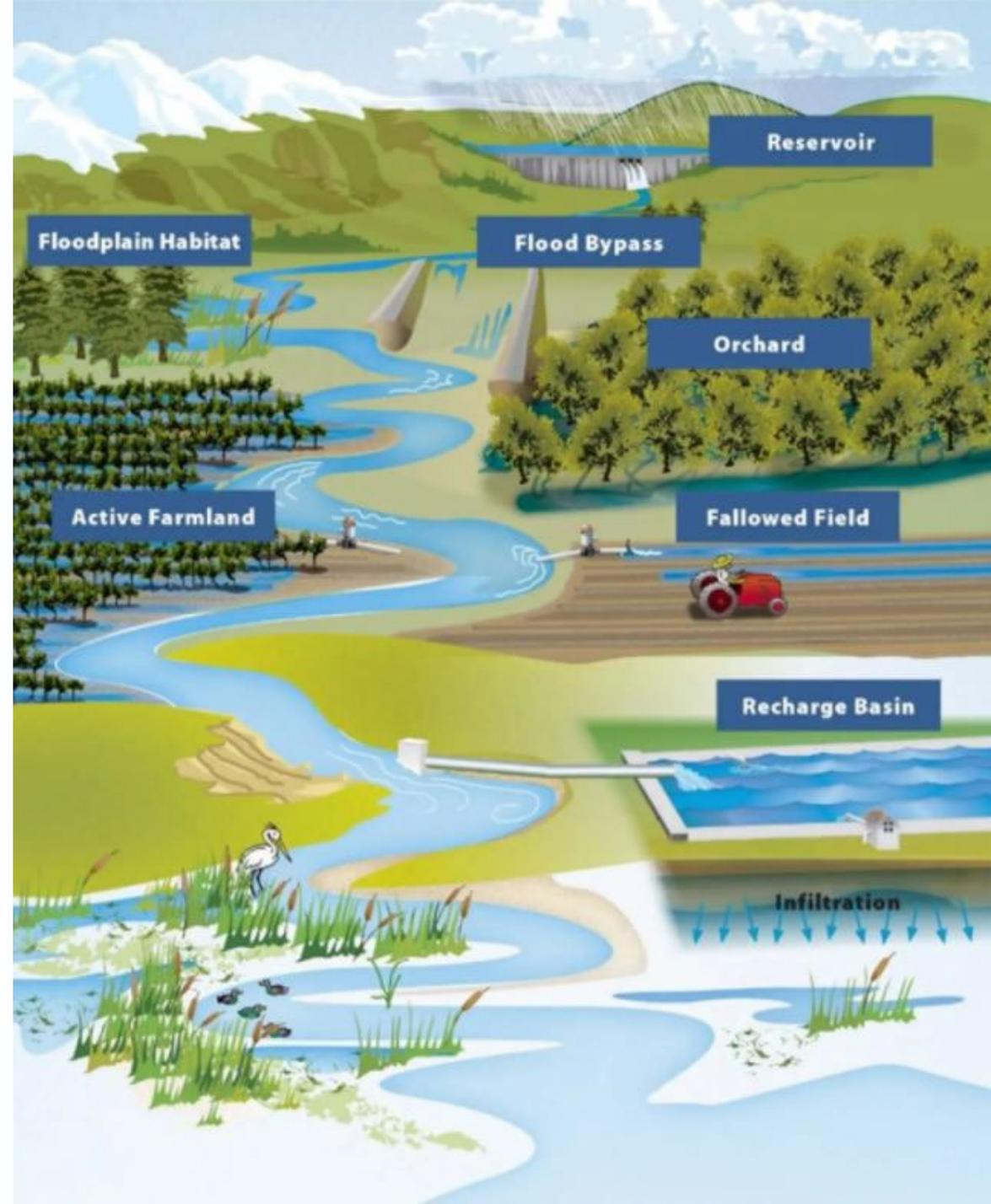


Backup Slides Projects and Costs

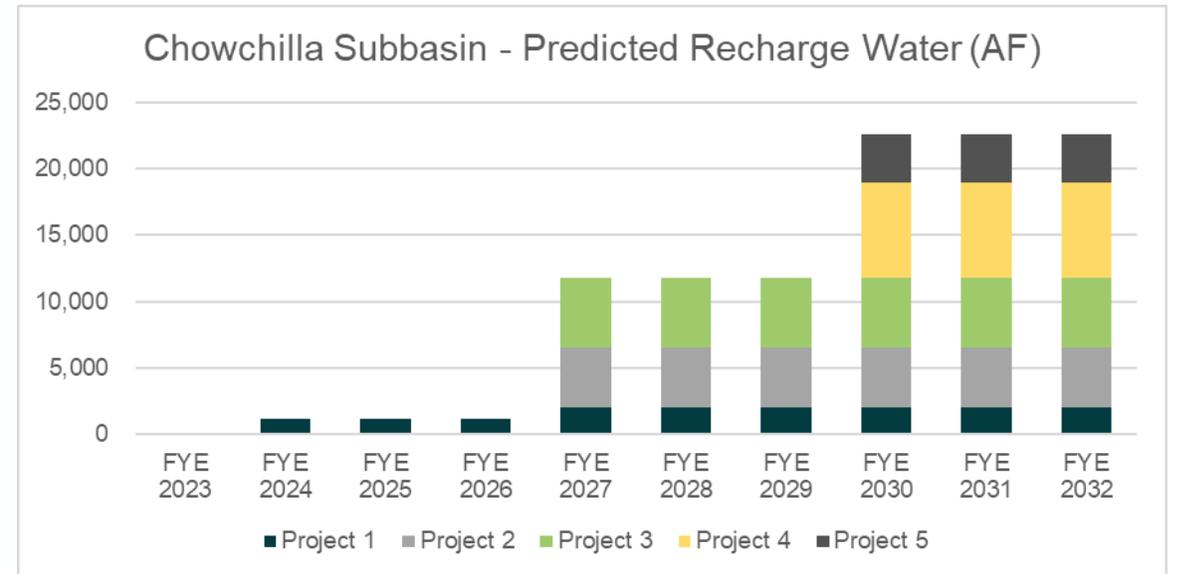
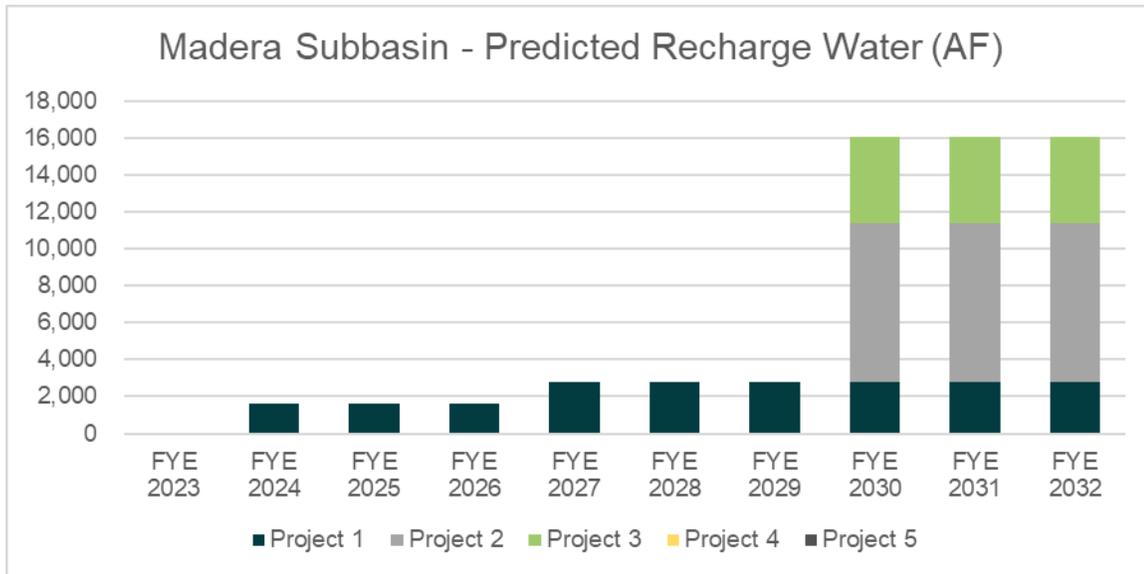


Recharge Facilities

- Recharge could be conducted on-farm or in dedicated basins
- Flood flows for recharge estimated at approx. three years on average (35% annual chance)
- Individual recharge projects schedule dependent on water rights acquisition and design timeline
- Financing assumptions for planning purposes from County's Municipal Advisors:
 - › 5% interest rate, 30-year term, level payments, minimum coverage requirement of 1.50



