

Corning Sub-basin GSA Committee Meeting Long Term Funding Project Presentation

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June 06, 2023




Corning Sub-basin GSA 6.06.2023 Committee Meeting – 2023 Long Term Funding Project Item

Item Agenda

1. Receive update on 2023 Long Term Funding Project.
2. Review Draft Fee Report and Consider approval for Proposition 218 process.
3. Set public hearing for GSA fee approval (tentative date August 2, 2023 Committee meeting).



Corning Sub-basin GSA – 2023 Long Term Fee Project Schedule

Corning Sub-basin GSA 2023 Long Term Funding Project - Primary Milestones								
Project Tasks	Jan	Feb	Mar	Apr	May	June	July	August
CSGSA Project Outreach		>>>>>>>>>	>>>>>>>>>	>>>>>>>	>>>>>>>>>	>>>>>>>>>	Public Workshop	>>>>>>>>>
CSGSA Committee Meetings		B	B	B	B	B		B
CSGSA Public Meetings				Workshop			Workshop	
Project Development								
Update Revenue Projections	Develop	Draft	Final					
Evaluation Fee Options	Develop	Draft	Final					
Select Preferred Fee				Final	May 11			
Prepare/Approve Fee Report					Final	June 		
Approve Proposed Fees								August
Tax Roll Data To Assessor								8/10/2023

B = CSGSA Committee Meeting



2023 Corning Sub-basin GSA Committee Meeting Project Milestone Actions

Corning Sub-basin GSA Committee Meeting	Committee Action Item	Project Deliverables
February Committee Meeting	Approve Five-Year Revenue Projections	Updated Five-Year Revenue Projections for GSP Implementation
March Committee Meeting	Approve Fee Options To Evaluate	Provide Fee Options and Trade-offs
April Committee Meeting	Approve Fee Options Evaluation	Fee Option TM
May Committee Meeting	Select preferred Fee Option	3-Tier Irrig./Non-Irrig. Fee
June Committee Meeting ★	Approve Fee Report	Set June Meeting date
August Committee Meeting	Approve Proposed Fees	Fee Approval Support
August Assessor's Office Schedule		<u>Provide Tax Roll Data To Assessor by August 10, 2023</u>

- LSCE work will be coordinated with legal counsel review throughout the project duration.
- Corning Sub-basin GSA website and outreach updates provided.

Long Term GSA Fee – Development Process

Establish Revenue Needs (Operational and Implementation Costs)

- Revenue needs – GSA operations
- Revenue needs – SGMA Compliance
- Five-year Revenue Projections – planning horizon
- Adequate for GSA to comply with SGMA
- Meet GSA financial assurance/sustainability goal

Cost Allocation

- By type – operations vs. implementation
- By Subbasin GSA – weighted by effort
- By use – weight by groundwater use
- Proportional relative to user costs and service/benefit received

YOU
ARE
HERE

Proposed Fees/Charges

- Public notification
- Stakeholder outreach
- Public hearing and majority protest

Corning Sub-basin GSA – Updated Revenue Projections For GSP Implementation and SGMA Compliance

Assuming no 2023 DWR SGMA Implementation grant funding.

