

CITY OF SANTA ROSA  
CITY COUNCIL

TO: MAYOR AND CITY COUNCIL  
FROM: PETER MARTIN, DEPUTY DIRECTOR, WATER RESOURCES  
SANTA ROSA WATER  
SUBJECT: COUNCIL DIRECTION TO SANTA ROSA PLAIN  
GROUNDWATER SUSTAINABILITY AGENCY BOARD MEMBER  
REGARDING ADOPTION OF GROUNDWATER SUSTAINABILITY  
USER FEES

AGENDA ACTION: MOTION

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RECOMMENDATION

It is recommended by Santa Rosa Water and the Board of Public Utilities that the Council consider the revised groundwater sustainability user fee for the Santa Rosa Plain Groundwater Sustainability Agency (SRP GSA), and, by motion, recommend the Santa Rosa Plain Groundwater Sustainability Agency Board member support adoption of the revised fee at the June 9, 2022 Public Hearing.

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EXECUTIVE SUMMARY

The Santa Rosa Plain Groundwater Sustainability Agency (SRP GSA) is a Joint Powers Authority comprised of the Cities of Cotati, Rohnert Park, Santa Rosa, and Sebastopol, the Town of Windsor, the County of Sonoma, Sonoma Water, the Gold Ridge and Sonoma Resource Conservation Districts. In addition, a group of mutual water companies and independently owned water systems, via agreement with the SRP GSA, also have a seat on the SRP GSA Board of Directors. The SRP GSA is a self-funding agency, formed by law in 2017 to carry out the mandates of the Sustainable Groundwater Management Act of 2014 (SGMA). After formation of the SRP GSA in 2017, the representative agencies each contributed \$55,000 and \$64,000 for years 2017 and 2018 until a fee could be established.

Beginning in 2018, the SRP GSA utilized a rate and fee consultant to establish a three-year fee and funding plan that would sustain the efforts necessary to develop the mandated Groundwater Sustainability Plan (GSP) per SGMA requirements. In June 2019, the SRP GSA Board of Directors approved an ordinance enacting a groundwater sustainability user fee of \$19.90 per acre foot per year of groundwater extracted within the SRP GSA jurisdictional boundary. Since 2019, the City of Santa Rosa has contributed \$31,800 annually per that fee to offset municipal well uses for customers of Santa Rosa

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Water, or approximately 9% of the \$337,000 annual budget requirements of the SRP GSA. During this time, fees for private domestic and agricultural users were not collected and were instead paid by funds voluntarily contributed by Sonoma County and Sonoma Water. Sonoma County and Sonoma Water agreed to contribute \$240,000 annually for three years to offset their own groundwater use fees and the fees for all private domestic and agricultural well owners in the basin through June 30, 2022 while the GSP was being developed.

The GSP was recently adopted in December 2021 and submitted to the State of California Department of Water Resources in January 2022. Since last year, the SRP GSA Board of Directors has been investigating options for fee structures to sustain the implementation of the newly adopted SRP GSA GSP for fiscal years 2022-2027. During several public meetings, direction was given to pursue the existing per acre foot annual groundwater sustainability user fee structure adopted in 2019, and revisit the fee amount necessary to sustain the budgetary funding for the five-year GSP implementation timeframe of FYs 2022-2027. The proposed rate to be assessed will be in the range of \$36-\$44 per acre foot of groundwater extracted annually for all groundwater users within the boundary of the SRP GSA boundary.

The SRP GSA Board of Directors will hold a meeting on June 9, 2022 to consider adoption of the revised fee. Santa Rosa Water staff are requesting the City Council provide direction to the City Council representative appointed to the Board of Directors of the SRP GSA regarding adoption of the revised fee at that public hearing. The City's SRP GSA Board member is currently Council Member Schwedhelm.

