

**FEE STUDY
FOR THE GLENN
GROUNDWATER AUTHORITY**

**INTENDED TO COMPLY WITH PROPOSITION 218 PROCEDURES FOR
ESTABLISHING GROUNDWATER SUSTAINABILITY OPERATIONS
FEE**

May 2019

Prepared for:

Glenn Groundwater Authority

Prepared by:

Provost & Pritchard Consulting Group
Chico, California



TABLE OF CONTENTS

INTRODUCTION AND EXECUTIVE SUMMARY	1
1. PURPOSE OF THE REPORT	1
1.1. General	1
1.2. Sustainable Groundwater Management Act.....	1
1.3. Agency's Authority to Property-Related Fees for Water Service	2
1.4. State Intervention Alternative	2
1.5. Proposition 218 Requirements	3
1.6. Limitations of the Fee Study and Revenue Objectives	4
2. GGA BACKGROUND INFORMATION	4
2.1. Location	4
2.2. History.....	7
2.2.1. Surface Water.....	7
2.2.2. Groundwater.....	8
3. AGENCY FINANCIAL INFORMATION	8
3.1. Programs/Projects.....	8
3.1.1. Prior Expenditures and Current Budget	9
3.1.2. Annual Administration.....	9
4. BENEFITS OF GGA OVERSIGHT	10
4.1. General	10
4.1.1. GGA Formation and Annual Operations	12
4.1.2. Groundwater Sustainability Plan Development.....	12
4.1.3. Plan Implementation	13
4.1.4. No Agency/GSA Alternative.....	13
5. PROPOSED FEES	13
5.1. General	13
5.2. Proposed Budget Funding and Fee Design	14
5.2.1. Property Fee Collection	15
5.3. Conclusion	15
6. IMPLEMENTATION PROCEDURES	16
7. REFERENCES.....	17

LIST OF FIGURES

Figure 1. Agency Location Map.....	5
Figure 2. Subbasin Location Map.....	6
Figure 3. Acreage Subject to GGA Operations Fee	12

LIST OF TABLES

Table 3-1. Prior Expenditures and Current Budget	9
Table 3-2. Projected 5-Year Annual Budget.....	10
Table 4-1. Assessable Acres.....	11
Table 5-1. Proposed 5-Year Budget Summary	14
Table 5-2. Proposed 5-Year Assessment Schedule.....	14

APPENDICES

Appendix A – State Intervention Fee Structure
Appendix B – GGA 2019 Operations Fee Roll
Appendix C – GGA 2019 Draft Resolutions for Cities

ACRONYMS

AF.....	acre-feet
Agency	Glenn Groundwater Authority
Basin	Colusa Subbasin of the Sacramento Valley Groundwater Basin
CASGEM.....	California State Groundwater Elevation Monitoring
County.....	County of Glenn
DACs.....	Disadvantaged Communities
DWR	California Department of Water Resources
FY.....	Fiscal Year
GGA	Glenn Groundwater Authority
GMP	Groundwater Management Plan
GSA.....	Groundwater Sustainability Agency
PLAN.....	Groundwater Sustainability Plan
IRWMP	Integrated Regional Water Management Plan
JPA.....	Joint Powers Authority
LAFCo	Local Agency Formation Commission
SGMA.....	Sustainable Groundwater Management Act
SWRCB.....	State Water Resources Control Board

INTRODUCTION AND EXECUTIVE SUMMARY

The Glenn Groundwater Authority (GGA or Agency) is a nine-member, multi-agency Joint Powers Authority (JPA) that was formed on June 20, 2017. The GGA is the Groundwater Sustainability Agency (GSA) responsible for implementation of the Sustainable Groundwater Management Act (SGMA) in the Glenn County portion of the Colusa Subbasin (5-21.52). The Board of the GGA is composed of representatives of the following:

County of Glenn, City of Orland, City of Willows, Glenn-Colusa Irrigation District, Glide Water District, Princeton-Codora-Glenn/Provident Irrigation District (1 seat), Orland-Artois Water District, and Kanawha Water District formed with the primary purpose to comply with and implement SGMA.