Maximum annual budget = \$346,448

CORNING SUB-BASIN GSA - Long Term Funding Strategy					
Five-Year DRAFT GSA Operational Budget - GSP Implementation With SGMA Compliance Costs					
5-Year GSP Implementation Inflation Adjustment	0%	3%	3%	3%	3%
Proposed	Year 1	Year 2	Year 3	Year 4	Year 5
Cost Category-GSA Administration	FY2023-24	FY2024-25	FY2025-26	FY2026-27	FY2027-28
<u>General Management</u>					
Administration- Contracted Services	\$90,000	\$90,000	\$90,000	\$90,000	\$90,000
Accounting/County A-87 Costs	\$5,000	\$5,000	\$5,000	\$5,000	\$5,000
Audits	\$10,000	\$10,000	\$10,000	\$10,000	\$10,000
Insurance	\$2,000	\$2,000	\$2,000	\$2,000	\$2,000
<u>Technical Services</u>					
Consulting Services	\$20,000	\$20,000	\$20,000	\$20,000	\$20,000
Legal Services	\$50,000	\$50,000	\$50,000	\$50,000	\$50,000
<u>Materials and Outreach</u>					
Supplies and Materials	\$3,000	\$3,000	\$3,000	\$3,000	\$3,000
Legal Notices	\$1,000	\$1,000	\$1,000	\$1,000	\$1,000
<u>Fees and Assessments</u>					
County Tax Roll Fee	\$4,000	\$4,000	\$4,000	\$4,000	\$4,000
<u>Reserve and Contingency</u>					
GSA Admin. Contingency (5%)	\$9,250	\$9,250	\$9,250	\$9,250	\$9,250
GSA Administration Sub-Total	\$194,250	\$194,250	\$194,250	\$194,250	\$194,250
5-Year GSP Implementation Inflation Adjustment	0%	3%	3%	3%	3%
Cost Category-SGMA Compliance	FY2023-24	FY2024-25	FY2025-26	FY2026-27	FY2027-28
Annual Reporting (with continued DWR monitoring)	\$14,850	\$14,850	\$14,850	\$14,850	\$14,850
Five Year GSP Update w/Modeling Calibrations (due 2027)	\$37,500	\$37,500	\$37,500	\$37,500	\$30,000
Surface-GW Interaction Modeling	\$8,000	\$8,000	\$8,000	\$8,000	\$8,000
GSA and Stakeholder Coordination & Outreach	\$20,000	\$20,000	\$20,000	\$20,000	\$20,000
Data Management System Upgrade and Maintenance	\$21,600	\$21,600	\$6,600	\$6,600	\$6,600
Long Term Financial Planning/Fees	\$18,000	\$18,000	\$18,000	\$18,000	\$18,000
Grant Procurement	\$10,000	\$10,000	\$10,000	\$10,000	\$10,000
GSP Project Implementation (e.g. address data gaps)	\$15,000	\$15,000	\$15,000	\$15,000	\$15,000
SGMA Compliance Contingency (5%)	\$7,248	\$7,248	\$6,498	\$6,498	\$6,123
SGMA Compliance Sub-Total	\$152,198	\$152,198	\$136,448	\$136,448	\$128,573
TOTAL CSGSA Administration (w/inflation adjustment)	\$194,250	\$200,078	\$205,905	\$211,733	\$217,560
TOTAL CSGSA SGMA Compliance (w/inflation adjustment)	\$152,198	\$156,763	\$144,634	\$148,728	\$144,001
TOTAL CSGSA Operational Budget (without inflation)	\$346,448	\$346,448	\$330,698	\$330,698	\$322,823



Corning Sub-basin GSA – Updated Revenue Projections With DWR SGMA Implementation Grant Funding

Assuming \$4M 2023 DWR SGMA Implementation grant funding.

Corning Subbasin on DWR draft SGMA implementation grant award list.