## BACKGROUND

In 2014, the California State Legislature began a very public investigation into the extent of groundwater overdraft issues statewide. A widening body of scientific evidence showed the annual rate of overdraft statewide was approaching unsustainable levels, with the rate of subsidence in the greater Central Valley creating problems that could become irreversible. The state was already experiencing a multi-year drought, and the overuse of groundwater basins to supplement diminished surface water supplies was causing unprecedented rates of groundwater elevation loss. The legislature spent the better part of 2014 developing three pieces of legislation that would ultimately become the Sustainable Groundwater Management Act (SGMA), which became effective in early 2015.

SGMA substantially changed the way groundwater is managed in California. SGMA gives local agencies the necessary authorities to manage their groundwater in a sustainable manner and allowed for some state intervention in certain limited scenarios, mostly as a "backstop" to protect groundwater resources.

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The law required that groundwater basins and subbasins in California designated as medium- or high-priority by the California Department of Water Resources (DWR) be managed “sustainably” according to SGMA. The Santa Rosa Plain Groundwater Subbasin (Subbasin), designated as basin number 1-55.01 in DWR’s Bulletin No. 118 (2016), is categorized as a medium-priority basin, and therefore subject to the requirements of SGMA.

SGMA included several mandates, predominantly: 1) the requirement of local agencies to form one or more new governing bodies known as Groundwater Sustainability Agencies (GSAs) to carry out the objectives of SGMA, 2) GSAs must develop and adopt one or multiple Groundwater Sustainability Plans (GSPs) that fully cover the DWR prioritized subbasin by specified deadlines, 3) GSAs must implement the GSP, manage, and achieve quantifiable objectives and sustainability within 20 years of GSP adoption, and, 4) regularly report data and GSP progress to DWR during the 20-year planning and implementation horizon.

In 2015, a coalition of local entities that were eligible to become GSAs began meeting to facilitate the requirement that a GSA be formed before June 30, 2017. A series of public workshops were conducted in 2015, 2016 and 2017 to inform the public about the requirements of SGMA, and to solicit feedback and receive public input regarding the development of the GSA.

A working group comprised of these entities developed a Joint Exercise of Powers Agreement and Bylaws during that time. On May 2, 2017 the Santa Rosa City Council approved the Joint Powers Agreement and approved the City’s membership in the future GSA. In June 2017, the Santa Rosa Plain Groundwater Sustainability Agency (SRP GSA) was formed and formally recognized by DWR as the GSA representing the Subbasin. The SRP GSA membership includes the Cities of Cotati, Rohnert Park, Santa Rosa, and Sebastopol, the Town of Windsor, the County of Sonoma, Sonoma Water, the Gold Ridge and Sonoma Resource Conservation Districts. In addition, a group of mutual water companies and independently owned water systems, via agreement with the SRP GSA, also have a seat on the SRP GSA Board of Directors.

The SRP GSA has a Contract Administrator, a Board of Directors comprised of SRP GSA member agency representatives, and an Advisory Committee comprised of member agency representatives along with environmental, rural residential well-users, agricultural, business community, and tribal representatives.

The SRP GSA has broad discretionary authorities, pursuant to SGMA, to implement the GSP and achieve sustainability. The authorities include:

- Requiring registration of wells and measurement of extractions
- Requesting revisions to basin boundaries
- Regulating extractions

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- Implementing capital projects
- Assessing fees

The overarching goal from the initial creation of the SRP GSA was to have an inclusive makeup and governance structure for the purpose of coordinating the various groundwater management activities within the Subbasin, including the development and implementation of a single GSP for the entire Subbasin. Since 2017, the SRP GSA Board and Advisory Committee have met regularly in publicly noticed meetings in pursuit of drafting a comprehensive GSP for submission to DWR by January 31, 2022.

Now that the GSP has been adopted by the SRP GSA Board of Directors, the SRP GSA must immediately begin the implementation of the GSP on the 20-year timeframe per the mandates from SGMA. Over the past several months, the SRP GSA has been investigating necessary funding mechanisms to ensure timely delivery of the first five years of GSP implementation. The SRP GSA contracted with a rate and fee consultants team comprised of SCI Consulting Group and Larry Walker Associates and evaluated options for GSA rate and fee funding structures on behalf of the three GSAs that have jurisdiction within Sonoma County that are subject to SGMA; those being the Petaluma Valley, Santa Rosa Plain, and Sonoma Valley GSAs. The consultant evaluated fee options that included pumping fees, individual wellhead fees, parcel taxes, and benefit assessments.