Recharge Facilities – Predicted Annual Water Yields



Recharge Facilities

Capital Costs and Annual Cash Needs

Recharge Project Costs	Design and Construction	Grants	Landowner Contribution	Net Cost
Madera Subbasin				
Project 1	\$6,570,000	(\$4,197,600)	(\$1,665,600)	\$706,800
Project 2	\$26,550,000	(\$4,000,000)	(\$2,139,789)	\$20,410,211
Project 3	\$26,580,000	(\$4,000,000)	(\$2,139,789)	\$20,440,211
Project 4	\$25,620,000	(\$4,000,000)	(\$2,139,789)	\$19,480,211
Project 5	\$24,910,000	(\$4,000,000)	(\$2,057,490)	\$18,852,510
Total	\$110,230,000	(\$20,197,600)	(\$10,142,457)	\$79,889,943
Chowchilla Subbasin				
Project 1	\$6,900,000	(\$4,197,600)	(\$1,912,581)	\$789,819
Project 2	\$17,300,000	(\$4,000,000)	(\$720,000)	\$12,580,000
Project 3	\$14,090,000	(\$4,000,000)	(\$360,000)	\$9,730,000
Project 4	\$22,930,000	(\$4,000,000)	(\$360,000)	\$18,570,000
Project 5	\$14,260,000	(\$4,000,000)	(\$600,000)	\$9,660,000
Total	\$75,480,000	(\$20,197,600)	(\$3,952,581)	\$51,329,819

Recharge Costs	FYE 2023	FYE 2024	FYE 2025	FYE 2026	FYE 2027	FYE 2028	FYE 2029	FYE 2030	FYE 2031	FYE 2032
Madera Subbasin	\$730,140	\$1,388,365	\$1,158,147	\$1,002,067	\$1,034,566	\$3,413,902	\$3,761,116	\$7,298,056	\$7,779,376	\$7,853,778
Chowchilla Subbasin	\$844,672	\$662,126	\$1,979,184	\$2,382,472	\$2,417,006	\$4,162,669	\$4,222,598	\$5,195,208	\$5,159,573	\$5,214,504
Delta Mendota Subbasin	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Total	\$1,574,812	\$2,050,491	\$3,137,331	\$3,384,539	\$3,451,572	\$7,576,570	\$7,983,714	\$12,493,264	\$12,938,949	\$13,068,282

Water Supplies (Sites Reservoir) Assumptions

- Participation and Annual Water Yield at 10,000-acre feet per year (AFY)
- Construction from 2024-2030 with first deliveries estimated in 2032-33
- Cash needs include buy-in to participation, annual future debt service, and annual future operations costs
- County GSAs cost share based on annual average yield participation: 6% of total costs
 - › Costs then allocated between Madera and Chowchilla subbasins



Sites Reservoir

Financing Scenarios for Identifying Cash Needs

- Sites Reservoir internally modeled five financing scenarios for funding design and construction from best case to worst case
- Raftelis' cash flow models the second most conservative scenario, consistent with recharge facilities financing assumptions
- Estimated annual cash requirement when operations begin: \$9.6M

Sites Costs	FYE 2023	FYE 2024	FYE 2025	FYE 2026	FYE 2027	FYE 2028	FYE 2029	FYE 2030	FYE 2031	FYE 2032
Madera Subbasin	\$2,131,911	\$967,480	\$1,105,691	\$112,654	\$1,480,654	\$3,499,787	\$5,321,762	\$5,502,993	\$6,150,591	\$6,649,374
Chowchilla Subbasin	\$953,089	\$432,520	\$494,309	\$50,363	\$661,940	\$1,564,611	\$2,379,141	\$2,460,161	\$2,749,676	\$2,972,661
Delta Mendota Subbasin	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Total	\$3,085,000	\$1,400,000	\$1,600,000	\$163,017	\$2,142,594	\$5,064,398	\$7,700,902	\$7,963,154	\$8,900,267	\$9,622,035

Domestic Well Mitigation Cost Assumptions

- Joint GSP in Madera Subbasin and GSP in Chowchilla Subbasins funding would pay for deeper replacement wells for homeowners
- Estimated dry wells based on hydrologic modeling
- Local cost estimates of well replacement: \$30k per well
- Equal number of wells each year
- Assumes Domestic Well Mitigation programs are cash funded from rates, not debt financed