The GGA Member agencies currently fund the GGA through member contributions but are required to develop a long-term funding plan (proposed GGA Operations Fee) to cover long-term operations including administration, legal services, insurance, printing/copying, accounting, facilitation, monitoring and reporting to DWR, and special studies, if needed. The GGA has received Proposition 1 grant funding to cover a majority of the work to develop a Groundwater Sustainability Plan (Plan). Any costs for Plan preparation and initial implementation in excess of costs covered by grants, will also need to be covered by the GSA Operations Fee.

In coordination with the Colusa Groundwater Authority (CGA), the GGA will develop a Plan that provides for achieving groundwater sustainability in the Colusa Subbasin by January 2042. Because the Colusa Subbasin is not critically over-drafted, SGMA requires the Plan be submitted to the California Department of Water Resources (DWR) by January 31, 2022.

GGA has developed a planning level budget of approximately \$450,000 to \$550,000 in annual operations expenses for a five-year period spanning fiscal years 2019/20 to 2023/24. In order to fund the GGA, the long-term funding plan requires the GGA to develop a source of operations revenue. Together, GGA and CGA are developing a Plan which will be updated every five years and implemented after submission to DWR as required by SGMA. GGA operations and associated expenses are anticipated to be ongoing during the development and implementation period.

The proposed Operations Fees are property-related fees for water service governed by Proposition 218 and apply equally on a cost of service per acre basis to lands within the Agency's boundaries in the manner described in this Fee Study. SGMA provides authority for GGA to charge fees to support its operations. In addition, as a JPA, the GGA has the common power of its members to enact property-related fees. Failure to adequately manage the groundwater basin may subject the GGA to intervention by the State Water Resources Control Board (SWRCB). If it intervenes, the SWRCB may impose fees within the GGA ranging from \$100 per de minimis well, to \$300 per well plus up to \$55 per acre-

foot pumped per well, with no guarantee of assistance in bearing costs to address any groundwater issues within the Basin. See https://www.waterboards.ca.gov/water_issues/programs/gmp/docs/intervention/intervention_fs.pdf for more complete information. By collecting the Operations Fees, GGA will provide landowners with local groundwater management with a tailored, more affordable approach for managing the Basin.

Appendix B identifies assessor's parcel numbers (APNs) and acreage that would be subject to the proposed Operations Fee.

The Cities of Willows and Orland will continue to fund the GGA through member contribution. The contribution will be in the same price per acre as the proposed Operations Fee. The LAFCo boundary for each City was used for fee calculations. The Draft Resolutions each of the Cities will pass in order to agree to fund the GGA are included as **Appendix C**.

The following Table ES-1 provides an example schedule of the proposed Operations Fees which will fund the administrative and operating expenses calculated using the GGA's budget on a cost per acre basis during the next five years. The Operations Fee is proposed to remain the same for the next five years. Operations expenses have not been projected beyond Fiscal Year 2023/24.

The Operations Fees include projected costs of administrative and operational expenses. This projected budget does not include projects that may be identified as management options in the Plan, but may include special projects necessary for Plan completion and early Plan implementation. Complete funding for Plan proposed projects, monitoring, and reporting requirements to attain sustainability and maintain the threshold levels established in the Plan may require supplemental funding and any such fees would require greater than the Operations Fees described in this report. Potential future fees would require additional approval by the landowners in a future Proposition 218 election.

Table ES-1. Proposed 5-Year Operations Fee Schedule

	Proposed 2019/20	Proposed 2020/21	Proposed 2021/22	Proposed 2022/23	Proposed 2023/24
Operating Expenses	\$458,552	\$461,281	\$492,365	\$550,600	\$550,900
Total Proposed Assessment (\$/Acre)	\$1.61	\$1.62	\$1.73	\$1.93	\$1.93

The GGA is proposing to implement an annualized fee of \$1.93 per acre for all assessable parcels identified in **Appendix B** for groundwater management activities required by SGMA. The projected budget is shown in the table and explained further in this report.

Implementation of this property-related fee for water service is being conducted in accordance with provisions of Proposition 218, as reflected in Article XIII D of the California Constitution and Sections 53750 through 53756 of California Government

Code. These constitutional and statutory provisions establish mandatory procedures that local agencies must follow prior to enacting fees.

Under the Proposition 218 process, an agency must notify landowners and provide these landowners with the opportunity to protest proposed fees prior to establishing and collecting fees for water service.