CORNING SUB-BASIN GSA - Long Term Funding Strategy					
Five-Year DRAFT GSA Operational Budget - GSP Implementation With SGMA Compliance Costs (w/DWR Grants)					
5-Year GSP Implementation Inflation Adjustment	0%	3%	3%	3%	3%
Proposed	Year 1	Year 2	Year 3	Year 4	Year 5
Cost Category-GSA Administration	FY2023-24	FY2024-25	FY2025-26	FY2026-27	FY2027-28
<u>General Management</u>					
Administration- Contracted Services	\$90,000	\$90,000	\$90,000	\$90,000	\$90,000
Accounting/County A-87 Costs	\$5,000	\$5,000	\$5,000	\$5,000	\$5,000
Audits	\$10,000	\$10,000	\$10,000	\$10,000	\$10,000
Insurance	\$2,000	\$2,000	\$2,000	\$2,000	\$2,000
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Consulting Services	\$20,000	\$20,000	\$20,000	\$20,000	\$20,000
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GSA Administration Sub-Total	\$194,250	\$194,250	\$194,250	\$194,250	\$194,250
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Cost Category-SGMA Compliance	FY2023-24	FY2024-25	FY2025-26	FY2026-27	FY2027-28
Annual Reporting (with continued DWR monitoring)	\$0	\$0	\$0	\$14,850	\$14,850
Five Year GSP Update w/Modeling Calibrations (due 2027)	\$0	\$0	\$0	\$37,500	\$30,000
Surface-GW Interaction Modeling	\$0	\$0	\$0	\$8,000	\$8,000
GSA and Stakeholder Coordination & Outreach	\$0	\$0	\$0	\$20,000	\$20,000
Data Management System Upgrade and Maintenance	\$0	\$0	\$0	\$6,600	\$6,600
Long Term Financial Planning/Fees	\$18,000	\$18,000	\$18,000	\$18,000	\$18,000
Grant Procurement	\$10,000	\$10,000	\$10,000	\$10,000	\$10,000
GSP Project Implementation (e.g. address data gaps)	\$15,000	\$15,000	\$15,000	\$15,000	\$15,000
SGMA Compliance Contingency (5%)	\$2,150	\$2,150	\$2,150	\$6,498	\$6,123
Sub-Total	\$45,150	\$45,150	\$45,150	\$136,448	\$128,573
TOTAL CSGSA Administration (w/inflation adjustment)	\$194,250	\$200,078	\$205,905	\$211,733	\$217,560
TOTAL CSGSA SGMA Compliance (w/inflation adjustment)	\$45,150	\$46,505	\$47,859	\$148,728	\$144,001
TOTAL CSGSA Operational Budget (without inflation)	\$239,400	\$239,400	\$239,400	\$330,698	\$322,823



Corning Sub-basin GSA Committee – Long Term Fee Options Evaluated

FEE OPTIONS EVALUATED (MARCH 2023 Committee MEETING)

- Parcel (Uniform) Fee - \$/acre
- **Irrigated/Non-Irrigated Fee** – different \$/acre charge for irrigated vs. non-irrigated parcels (urban areas considered irrigated)
- Land Use Hybrids – additional parcel level analysis required (if feasible)

Corning Sub-basin GSA Preferred Fee Option = Irrigated/Non-Irrigated Fee with 3-User Classes.

Corning Sub-basin GSA – Basis For Long Term Fee Options

BASED ON AVAILABLE PARCEL LEVEL DATA

- Parcel exemptions – Federal/Tribal; State uncollectible
- Parcel location, size and boundaries (boundary conditions)
- Consider Land IQ 2021 parcel information
- Land use designations
- Water source (sometimes known)
- Water use (typically GSA accounts have been unmetered with no water use records available)

Corning Sub-basin GSA – Options Evaluation Criteria

FEE OPTION EVALUATION CRITERIA

- Revenue Sufficiency – Meets revenue projection targets
- Revenue Stability – over fee implementation period
- All Beneficiaries Pay – important for SGMA compliance benefit
- Equity – cost allocation
- Affordability – economic impacts
- Simplicity – easy to understand
- Administrative ease – low implementation costs
- Enforceability – potential costs for more complex fee structures
- Legality – defensible, challenge risk, potential long term legal fees

