

# Direction Regarding the Santa Rosa Plain Groundwater Sustainability Agency (GSA)

City Council Meeting

June 5, 2018

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# Presentation Outline

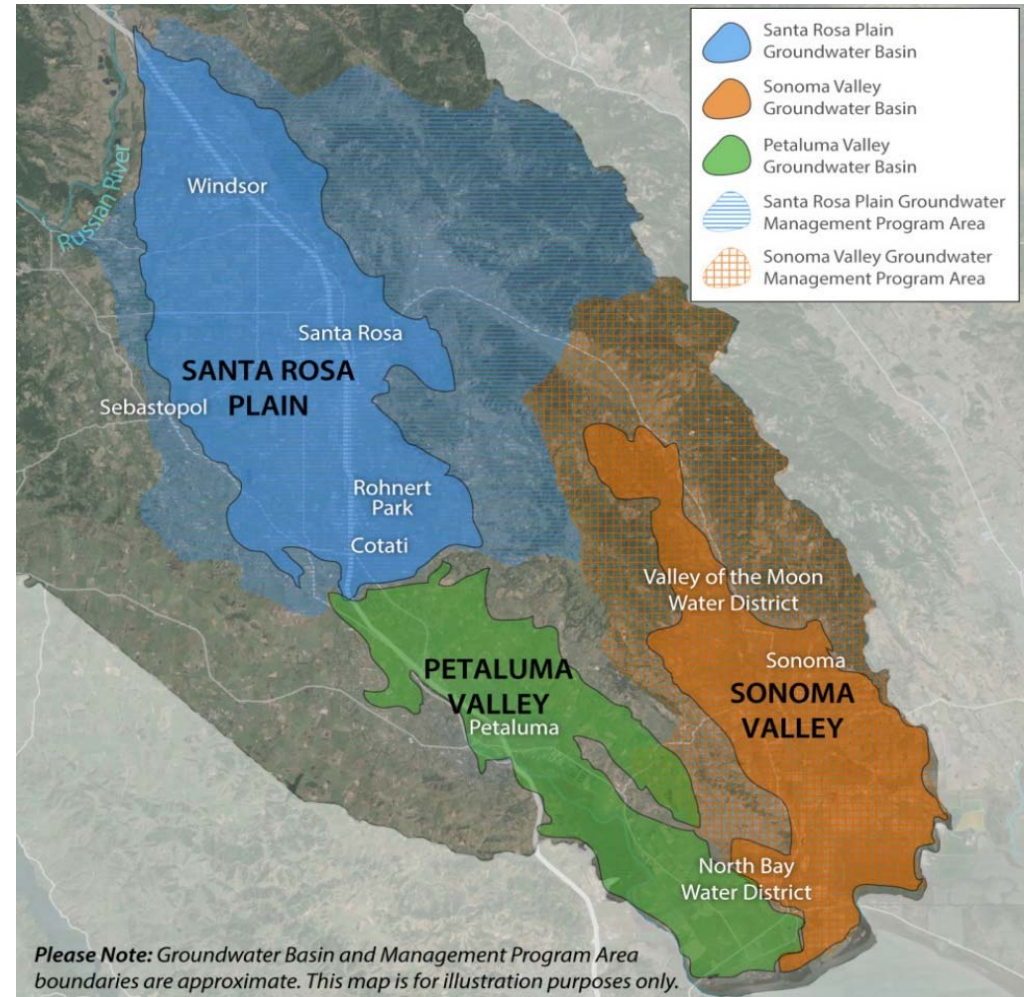
- Sustainable Groundwater Management Act (SGMA) and GSA Background
- Current GSA Funding
- GSA Policy Issues
- Direction to GSA Boardmember

# SGMA Brief Summary

- Became law Jan 1<sup>st</sup> 2015
- Applies to medium and high priority basins
- Develop GSA by June 2017
- Develop GSP by 2022 and achieve sustainability by 2042



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# Santa Rosa Plain GSA

- Formed in June 2017
- Cities of Santa Rosa, Rohnert Park, Cotati, Town of Windsor, Sonoma County, Sonoma County Water Agency, Sonoma and Goldridge Resource Conservation Districts
- Public Utilities Commission Regulated/Mutual Water Company Agreement
- Board consists of one representative per member agency



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# Principles for Developing GSA Governance Options

- Build upon existing cooperation and successful water management efforts in Sonoma County
- Reinforce “local management” principles in SGMA
- Share resources and identify cohesive approach
- Costs should be equitably shared
- Represent community stakeholders through advisory committees
- Conduct robust and transparent outreach

# Current GSA Funding

- The first year of the GSA was funded by its member agencies
- These agencies will fund one more year
- Expect GSA to have its own funding source after two years of operations

Member Agency	FY 2017-18 Commitment	FY 2018-19 Commitment
Sonoma Resource Conservation District	\$20,000	\$20,000
City of Cotati	\$55,000	\$64,000
City of Rohnert Park	\$55,000	\$64,000
City of Santa Rosa	\$55,000	\$64,000
Town of Windsor	\$55,000	\$64,000
Gold Ridge Resource Conservation District	\$55,000	\$64,000
County of Sonoma	\$55,000	\$64,000
Sonoma County Water Agency	\$55,000	\$64,000
PUC-regulated and mutual water companies	\$55,000	\$64,000
TOTAL	\$460,000	\$532,000



# GSA Rate Study

- All 3 basins collaborated to issue a Request for Qualifications (RFQ) for rate and fee study
- Raftelis Financial Consultants selected and GSA Board approved at November 2017 Board meeting
- Presentations at GSA Board meetings, Advisory Committee Meetings, and Community Meeting