Domestic Well Mitigation Total Cash Needs

Domestic Wells Costs	FYE 2023	FYE 2024	FYE 2025	FYE 2026	FYE 2027	FYE 2028	FYE 2029	FYE 2030	FYE 2031	FYE 2032
Dry Wells (MC GSA)										
Madera Subbasin	104	104	104	149	149	149	149	149	20	20
Chowchilla Subbasin	17	17	17	7	7	7	7	7	0	0
Delta Mendota Subbasin	0	0	0	0	0	0	0	0	0	0
Total	121	121	121	156	156	156	156	156	20	20
Cost to Replace a Well	\$30,960	\$31,951	\$32,973	\$34,028	\$35,117	\$36,241	\$37,401	\$38,597	\$39,833	\$41,107
Replacement Costs										
Madera Subbasin	\$3,229,074	\$3,332,405	\$3,439,042	\$5,071,792	\$5,234,089	\$5,401,580	\$5,574,431	\$5,752,813	\$782,247	\$807,279
Chowchilla Subbasin	\$532,507	\$549,547	\$567,132	\$250,834	\$258,861	\$267,145	\$275,693	\$284,516	\$4,195	\$4,329
Delta Mendota Subbasin	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Total	\$3,761,581	\$3,881,951	\$4,006,174	\$5,322,627	\$5,492,951	\$5,668,725	\$5,850,124	\$6,037,328	\$786,441	\$811,607
Program Management Costs										
Madera Subbasin	\$322,907	\$333,240	\$343,904	\$507,179	\$523,409	\$540,158	\$557,443	\$575,281	\$78,225	\$80,728
Chowchilla Subbasin	\$53,251	\$54,955	\$56,713	\$25,083	\$25,886	\$26,714	\$27,569	\$28,452	\$419	\$433
Delta Mendota Subbasin	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Total	\$376,158	\$388,195	\$400,617	\$532,263	\$549,295	\$566,873	\$585,012	\$603,733	\$78,644	\$81,161

Land Repurposing (SALC) Program and Assumptions

- SALC would achieve approximately 50% of the total demand management target, over time
- Voluntary program to:
 - › Reduce demand from participating irrigated lands
 - Initial incentive payment of \$600 - \$760 per acre
- Annual term for enrollment and participation
- Program is cash funded from rates, not debt financed
- Staff costs split between % share of enrolled acreage within each subbasin
-



Land Repurposing (SALC)

Total Cost Detail (Program continues to at least 2040)

SALC Costs	FYE 2023	FYE 2024	FYE 2025	FYE 2026	FYE 2027	FYE 2028	FYE 2029	FYE 2030	FYE 2031	FYE 2032
Operating Costs										
Madera Subbasin	\$393,257	\$413,479	\$437,475	\$459,463	\$477,226	\$476,608	\$488,022	\$508,865	\$535,323	\$562,880
Chowchilla Subbasin	\$100,424	\$102,691	\$104,154	\$107,789	\$118,133	\$143,768	\$164,723	\$176,661	\$186,376	\$195,203
Delta Mendota Subbasin	\$9,519	\$12,190	\$13,149	\$15,265	\$16,284	\$21,849	\$21,592	\$22,527	\$21,756	\$22,545
Total	\$503,200	\$528,360	\$554,778	\$582,517	\$611,643	\$642,225	\$674,336	\$708,053	\$743,456	\$780,628
Irrigated Lands Costs										
Madera Subbasin	\$4,411,586	\$5,175,588	\$6,004,443	\$6,858,845	\$7,729,479	\$7,039,022	\$7,293,523	\$8,092,584	\$8,984,382	\$9,943,605
Chowchilla Subbasin	\$1,126,567	\$1,285,402	\$1,429,532	\$1,609,069	\$1,913,355	\$2,123,305	\$2,461,793	\$2,809,470	\$3,127,965	\$3,448,380
Delta Mendota Subbasin	\$106,785	\$152,585	\$180,475	\$227,871	\$263,746	\$322,690	\$322,690	\$358,251	\$365,141	\$398,276
Total	\$5,644,938	\$6,613,575	\$7,614,450	\$8,695,785	\$9,906,580	\$9,485,017	\$10,078,006	\$11,260,305	\$12,477,488	\$13,790,261
Estimated Participating Acreage										
Madera Subbasin	6,724	8,079	9,444	10,863	12,595	14,482	15,625	16,837	18,180	19,615
Chowchilla Subbasin	1,869	2,176	2,492	2,794	3,235	3,723	4,210	4,784	5,398	6,128
Delta Mendota Subbasin	154	217	251	318	363	446	464	521	544	610
Total	8,746	10,472	12,187	13,976	16,193	18,651	20,299	22,142	24,122	26,354