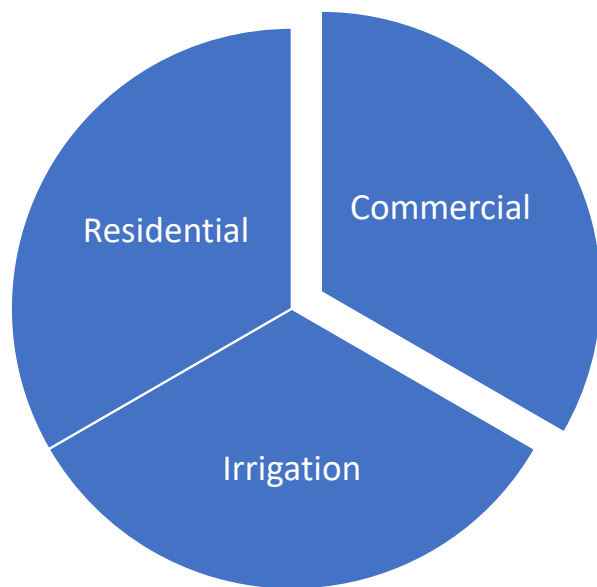


Corning Sub-basin GSA – Preferred Long Term Fee Option

PREFERRED FEE OPTION – IRRIGATED/NON-IRRIGATED

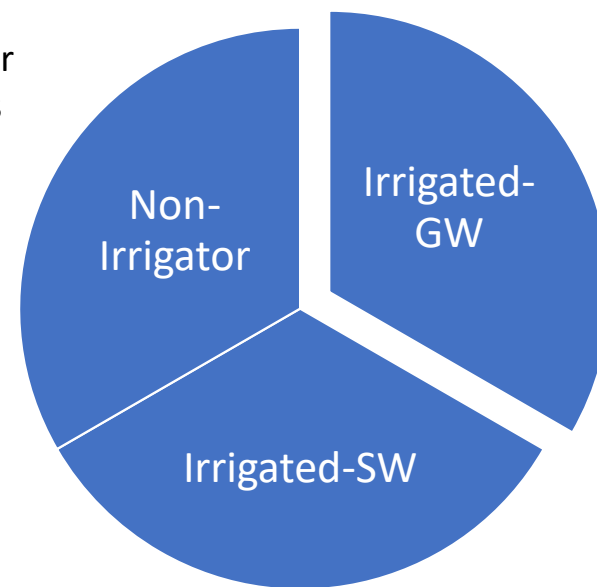
- Adjusted cost allocation to better reflect SGMA compliance benefit received by different user classes
- 3-Tier User Class Structure
 - Non-Irrigated
 - Irrigated-Surface Water
 - Irrigated-Groundwater
- Highest cost allocation to Irrigated-Groundwater user class (directly impacts groundwater sustainability)
- Lowest cost allocation to Non-Irrigated user class (very little/no impact on groundwater sustainability)
- Surface water users pay less than Irrigated-Groundwater users due to net groundwater recharge benefit