The GGA Board of Directors will hold a public hearing at which all landowners affected by the Operations Fee may participate and are entitled to protest the Operations Fee. At the public hearing, the Agency will consider and address comments and questions from owners of land that would be subject to the proposed GGA Operations Fee. Landowner protests received prior to and by the close of the public hearing will then be counted and the protest results will be certified. If written protests are submitted accounting for a majority of the total assessed parcels, GGA will not adopt the Operations Fee. Absent a majority protest, GGA is authorized to adopt the proposed Operations Fee at the public adoption hearing.

1. PURPOSE OF THE REPORT

1.1. General

This Fee Study is prepared to describe the proportional cost distribution of the Glenn Groundwater Authority (GGA) proposed Operations Fee to each parcel identified in **Appendix B**. Parcels located within the Cities of Orland and Willows will be funded by the cities through a resolution agreeing to contribute at the same rate per acre as the proposed Operations Fee to the GGA. A draft resolution is included as **Appendix C**. The proposal is for the Agency to collect revenue in the form of Operations Fees that will be used to cover the costs of the GGA's operations. These operations include Groundwater Sustainability Plan (Plan) preparation and initial implementation, Plan administration, legal services, insurance, printing/copying, accounting, facilitation, monitoring and reporting to the Department of Water Resources (DWR), and special studies, if needed. As explained further in Section 2.2 of this Fee Study, the GGA was formed to sustainably manage groundwater resources in the the Colusa Subbasin in collaboration with other GSAs in the subbasin. Sustainable management of the Colusa Subbasin's groundwater resources will, amongst other things, safeguard the long-term supply of groundwater in the subbasin for use by GGA stakeholders and continued ability to rely on groundwater as a resource, as well as comply with SGMA laws and regulations.

1.2. Sustainable Groundwater Management Act

On September 16, 2014, the Governor of California signed into law a three-bill legislative package (Senate Bill 1168, Assembly Bill 1739 and Assembly Bill 1319) that provided a framework for statewide sustainable groundwater management. These laws are collectively known as the Sustainable Groundwater Management Act (SGMA). SGMA defines sustainable groundwater management as the *management and use of groundwater in a manner that can be maintained during the planning and implementation horizon without causing undesirable results*. Undesirable results are defined in SGMA as any of six primary effects caused by groundwater conditions occurring throughout the basin:



Chronic lowering of groundwater levels indicating a significant and unreasonable depletion of supply



Significant and unreasonable reduction of groundwater storage



Significant and unreasonable seawater intrusion



Significant and unreasonable degraded water quality



Significant and unreasonable land subsidence



Depletions of interconnected surface water that have significant and unreasonable adverse impacts on beneficial uses of the surface water

These potential undesirable results are the focus of SGMA and must be addressed in Plans. Each of the undesirable results will need to be described and evaluated as part of the Plan development. The Plan will include measurable goals and objectives and implementation actions to achieve and maintain sustainable conditions in the Colusa Subbasin. SGMA requires the development and implementation of Plans that achieve groundwater basin sustainability within a prescribed 20-year window through projects and management actions. During the Plan implementation phase, GSAs are required to update the Plan every 5 years and provide DWR with annual updates on the progress of achieving sustainability.

1.3. Agency's Authority to Property-Related Fees for Water Service

The GGA is a nine-member, multi-agency Joint Powers Authority (JPA) that was formed on June 20, 2017. The GGA is the GSA responsible for compliance and implementation of SGMA in the Glenn County portion of the Colusa Subbasin (5-21.52). The Board of the GGA is composed of representatives of the following:

County of Glenn, City of Orland, City of Willows, Glenn-Colusa Irrigation District, Glide Water District, Princeton-Codora-Glenn/Provident Irrigation District (1 seat), Orland-Artois Water District, and Kanawha Water District.

As a GSA, the GGA may develop, adopt, and implement a Plan for sustainable management of groundwater underlying the Agency.

The GGA Member agencies funded the GGA through member contributions for the first two years of operation, after which a long-term funding plan (GSA Operations Fee) is proposed to be initiated to cover the GGA's operations. The GGA has been deemed the exclusive local agency with powers to comply with SGMA in its jurisdiction. Pursuant to Chapter 8 (commencing with Section 10730) of Part 2.74 of Division 6 of the Water Code, a GSA may impose fees, including, but not limited to, permit fees and fees on groundwater extraction or other regulated activity, to fund the costs of a groundwater sustainability program, including, but not limited to, preparation, adoption, and amendment of a Plan, and investigations, inspections, compliance assistance, enforcement, and program administration, including a prudent reserve.

