

## Sonoma County GSAs Response to Board of Supervisor Questions re: GSA funding, County contributions, and long-term funding strategies

November 10, 2023

### How much has each member agency contributed to the GSAs since the establishment?

Response: Prior to GSA formation, all member agencies committed financial resources and staff time to establish the agencies. After establishment, each GSA was funded with member agency contributions that were negotiated in the formation of each JPA, with additional contribution levels adopted by each GSA Board. In 2019, the Santa Rosa Plain GSA began to collect revenue by charging for groundwater use with the County/Sonoma Water covering non-municipal fees. In 2022, all three GSAs began charging fees to all groundwater users with County contributions helping to equalize fees across all three basins.

The below table depicts member agency contributions, in-kind services, and groundwater sustainability fees from the member agencies of all three GSAs since their establishment in 2017 through FY23-24. Percentages are for each separate groundwater basin.

**Table 1: Fiscal contributions of member agencies to fund Sonoma County GSAs, FY17-18 to FY23-24**

Member Agencies	Petaluma Valley	Sonoma Valley	Santa Rosa Plain	Grand Total
City of Cotati			\$ 160,320 (6.2%)	\$ 160,320 (2.2%)
City of Petaluma	\$ 426,819 (18.4%)			\$ 426,819 (5.9%)
City of Rohnert Park			\$ 384,044 (14.9%)	\$ 384,044 (5.3%)
City of Santa Rosa			\$ 355,023 (13.8%)	\$ 355,023 (4.9%)
City of Sebastopol			\$ 213,093 (8.3%)	\$ 213,093 (2.9%)
City of Sonoma		\$ 320,992 (13.6%)		\$ 320,992 (4.4%)
County of Sonoma	\$ 1,166,652 (50.2%)	\$ 1,073,851 (45.3%)	\$ 729,637 (28.4%)	\$ 2,970,140 (40.9%)
Gold Ridge RCD			\$ 119,000 (4.6%)	\$ 119,000 (1.6%)
Independent Water Suppliers			\$ 160,330 (6.2%)	\$ 160,330 (2.2%)
North Bay Water District	\$ 65,000 (2.8%)	\$ 70,000 (3%)		\$ 135,000 (1.9%)
Sonoma RCD	\$ 65,111 (2.8%)	\$ 70,000 (3%)	\$ 40,000 (1.6%)	\$ 175,111 (2.4%)
Sonoma Water <sup>1</sup>	\$ 601,416 (25.9%)	\$ 548,466 (23.2%)	\$ 286,323 (11.1%)	\$ 1,436,205 (19.8%)
Town of Windsor			\$ 125,985 (4.9%)	\$ 125,985 (1.7%)

<sup>1</sup> Sonoma Water financial contributions includes in-kind services but does not include unreimbursed staff time.

**Attachment 6 - Groundwater Sustainability Response to BoS Questions**

Valley of the Moon Water District		\$ 285,352 (12.1%)		\$ 285,352 (3.9%)
<b>Grand Total</b>	<b>\$ 2,324,998 (100%)</b>	<b>\$ 2,368,661 (100%)</b>	<b>\$ 2,573,754 (100%)</b>	<b>\$ 7,267,412 (100%)</b>

As the GSAs have shifted from primarily being funded by member agencies to be funded by groundwater sustainability fees, contributions by member agencies have shifted to fees charged for actual groundwater use. Most cities and water districts currently pay based on their level of extraction. The exception is the City of Sonoma, which currently contributes \$25,000 in addition to paying for the small amount of water that it pumps from the Sonoma Valley basin. Agencies pay for water extracted at the full rate, and do not receive a subsidy from the County. The below table depicts member agency contributions and groundwater sustainability user fees from the member agencies of all three GSAs for FY23-24.

**Table 2: FY23-24 Revenue Sources by Agency**

		<b>Petaluma Valley</b>	<b>Sonoma Valley</b>	<b>Santa Rosa Plain</b>
<b>Projects &amp; Agency Operations</b>	<b>Member Agency Contributions &amp; Groundwater Sustainability Fees</b>			
	City of Cotati			\$ 12,922
	City of Petaluma	\$ 39,265		
	City of Rohnert Park			\$ 84,388
	City of Santa Rosa			\$ 69,118
	City of Sebastopol			\$ 40,881
	City of Sonoma		\$ 25,229	
	County of Sonoma	\$ 500,000	\$ 500,579	\$ 5,168
	Independent Water Suppliers			\$ 20,954
	Sonoma Water			\$ 23,662
	Town of Windsor			\$ 2,000
	Valley of the Moon Water District		\$ 7,425	
	<b>Total Member Agency Contributions &amp; Fees</b>	<b>\$ 539,265</b>	<b>\$ 533,233</b>	<b>\$ 259,094</b>
	<b>Non-Member Agency Fee Revenue</b>	<b>\$ 96,072</b>	<b>\$ 250,706</b>	<b>\$ 510,246</b>
<b>Estimated Grant Revenue</b>	<b>\$ 872,934</b>	<b>\$ 663,496</b>	<b>\$ 1,153,656</b>	
<b>TOTAL FY23-24 REVENUES</b>	<b>\$1,508,271</b>	<b>\$1,447,435</b>	<b>\$1,922,996</b>	