Corning Sub-basin GSA – Preferred Long Term Fee Option



Urban Fee User Classes Example

User Class: grouping similar customers into a user class



GSA Fee User Classes Example

Corning Sub-basin GSA – Preferred Long Term Fee Option

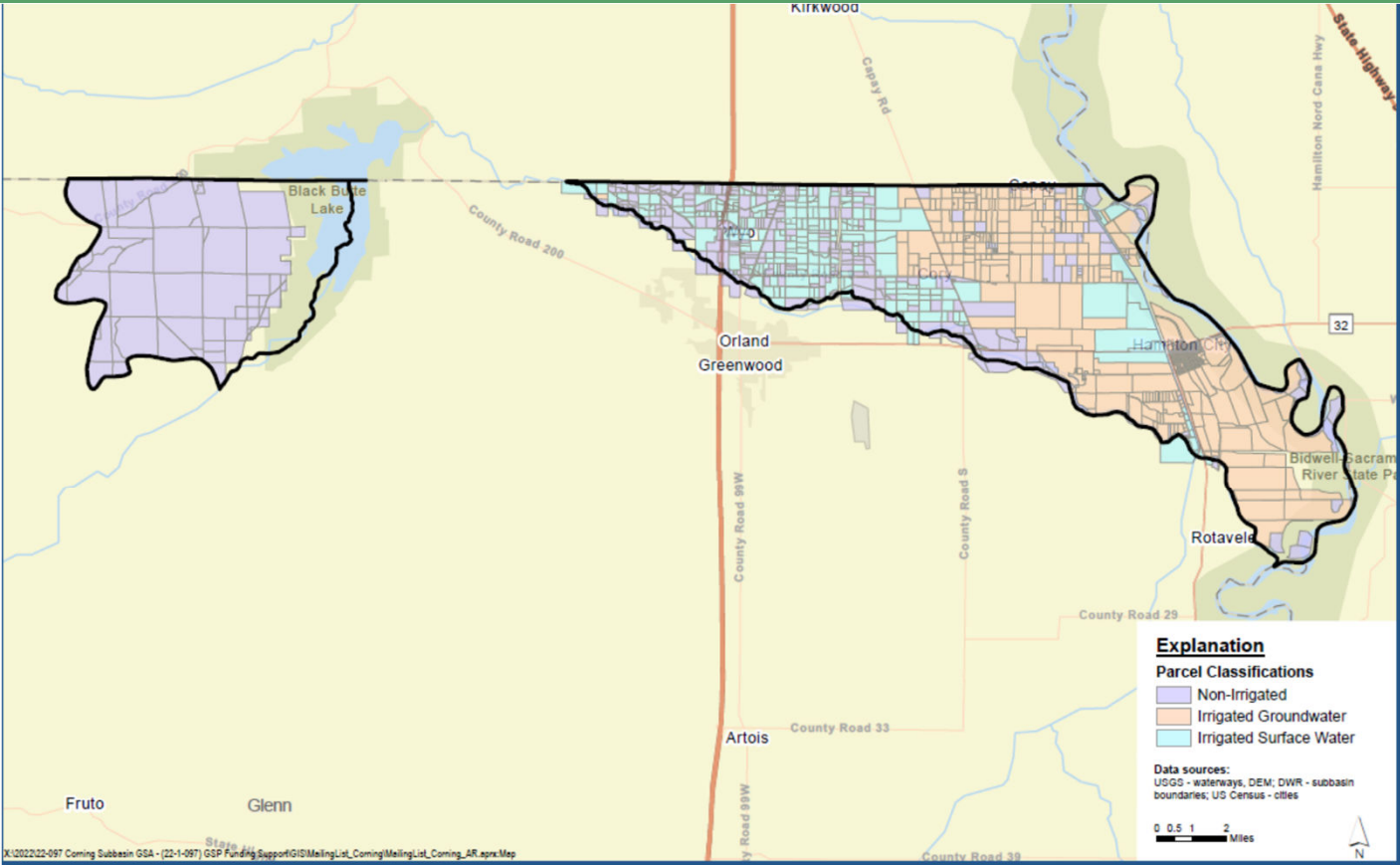
PREFERRED FEE OPTION – IRRIGATED/NON-IRRIGATED USER CLASS DRAFT DEFINITIONS

- Non-Irrigated User Class
 - Open space, vacant land, natural habitat, dry land farming, rangeland/livestock grazing
- Irrigated-Surface Water User Class
 - Parcels that actively use surface water as part of long-term water supply portfolio
 - Parcels with access/right to use surface water supplies and/or within entity service area providing surface water supplies
- Irrigated-Groundwater User Class
 - Parcels with no access to surface water supplies
 - Parcels that use groundwater supplies as primary water source



Changes to definitions could impact fees and revenue collected.