1.4. State Intervention Alternative

If local GSAs are unable or unwilling to sustainably manage their groundwater basin, the State Water Resources Control Board (SWRCB) may protect the groundwater resources by designating the subbasin as probationary and taking over local management using a process called state intervention. After a basin is designated as probationary, the SWRCB has the authority for setting and collecting fees to recover the costs associated with state intervention and has established a fee structure as shown in **Appendix A**. The SWRCB fee schedule would cost significantly more than management under the GGA.

As explained in **Appendix A**, the SWRCB has the authority to intervene and implement the requirements of the SGMA in the Colusa Subbasin (as well as other areas of the

State) if locals are unable or unwilling to comply with the law. In such a case, the Subbasin would be designated as a “Probationary Basin” by the SWRCB and fees would be charged to each groundwater extractor (landowner). The SWRCB fees would be as follows:

- Base Filing Fee: \$300 per well, plus \$40 per acre-foot (AF) per year (Probationary Basin) or \$55 per AF per year (Interim Plan), plus costs for needed studies.
- De minimis wells (less than or equal to 2 AF per year) would be charged \$100 per year.

For illustration of these costs, in a basin designated as probationary where a landowner has 40 acres with one well and applies 3.0 AF per acre. The associated annual SWRCB fees would be \$300 (filing fee) plus \$4,800 (3.0 AF/acre x 40 acres x \$40/AF) for a total of \$5,100 per year. If the SWRCB determined the basin needed an Interim Plan, the annual cost would go to \$6,900. Over the next five years, the 40-acre landowner would pay \$25,500 to \$34,500 based on SWRCB designation, without achieving the benefit of any project development to help comply with SGMA.

By comparison, under the rates and schedule proposed for the GGA through this Fee Study, this same landowner would pay a maximum of \$77.20 per year (40 acres x \$1.93/acre) or \$386 over the five year period. From a cost standpoint, as well as a regulation standpoint, the GGA desires to prevent state intervention while effectively managing groundwater resources and provide a tailored approach to groundwater management. As such, the purpose of the GGA is to fully comply with SGMA on behalf of its landowners to avoid state intervention.

1.5. Proposition 218 Requirements

In November 1996, the California voters approved Proposition 218, the *Right to Vote on Taxes Act*, which added Article XIII D to the California Constitution. Proposition 218 imposes certain requirements relative to the imposition of certain assessments, fees and charges by local agencies. There are two processes for approval of revenue generation under Proposition 218, Section 4 and Section 6. Section 4 addresses special assessments, which are levies or charges on real property by an agency for a special benefit conferred on the assessed property. Section 6 addresses fees or charges on a parcel by an agency in exchange for providing a property-related service to the charged parcel. Because the GSA Operations Fee is a property-related fee for water service, the GGA Board of Directors approved applying fees under Section 6 of Proposition 218. The Operations Fee was calculated by using GGA’s budget as the cost of providing water service to proportionally recover costs on a \$ per acre basis.

New charges subject to Section 6 of Proposition 218 must comply with the following requirements:

1. Revenues derived from the fee or charge must not exceed the funds required to provide the property-related service;
2. Revenue from the fee or charge must not be used for any purpose other than that for which the fee or charge is imposed;

3. No fee or charge may be imposed for general governmental services, such as police, fire, ambulance, or libraries, where the service is available to the public in substantially the same manner as it is to property owners;
4. The amount of a fee or charged imposed upon any parcel or person as an incident of property ownership must not exceed the proportional cost of the service attributable to the parcel; and,
5. The fee or charge may not be imposed for service, unless the service is actually used by or immediately available to, the owner of the property in question.

1.6. Limitations of the Fee Study and Revenue Objectives

This report is limited to the proposed GSA Operations Fee to fund the Agency's annual operations and comply with the requirements of the SGMA legislation forecast over the next five (5) years.