## Attachment 6 - Groundwater Sustainability Response to BoS Questions

### How are other GSAs funded and what involvement do other counties across the state have in funding GSAs?

Response: There are over 350 GSAs in over 140 basins across California, located within all but four of the 58 counties in the state. These GSAs vary greatly in terms of their size, membership composition, and how far along they are in implementing SGMA. Staff reviewed available information for a small selection of similar sized GSAs across California that were reasonable comparators. Of the 14 GSAs informally reviewed by staff, 50 percent were totally or partially funded by counties; 64 percent received total or partial funding from cities or irrigation districts; and 21 percent were totally or partially funded through taxes/fees.

In summary, funding sources and amounts vary widely and can be influenced by the size and complexity of each groundwater basin, the overall basin health, the socio-economic and political dynamics of each region, and the water portfolios of each region. Counties are often member agencies to JPAs and in some cases serve as the lead agency for GSAs. In other cases, irrigation districts or cities have taken the lead. Some GSAs utilize the staff of member agencies (not necessarily included in the annual budget), others have staff of their own, and some GSAs hire consultants to provide staffing. In addition, depending on the health and size of the basin, how long groundwater management efforts have been ongoing, etc., the costs of project and management actions can vary greatly. Total budgets vary greatly and may be affected by geographic size of the groundwater basin, volume of groundwater use, number of wells, and the status of GSP development and implementation, making comparisons across GSAs very difficult.

Statewide, many GSAs have not yet adopted fees to fund the agencies, with the Sonoma County GSAs being leaders amongst small and mid-sized GSAs. Where fees have not been adopted, many GSAs are funded by member agencies (including counties) as agencies work to develop fees for more sustainable funding.

Given the significant differences in each of the GSA funding needs, revenue sources, and member agency compositions, there is no good way to directly compare GSAs regarding funding contributions by County agencies. The below table of comparisons is provided to highlight the diversity in budgets and funding sources.

**Table 3: Range of California GSA Funding Sources and Budgets**

County	GSA	Approximate Annual Budget	Revenue Source
<b>Alameda Co.</b>	East Bay Plain Subbasin	\$200,000 (FY24)	EBMUD (80%) City of Hayward (20%)
<b>Humboldt Co.</b>	Humboldt County (administered by the County)	\$40,000 - \$65,000 (FY23-24 budget estimate in Plan)	County General Fund
<b>Lake Co.</b>	Big Valley (administered by the Lake County Watershed Protection District)	Unknown	Cannabis fee funds
<b>Los Angeles Co.</b>	Santa Monica basin (MOU)	Unknown	Administration cost split between the cities of Santa Monica and Los Angeles
<b>Mendocino Co.</b>	Ukiah Valley (JPA)	\$275,000 (FY22-23)	GSA Member Agency Contributions, including Mendocino County (\$68,750)
<b>Napa Co.</b>	Napa Valley (administered by the County)	\$1.2 million (FY 23-24)	County
<b>Sacramento Co.</b>	South American	Unknown	Fee on per acre of irrigated ag land (\$ 10/AF)

**Attachment 6 - Groundwater Sustainability Response to BoS Questions**

	Cosumnes Solano subbasin white areas (MOU)		
<b>San Joaquin Co.</b>	Eastern San Joaquin Groundwater Authority (JPA)	\$960,000 (FY23-24)	17 GSA member contributions, including San Joaquin County (around \$70,000)
<b>San Luis Obispo Co.</b>	San Luis Obispo Basin	\$965,000	San Luis Obispo County (60%) City of San Luis Obispo (40%)
<b>Santa Barbara Co.</b>	Montecito (run by Montecito Water District)	\$1,873,000 (FY 2024)	GW fees of \$120/ac.
<b>Santa Cruz Co.</b>	Mid-County (JPA)	\$300,000	Soquel Creek Water District (70%) County of Santa Cruz (10%) City of Santa Cruz (10%) Central Water District (10%)
<b>Tulare Co.</b>	Mid Kaweah GSA (JPA)	\$600,000 (FY22-23)	GSA Member Agency Contributions, even split between cities of Visalia and Tulare, and the Tulare Irrigation District
<b>Ventura Co.</b>	Fox Canyon	\$5,378,000	GW fees (\$3.5M), pump charges \$6/AF (\$726K), grants
<b>Yolo Co.</b>	Yolo Subbasin (JPA)	\$690,000 (FY23-24)	26 member agencies. Yolo County (\$40,000)