Corning Sub-basin GSA – Preferred Long Term Fee Option



Corning Subbasin GSA - Billable Parcels

Corning Sub-basin GSA – Recommended Long-Term Fees

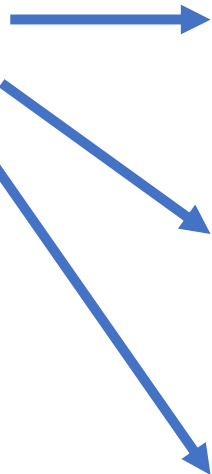
Table 1-2 Recommended Fees	Fiscal Year 2023-24	Fiscal Year 2024-25	Fiscal Year 2025-26	Fiscal Year 2026-27	Fiscal Year 2027-28
Proposed Non-Irrigated Fee (\$/ac)	\$0.40	\$0.40	\$0.38	\$0.38	\$0.37
Fee Implementation Costs	\$0.34	\$0.35	\$0.36	\$0.38	\$0.39
Proposed Total Non- Irrigated Fee (\$/ac)	\$0.74	\$0.75	\$0.74	\$0.76	\$0.76
Proposed Irrigated-SW Fee (\$/ac)	\$8.99	\$8.99	\$8.59	\$8.59	\$8.38
Fee Implementation Costs	\$0.34	\$0.35	\$0.36	\$0.38	\$0.39
Proposed Total Irrigated- SW Fee (\$/ac)	\$9.33	\$9.34	\$8.96	\$8.97	\$8.77
Proposed Irrigated-GW Fee (\$/ac)	\$16.11	\$16.11	\$15.38	\$15.38	\$15.01
Fee Implementation Costs	\$0.34	\$0.35	\$0.36	\$0.38	\$0.39
Proposed Total Irrigated- GW Fee (\$/ac)	\$16.45	\$16.46	\$15.74	\$15.76	\$15.40

3 User Classes:

Non-Irrigated

Irrigated-SW

Irrigated-GW



Prop. 218 Maximum Annual Fees for each user class.

Corning Sub-basin GSA – Alternative Long-Term Fees

Table 6-2 Alternative Fees	Fiscal Year 2023-24	Fiscal Year 2024-25	Fiscal Year 2025-26	Fiscal Year 2026-27	Fiscal Year 2027-28
Proposed Non-Irrigated Fee (\$/ac)	\$0.93	\$0.93	\$0.89	\$0.89	\$0.87
Fee Implementation Costs	\$0.34	\$0.35	\$0.36	\$0.38	\$0.39
Proposed Total Non- Irrigated Fee (\$/ac)	\$1.27	\$1.28	\$1.25	\$1.17	\$1.16
Proposed Irrigated-SW Fee (\$/ac)	\$10.49	\$10.49	\$10.02	\$10.02	\$9.78
Fee Implementation Costs	\$0.34	\$0.35	\$0.36	\$0.38	\$0.39
Proposed Total Irrigated-SW Fee (\$/ac)	\$10.83	\$10.84	\$10.38	\$10.40	\$10.17
Proposed Irrigated-GW Fee (\$/ac)	\$15.64	\$15.64	\$14.93	\$14.93	\$14.57
Fee Implementation Costs	\$0.34	\$0.35	\$0.36	\$0.38	\$0.39
Proposed Total Irrigated-GW Fee (\$/ac)	\$15.98	\$15.99	\$15.29	\$15.31	\$14.96

3 User Classes:

Non-Irrigated →

Irrigated-SW →

Irrigated-GW →



Higher cost allocation (95/5%) to non-irrigated user class.

Corning Sub-basin GSA – Irrigated/Non-Irrigated Fee Comparison

Irrigated/Non-Irrigated Fees – Comparing Recommended vs. Alternative Fees:

<u>User Class</u>	<u>Maximum Fees Recommended</u>	<u>Maximum Fees Alternative</u>
Non-Irrigated	\$ 0.76	\$ 1.28
Irrigated-SW	\$ 9.34	\$10.84
Irrigated-GW	\$16.46	\$15.99

Cost Allocation Recommended = 97.87/2.13% irrigated/non-irrigated

Cost Allocation Alternative = 95/5% irrigated/non-irrigated

May 11 meeting direction: provide 95/5% cost allocation and another option for consideration in the Fee Report approval process.



Corning Sub-basin GSA – Irrigated/Non-Irrigated Fee Policy

Policy Purpose: to provide landowners with opportunity to be properly classified and billed for appropriate GSA fees.

User Class Definitions: will include definitions for each user class (non-irrigated, irrigated-surface water, and irrigated-groundwater).

Landowner appeals process: to ensure proper billing and change of user class situations.

Fee Policy implementation costs: included in proposed Fees.

Policy Approval: recommended at same meeting proposed Fees are considered for approval.

Second 3-Tier Irrigated/Non-Irrigated GSA Fee In California.