2. GGA BACKGROUND INFORMATION

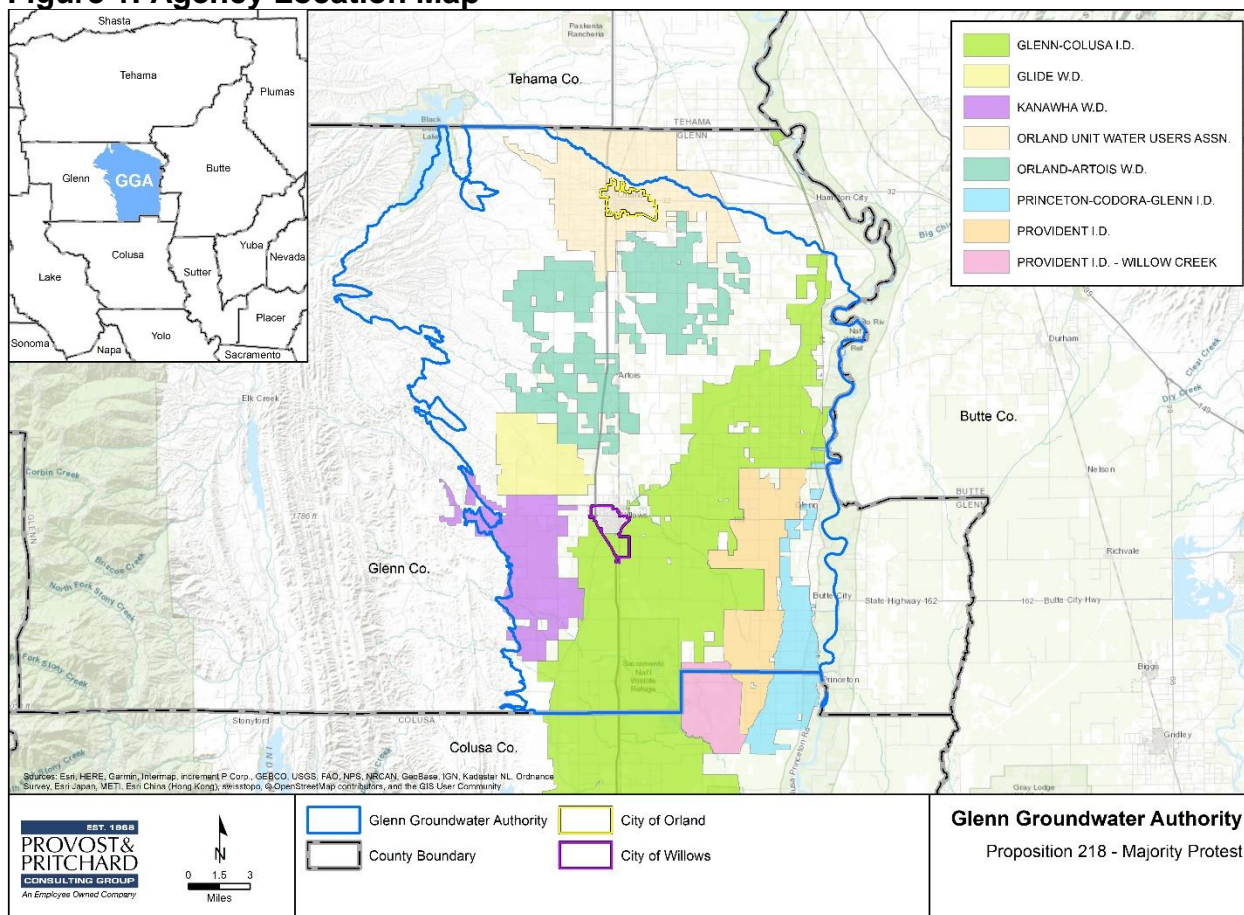
2.1. Location

The GGA is a JPA whose members are located in the northern Sacramento Valley and encompasses a total area of approximately 305,458 acres within Glenn County. The service area of the GGA is shown in **Figure 1**. The Agency is located within the Colusa Subbasin of the Sacramento Valley Groundwater Basin (5-021.52) as defined in DWR Bulletin No. 118.

Agriculture is the major producing industry in the territory of the GGA. Top crops include almonds, rice, walnuts, olives, prunes, alfalfa, vine seed, and miscellaneous fruit and vegetable crops. Two incorporated cities and other smaller communities and rural residential use are included. The communities of City of Willows, City of Orland and Artois have been identified by DWR as disadvantaged communities (DACs). The boundaries of the GGA include areas within County of Glenn including the City of Orland, City of Willows, Glenn-Colusa Irrigation District, Princeton-Codora-Glenn/Provident Irrigation District, Glide Water District, Kanawha Water District, and Orland-Artois Water District.