# *Preliminary* Funding Options

- Regulatory Fees - Imposed on wells or groundwater usage
- Charges on Groundwater – Imposed on groundwater usage
- Parcel Tax – Per parcel or per acre
- State Intervention Fees – If GSA cannot become self-sufficient



# GSA Policy Options

- April 12<sup>th</sup> GSA Board meeting, GSA staff asked for direction on the following:
  - Foregoing reimbursement of initial start-up costs in the near term
  - Dropping the parcel fee and parcel tax from further consideration
  - Consider using groundwater use as the rate-setting metric
  - Funding the GSA for five years as opposed to the agreed upon two years for startup costs
  - Option for GSA administrative services

# Member Agency Reimbursement

	FY17-18	FY18-19	FY19-20	FY20-21	FY21-22
Total Expenses	\$460,750	\$532,000	\$611,019	\$563,769	\$537,519
Reimbursement	\$0	\$0	\$330,667	\$330,667	\$330,667
Total Expenses with reimbursement	\$460,750	\$532,000	\$941,686	\$894,436	\$868,176

	FY17-18	FY18-19	FY19-20	FY20-21	FY21-22
Total Expenses	\$460,750	\$532,000	\$611,019	\$563,769	\$537,519
Reimbursement	\$0	\$0	\$0	\$0	\$0
Total Expenses w/o reimbursement	\$460,750	\$532,000	\$611,019	\$563,769	\$537,519

# Member Agency Reimbursement

- Delaying reimbursement would reduce the demand for current rate revenue
- Reimbursements could be used to offset some of the City's future GSA charges
- Staff recommends deferring reimbursement until after the GSP is complete to alleviate the need for initially higher rates and charges

# GSA Funding

- Maintain local control
- Avoid State Intervention
- Successful rate-setting process is needed
- Staff recommends GSA continue to develop GSA rates and fees

## FEES beginning in Water Year 2018



\*special studies extra

# Parcel Tax or Parcel Fee

- Parcel Fee - Charged to all parcel owners
  - Potential legal challenges
- Parcel Tax – Requires 2/3rds vote
  - Estimate \$350,000 – 650,000 to place on ballot
- Staff recommends both options be removed from consideration

# Groundwater Use as Metric

- Several rate/fee options based on groundwater use
- Fair approach
- Groundwater users are primary beneficiary of GSA activities
- Staff recommends using groundwater usage as metric for rate setting

# Member Agency Funding

- Member agencies fund JPA through FY 21/22
  - Estimated budget - \$255,000 - \$290,000 per year
  - Estimate contribution - \$30,000 - \$35,000 per year
- Requires unanimous decision of the GSA Board
- Does not achieve self-funding goal
- Does not share costs among those that benefit from GSA activities
- Could be more difficult to set rates in the future
- Staff recommends continued development of GSA rates/fees



# Administrative Services

- Member entity staff serve as interim administrator until GSA Board determines management structure
- Santa Rosa Plain is large, diverse area with wide range of interests
- Independent 3<sup>rd</sup> party administrator better positioned to balance interests
- Staff recommends 6 month extension for Water Agency and procurement for 3<sup>rd</sup> party administrator



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# Direction to GSA Boardmember

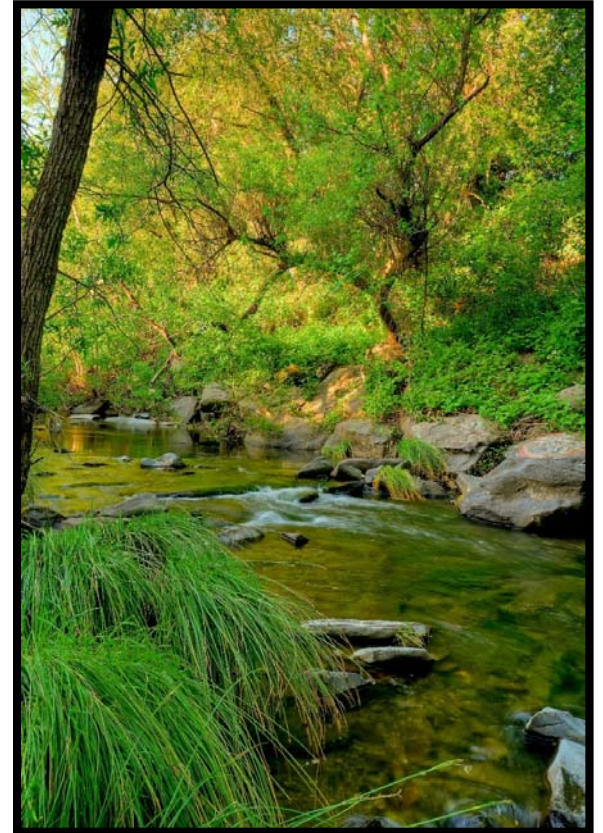
- Councilmember Schwedhelm GSA Board member
- Next GSA Board Meeting is June 14, 2018 at 1PM at UFO
- Provide direction on Policy issues related to funding and administration
  - Foregoing reimbursement of initial start-up costs in the near term
  - Dropping the parcel fee and parcel tax from further consideration
  - Consider using groundwater use as the rate-setting metric
  - Funding the GSA for five years as opposed to the agreed upon two years for startup costs
  - Option for GSA administrative services

# Thank You

Questions/Comments?

GSA website:

<http://sonomacountygroundwater.org>



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