Corning Sub-basin GSA – Long Term Funding Project Outreach

Fee Report must be approved before Prop. 218 Notices can be mailed to landowners subject to the proposed CSGSA Fees.

Proposition 218 Notices: Mail to all landowners subject to the proposed Fees.

Finalize Outreach materials: Fact Sheet, FAQ, and other including website updates.

Conduct Fee Workshop: address landowner fee related questions and concerns.

Fee Approval: approve proposed Fees for inclusion on August 2023 Tax Roll.

Timeline: complete in June 2023

Timeline: complete in July/August 2023



Corning Sub-basin GSA – Long Term Funding Project Proposition 218 Notice

Proposition 218 Notices: must be mailed to landowners at least 45-days before Committee consideration to approve proposed Fees.

Proposition 218 Mailer: would include Cover Sheet with parcel billing information, Notice with protest form, and July workshop flyer (optional).

Proposition 218 Fees: would include maximum fees for each user class (non-irrigated, irrigated-surface water and irrigated-groundwater)

Cover Sheet
Parcel fee billing
information

Proposition 218
Notice with
Protest Form

July Workshop
Flyer (optional)

Corning Sub-basin GSA – Long Term Funding Project Fee Payment Options

Option 1: All parcels billed through GSA Proposition 218 process: all landowners subject to fee pay the GSA through the local property tax bill process.

Option 2: Maintain Self-Billing Policy: allows the County and other agencies to pay their share of GSA costs through self-billing arrangement with the GSA.

Option 3: Allow annual payment plan for agencies or entities: GSA would allow some entities to opt out of Option 1 (Prop. 218 billing process) and enter into Agreement with GSA to pay their share of annual total GSA costs directly to the GSA.

LSCE recommendation: maintain fee payment flexibility to account for changes in the future as to how landowners may pay their fees to the GSA.

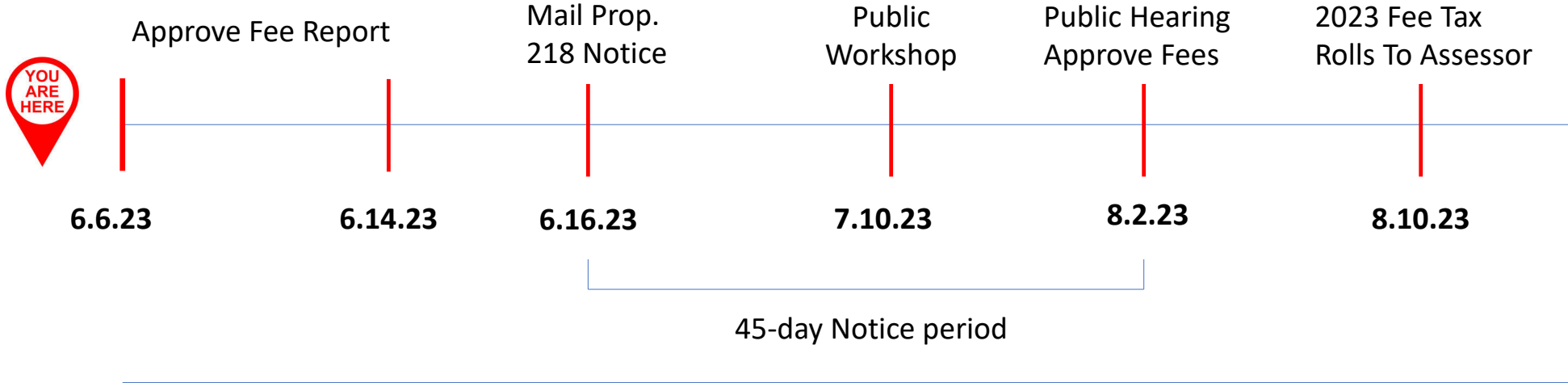


Corning Sub-basin GSA 6.06.2023 Committee Meeting – 2023 Long Term Funding Project Item

Item Agenda

1. Receive update on 2023 Long Term Funding Project.
2. Review draft Fee Report and consider approval for Proposition 218 process.
3. Set public hearing for GSA fee approval at August 2, 2023 Committee meeting.