FOR DISCUSSION

## Attachment 6 - Groundwater Sustainability Response to BoS Questions

### What user types have been supported by the County subsidy thus far?

Response: In the past two years, the county subsidy has supported all **non-municipal** groundwater users in the Sonoma Valley and Petaluma Valley basins. Municipal users have been charged the current full fee of \$73/AF in Sonoma Valley and \$147/AF in Petaluma Valley. These fees were established by resolutions in 2022 and were set based on a reduced GSA Year 1 administration and project budget in the rate and fee studies. The GSAs are currently pursuing updates to their rate and fee studies given the high amount of fee corrections in Year 1 and increased costs due to inflation. The GSAs anticipate any future county subsidy would continue to be used to equalize the fees across the three basins with the Santa Rosa Plain GSA rate. For purposes of discussion, the GSAs have estimated what rates would be needed to meet budget needs for FY24-25 which are used in the following table.

**Table 4. Possible FY 24-25 Fee Revenues with and without County Subsidy**

SANTA ROSA PLAIN				
Users	Extraction (AF)	% of Total	Current Fee Revenue (\$40/AF)	Possible FY24-25 Fee Revenue (\$44/AF) <sup>2</sup>
Municipal	5,277	27%	\$211,071	\$232,178
Small Systems	1,700	9%	\$67,984	\$74,783
Rural Residential	3,976	21%	\$159,020	\$174,922
Agricultural Irrigation	5,122	27%	\$204,867	\$225,354
Commercial	1,025	5%	\$41,005	\$45,105
Turf & Urban Irrigation	2,210	11%	\$88,398	\$97,238
<b>Total</b>	<b>19,309</b>	<b>100%</b>	<b>\$772,345</b>	<b>\$849,580</b>
PETALUMA VALLEY				
Users	Extraction (AF)	% of Total	Possible FY24-25 Fee Revenue with County Subsidy (\$44/AF) <sup>2</sup>	Possible FY24-25 Fee Revenue without County Subsidy (\$213/AF) <sup>2</sup>
Municipal <sup>3</sup>	259	10%	\$55,082	\$55,082
Small Systems	93	3%	\$4,088	\$19,788
Rural Residential	650	24%	\$28,589	\$138,397
Agricultural Irrigation	1,090	40%	\$47,966	\$232,197
Commercial	437	16%	\$19,220	\$93,044
Turf & Urban Irrigation	186	7%	\$8,177	\$39,585
<b>Total</b>	<b>2,714</b>	<b>100%</b>	<b>\$163,121</b>	<b>\$578,092</b>
SONOMA VALLEY				
Users	Extraction (AF)	% of Total	Possible FY24-25 Fee Revenue with County Subsidy (\$44/AF) <sup>2</sup>	Possible FY24-25 Fee Revenue without County Subsidy (\$128/AF) <sup>2</sup>
Municipal <sup>3</sup>	101	2%	\$12,983	\$12,983
Small Systems	633	10%	\$27,864	\$81,059
Rural Residential	969	15%	\$42,636	\$124,032
Agricultural Irrigation	3,770	59%	\$165,882	\$482,567
Commercial	258	4%	\$11,352	\$33,024
Turf & Urban Irrigation	667	10%	\$29,352	\$85,387

<sup>2</sup> These are example rates. Actual FY24-25 rates are subject to Rate & Fee Study updates and approval by the GSA Board of Directors.

<sup>3</sup> The rate charged to municipal pumpers is the currently set at \$73/AF in Sonoma Valley and \$147/AF in Petaluma Valley. If the rates are increased, it is anticipated that the municipal rate would stay at the maximum rate and would not be subsidized by the County contribution (potentially up to \$128/AF in Sonoma Valley and \$213/AF in Petaluma Valley).

**Attachment 6 - Groundwater Sustainability Response to BoS Questions**

<b>Total</b>	<b>6,399</b>	<b>100%</b>	<b>\$290,069</b>	<b>\$819,051</b>
--------------	--------------	-------------	------------------	------------------

**Could the Board of Supervisors offer specific funding support to farmers/dairy operators and what would that cost?**

Response: The Board could decide to offset food producer/dairy operator fees, either in lieu of or in addition to a general subsidy. If the County funds covered the fee for all food producers, 1,811 AF would be impacted. The individual basin costs at the theoretical updated rates is included below, including a breakdown by production type:

**Table 5: Fiscal impacts of groundwater sustainability fees on food producers by production type**

	Petaluma Valley		Sonoma Valley		Santa Rosa Plain
	Possible Revenue without County Subsidy (\$213/AF) <sup>2</sup>	Possible Revenue with County Subsidy (\$44/AF) <sup>2</sup>	Possible Revenue without County Subsidy (\$128/AF) <sup>2</sup>	Possible Revenue with County Subsidy (\$44/AF) <sup>2</sup>	Possible Revenue (\$44/AF) <sup>2</sup>
Truck Crops	\$36,960 174 AF	\$7,635	\$6,669 52 AF	\$2,292	\$31,256 710 AF
Deciduous Fruit & Nuts	\$8,619 40 AF	\$1,781	\$6,314 49 AF	\$2,171	\$10,101 230 AF
Citrus & Subtropical	\$12,768 60 AF	\$2,637	\$4,396 34 AF	\$1,511	\$1,240 28 AF
Dairies	\$27,690 130 AF	\$5,720	\$4,480 35 AF	\$1,540	\$6,600 150 AF
Poultry	\$4,686 22 AF	\$968	\$512 4 AF	\$176	\$880 20 AF
Pasture	\$3,957 19 AF	\$817	\$410 3 AF	\$141	\$2,228 51 AF
<b>Total</b>	<b>\$94,680</b> <b>445 AF</b>	<b>\$19,558</b>	<b>\$22,780</b> <b>178 AF</b>	<b>\$7,831</b>	<b>\$52,305</b> <b>1,189 AF</b>

**What would be involved in establishing a means-based rate subsidy program (like the CARES Program)? What is this anticipated to cost?**

Response: The GSAs have requested legal guidance from counsel on what it would take to establish a similar program. Significant research would be needed to develop the program and understand what it would look like. If the GSAs were to pursue this option, funding would be needed to research and establish the program, to provide subsidy funds, and to administer the program on an annual basis. Rural residences cannot be required to meter per state regulations and are assumed to utilize 0.5 acre-foot per year. In total, rural residences in the three basins account for 5,595 acre-feet of extraction. Total charges to these users would be \$437,351 without county subsidies (with individual users paying between \$22 and \$106.5 annually); with a subsidy to hold rates

## Attachment 6 - Groundwater Sustainability Response to BoS Questions

even across basins the cost would be \$246,147 (with individual users paying \$22 annually). The proportion of these rural residential users who would qualify for a needs-based subsidy is not known.

### What costs would we save if the GSAs were consolidated into one agency? What would it cost to pursue consolidation? Would one GSA be able to charge a singular fee (per AF) that is consistent for all users in the County?

Response: Based on initial staff estimates and not including the costs of standing up a new GSA and dissolving the three existing GSAs, the annual cost of operating one GSA representing all three Sonoma County basins would be **\$7,930,000, representing a cost savings of approximately \$135,000 or 1.7% of the combined budgets of the three Sonoma County GSAs.** These savings are associated with administration costs (10% of the annual budget) and are derived from holding fewer meetings (adjusting from the current quarterly Board meetings per year (x3) to 6 total Board meetings), efficiencies in accounting and auditing, and efficiencies related to rate and fee study development. Most of the GSA costs would remain the same regardless of governance structure, including SGMA reporting and data collection requirements (10% of annual budget), grant funded work and GSP implementation costs (60% of annual budget), costs of outreach and Advisory Committee coordination (5% of annual budget), and legal costs (3% of annual budget). These numbers will continue to be refined and presented to the Long-term Funding Ad Hoc in December.

Costs of consolidation and JPA formation have not yet been determined, although consolidation costs are anticipated to be significant and consistent with those incurred during the original setup of the three existing GSAs. These costs would include developing a new JPA that covers all three basins, negotiations with member agencies and key stakeholders, legal review of JPA documents, holding public hearings, conducting public outreach and engagement in the affected basins, conducting a new rate and fee study to support the new fee structure, and coordination with the Department of Water Resources to ensure continued SGMA compliance through a change in governance structure. In addition, should the governance of the GSA change, the GSPs would need to be re-noticed and re-adopted, leading to further costs plus possible additional review and reconsideration by DWR if anything changed from the original submittal. While the costs of this work have not yet been determined, GSA staff anticipate that it would be a significant investment of money and time with no guarantee of success.

Fee collection is regulated by the state Constitution, as amended by Propositions 26 and 218, and by various laws and requires rigorous documentation of costs via a fee study. The regulatory/user fee charged for a specific benefit must not exceed the reasonable costs to the local government of the benefit (administration) and the fee must be proportional. Those not benefitting can not be charged. Since both the administration and project costs for each GSA varies, we need more information to address the question of if a singular fee could be charged across a consolidated GSA.

Ultimately, the GSA Boards of Directors would decide whether to pursue creation of a consolidated GSA. The three GSAs are in the process of convening a Long-term Funding Ad Hoc with representatives of all three GSA Boards to discuss these options. The next meeting is anticipated to occur on December 18.