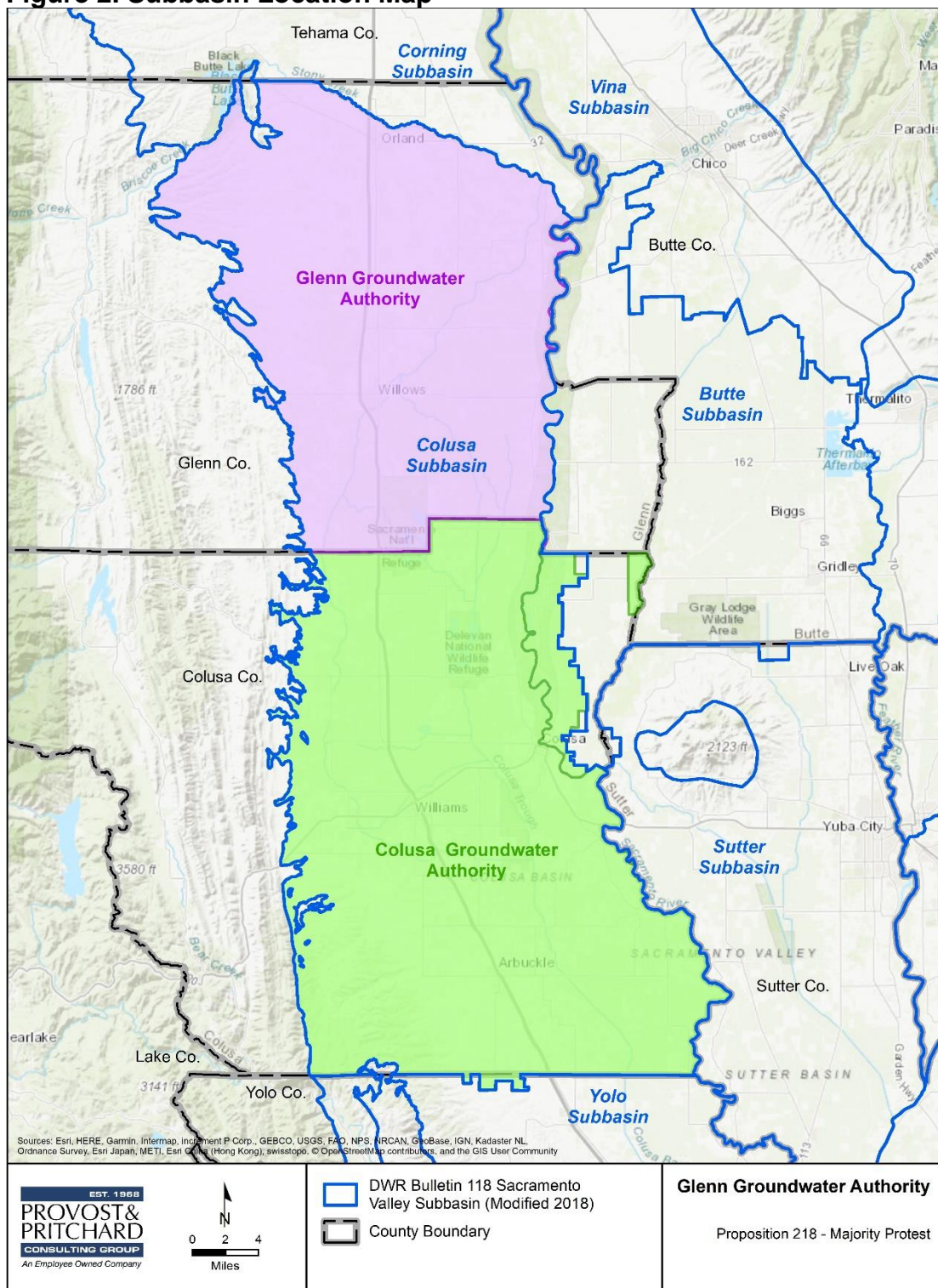
The GGA is working collaboratively with CGA to manage groundwater within the Colusa Subbasin as shown in **Figure 2**. At this time, each GSA has indicated they plan to prepare a single Plan for the Colusa Subbasin and work cooperatively together to achieve SGMA compliance in the Colusa Subbasin, which has been designated by DWR as a “high-priority” groundwater basin. SGMA requires high-priority subbasins not deemed to be in critical overdraft, such as the Colusa Subbasin, to submit Plans by January 31, 2022. As required by SGMA, the GGA will be responsible for coordinating with the CGA to achieve sustainability at the subbasin level. Collectively the GSAs, through implementation of the Plan, must achieve the sustainability goal for the entire Colusa Subbasin within 20 years of implementation (by 2042) without adversely affecting the ability of adjacent basins to implement their respective Plans or achieve their respective sustainability goals.