Corning Sub-basin GSA 6.06.2023 Committee Meeting – 2023 Long Term Funding Project Item



Plan B? – No Fees

Corning Sub-basin GSA – 2023 Project Fee Report

FEE REPORT – KEY ELEMENTS

- Fee Report With Recommended Corning Sub-basin GSA Fee Option
- Based on updated revenue projections (FY23-24 through FY27-28)
- Includes Maximum Fees Over Next Five Years
- Irrigated/Non-Irrigated Policy (coincident with fee approval)
- Includes Proposition 218 Notice(s)
- Recommends Annual Committee Fee Review Policy
- Recommend Fee Report approval – with direction on highlighted items

Corning Sub-basin GSA – 2023 Project Fee Report

NEXT STEPS – KEY ELEMENTS

- Approve Fee Report With Recommended or Alternative Fee Option
- Distribute Proposition 218 Notice To Landowners Subject To Fee
 - To Be Mailed by 6.16.2023
- July 2023 Public Workshop – Address landowner fee questions << Optional
- August 2, 2023 Committee Meeting – Conduct Public Hearing; Approve Proposed Fees
- August 10, 2023 – Final Tax Roll data to County Assessor’s Office

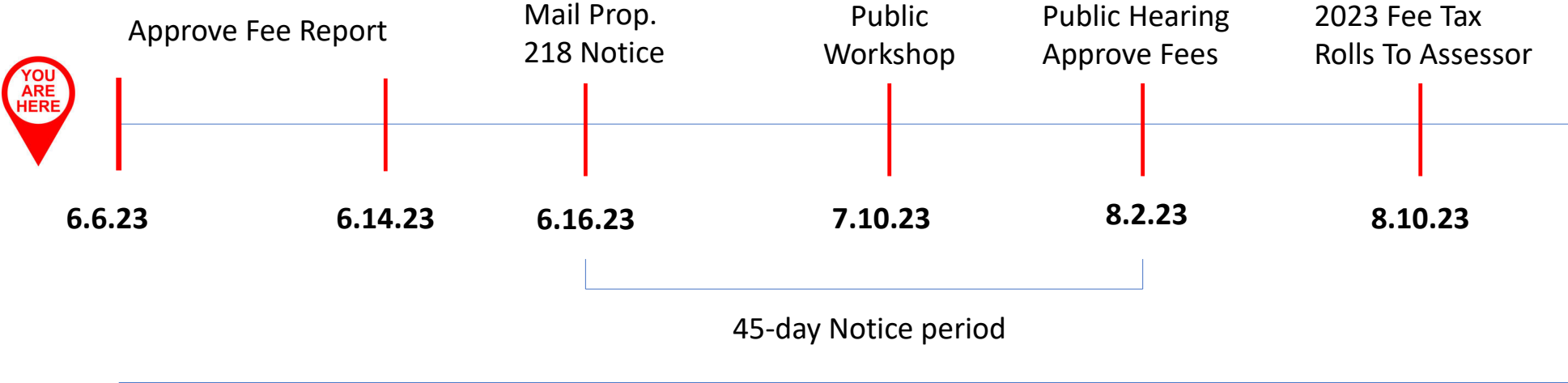


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Corning Sub-basin GSA 6.06.2023 Committee Meeting – 2023 Long Term Funding Project Item



Plan B? – No Fees

Corning Sub-basin GSA Committee Action – Approve 2023 Fee Report

Corning Sub-basin GSA Committee ACTIONS

- Approve the Fee Report With Recommended Maximum Fees over specified five-year period.
- Authorize staff to distribute approved Proposition 218 Notice to Corning Sub-basin GSA landowners subject to the proposed fees by 6.16.2023.
- Set public hearing for August 2, 2023 Corning Sub-basin GSA Committee meeting to consider approval of proposed fees included in Fee Report.