At the April 14, 2022 SRP GSA Board of Directors Meeting, the consultants presented detailed information regarding the feasibility of the options, and expected fee schedules necessary to sustain a five year average annual budget of \$1,074,600 to sustain SRP GSA administration and operations. The Board of Directors reviewed the information presented, directed the consultant to remove all other options from consideration, and pursue the existing per acre foot Groundwater Sustainability User Fee structure adopted by the Board in 2019 and refine the fee amount necessary to sustain the implementation of the GSP over the next five fiscal years. SCI Consulting Group further analyzed the groundwater pumping information and determined that the fee amount should be \$36-44 per acre foot of water extracted within the SRP GSA Boundary.

For the Petaluma Valley and Sonoma Valley GSAs the fees are proposed to be \$230-\$400 and \$95-\$160 per acre foot, respectively. Within the three basins, there are significant differences in the overall population and individual well classes that would be subject to the fees. The other two basins are dominated by agricultural well users, have less users, and lower populations overall that would be subject to the fees. Meanwhile the proposed budget necessary for the three basins are the same because necessary work outcomes are similar. The differences in the proposed groundwater sustainability user fees reflect those data variables.

Over the past few months, the SRP GSA Board has hosted four community meetings that were publicly noticed and advertised to discuss the rate and fee study approach and the

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proposed revised fee. Two of those meetings were hosted virtually, and two were in-person meetings occurring in the Town of Windsor and City of Santa Rosa. The four meetings collectively logged close to 300 questions and comments from the public. Information regarding these public meetings including past presentations and agendas can be found at the following address: <https://santarosaplaingroundwater.org/finances/fee/>

The SRP GSA Board of Directors is scheduled to consider adoption of a revised fee at a public hearing to be held on June 9, 2022 at 1:00 p.m. Members of the public are encouraged to attend and provide their comments at the meeting. Staff are recommending that the Council support the proposed revised fee that is necessary to implement the GSP over the next five years.

#### PRIOR CITY COUNCIL REVIEW

On May 2, 2017 the City Council adopted Resolution No. 2017-065 that did the following; (1) approved the Joint Exercise of Powers Agreement creating the Santa Rosa Plain Groundwater Sustainability Agency to act as the single GSA for the Santa Rosa Plain sub-basin, (2) approved the City of Santa Rosa's membership in the SRP GSA, and (3) delegated authority to the Mayor to appoint the Director and Alternate Director to the Santa Rosa Plain GSA Board of Directors, and delegated authority to the Director of Santa Rosa Water to appoint the SRP GSA advisory committee member and alternate.

On March 27, 2018, Santa Rosa Water staff presented, at a joint study session of the Board of Public Utilities and City Council, an overview of the initial rate and fee options that were being considered by the SRP GSA.

On June 5, 2018, The City Council passed a motion giving direction to the City's appointed member of the SRP GSA Board of Directors to support the proposed SRP GSA groundwater sustainability user fee of \$19.90 per acre foot of groundwater extracted annually.

#### ANALYSIS

The 78,720-acre Santa Rosa Plain Groundwater Subbasin is generally bounded on the west by low-lying hills of the Mendocino Range and on the east by the Sonoma Mountains and Mayacamas Mountains. The Subbasin is approximately 22 miles long and the width varies from approximately nine miles through the Santa Rosa area to six miles wide at the south end of the valley near the city of Cotati and narrows greatly at its northern end. The Subbasin includes portions of the Town of Windsor; cities of Cotati, Rohnert Park, Santa Rosa, and Sebastopol; and areas of unincorporated rural communities and agricultural cultivation. The principal streams in the Subbasin are Mark West Creek, Santa Rosa Creek, and Laguna de Santa Rosa, which drain a combined watershed area of approximately 251 square miles.

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Santa Rosa Water derives approximately 6% of the City's annual water supply from groundwater wells within the Subbasin, with the possibility for expansion of groundwater supplies in the future. In addition to the aforementioned municipal wells, many residents and businesses within the City of Santa Rosa have domestic and irrigation wells that will be affected by the implementation planning efforts in the GSP. This includes the imposition of annual fees to support implementation of the GSP and limited regulatory oversight of some wells that may lie within the City's jurisdictional boundaries.

The SRP GSA is responsible for ensuring the achievement of a long-term sustainable yield of groundwater resources in the Subbasin. Given that a considerable portion of water supplies in rural and urban areas throughout the basin rely upon shared groundwater resources, the implementation of the GSP could affect long-term land use decisions on a region-wide scale. Under SGMA, land-use planning agencies must notify GSAs of any proposal to substantially amend a general plan and must review and consider any adopted groundwater plan (including GSA comments) when amending their general plan. Therefore, the GSP will need to be considered and coordinated jurisdictional land-use evaluations by the City of Santa Rosa will occur in future land-use planning efforts.

SGMA requires that after adoption of the GSP the SRP GSA will continue to take measures to monitor and manage the basin in a way that is deemed sustainable by the year 2040. Overall, the subbasin is generally in good condition in terms of quality and quantity compared to other subbasins throughout the state. However, the GSP shows that there has been a limited historical decline in overall groundwater storage. The GSP additionally identifies several data gaps that will require additional monitoring and studies as part of the implementation of the GSP. The GSP outlines a series of successive projects and management actions that may need to be implemented on a 50-year planning horizon. Without the projects and management actions that have been included in the GSP, the basin is projected to experience additional declines by 2071.

Looking forward, implementation of the GSP is critical to meet planning and groundwater resources stewardship objectives for the region while remaining in compliance with SGMA mandates. The five-year proposed budget to be funded by the proposed revised groundwater sustainability user fee of \$36-\$44 per acre foot of groundwater pumped annually has been evaluated by the SRP GSA Board of Directors and has been identified as sufficient to meet the SRP GSA's regulatory requirements under SGMA and to implement the objectives outlined in the GSP.

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FISCAL IMPACT

For the Fiscal Years 2018-2021, Santa Rosa Water has paid \$31,800 annually to the SRP GSA for development of the GSP. Under the proposed revised fee, Santa Rosa Water's contributions would increase to \$57,600 to \$70,300 annually for five fiscal years beginning on July 1, 2022. Santa Rosa Water included the forecasted fee increase in the Department budget request for fiscal year 2022-23. The fee will be included in future Santa Rosa Water fiscal year budgets.

ENVIRONMENTAL IMPACT

This action is exempt from CEQA because it is not a project which has a potential for resulting in either a direct physical change in the environment, or a reasonably foreseeable indirect physical change in the environment, pursuant to CEQA Guidelines Section 15378.

BOARD/COMMISSION/COMMITTEE REVIEW AND RECOMMENDATIONS

On October 20, 2016, the Board of Public Utilities conducted a study session on the Groundwater Sustainability Agency Formation and provided direction to staff.

On April 20, 2017 the Board of Public Utilities adopted a Resolution recommending that the City Council, by resolution, approve the Joint Exercise of Powers Agreement (JPA) creating the Santa Rosa Plain Groundwater Sustainability Agency (GSA), approve the City of Santa Rosa's membership in the GSA, delegate authority to the Mayor to appoint the Director and Alternate Director to the GSA Board of Directors, and delegate authority to the Director of Santa Rosa Water to appoint the GSA Advisory Committee member and alternate.

On May 19, 2022, the Board of Public Utilities, by motion, provided a recommendation to the City Council that the City Council recommend that the City's Santa Rosa Plain Groundwater Sustainability Agency Board member support adoption of the revised groundwater sustainability user fee at the June 9, 2022 Public Hearing.

ATTACHMENTS

None.

CONTACT

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