Figure 1. Agency Location Map



5/6/2019 : G:\Glenn Groundwater Authority-2871\287119001-Prop 218 Majority Protest\GIS\Map\GGA_Location.mxd

Figure 2. Subbasin Location Map



5/6/2019 : G:\Glenn Groundwater Authority-2871\287119001-Prop 218 Majority Protest\GIS\Map\GGA_Subbasins.mxd

2.2. History

The GGA was formed in 2017 to comply with the governance requirements of SGMA. The primary purpose for forming the Agency was to fulfill the role of a GSA for compliance with SGMA on behalf of the landowners in the area. The GGA allows direct local representation for implementation of the 2014 SGMA legislation. As a public entity, the GGA provides representation for local stakeholders during Plan development and implementation in its portion of the Colusa Subbasin.

While the GGA is a new agency, management of the groundwater resources within the territory of the Agency and surrounding lands has been occurring for many years by member agencies. These agencies have been involved in a variety of cooperative efforts to preserve the area's water and groundwater resources. For many years local agencies have developed and implemented groundwater management plans under the authority of AB 3030 and/or SB 1938 for their respective areas. The agencies have prepared studies and reports on groundwater conditions since the early 2000's and before.

The County of Glenn is the designated California Statewide Groundwater Elevation Monitoring (CASGEM) entity for the Glenn County portions of the Colusa Subbasin. The County is signatory to the JPA and will continue to be a part of planning and implementation of SGMA. Other agencies participating in CASGEM monitoring and reporting within the basin include the US Bureau of Reclamation, DWR, and Glenn-Colusa Irrigation District.

Glenn County is one of six counties that participates in the Northern Sacramento Valley Integrated Regional Water Management Group. Glenn County has seats on the Board and the Technical Advisory Committee. Others include Butte, Colusa, Shasta, Sutter, and Tehama Counties. The Board adopted the Final Integrated Regional Water Management Plan (IRWMP), on April 14, 2014. The IRWMP defines problems and issues; regional goals and objectives; water management strategies; and projects to enhance the beneficial uses of water for the Sacramento Valley. Extensive stakeholder involvement and numerous meetings among various work groups and participants were associated with the IRWMP. The IRWMP includes a combination of projects to improve the way water is managed for the future. These projects have been proposed as partnerships between member irrigation districts, cities, counties and environmental organizations, which is important because the agricultural users and urban entities need to work together to ensure compatibility and consistency between the prevailing land use and water supply plans for the area. The IRWM Board and Technical Advisory Committee meetings have also been successful venue to provide SGMA outreach.

2.2.1. Surface Water

Portions of the County have surface water available from the Sacramento River. Glenn-Colusa Irrigation District, Princeton-Codora-Glenn Irrigation District and Provident Irrigation District have settlement contracts for Sacramento River water. Orland Artois Water District, Kanawha Water District and Glide Water District receive Sacramento River water through the Central Valley Project. Additionally, some individual landowners have

water rights that allow the diversion of Sacramento River Water. Approximately, 136,000 acres in the GGA area are not located within an irrigation district. The majority of these lands do not have surface water available.

2.2.2. Groundwater

Groundwater in the GGA service area is extracted to serve municipal, domestic, and agricultural beneficial uses. Municipal and domestic water supply demand in the GGA service area is met with groundwater. Surface water supplies for irrigation districts within the GGA vary in seniority but are generally adequate to meet crop requirements in many year types. Agricultural water users within the GGA area that do not have an adequate surface water supply must rely upon groundwater to meet the entire agronomic water demand.

3. AGENCY FINANCIAL INFORMATION

The GGA is a relatively new organization and has obtained funding for administrative activities from inception to date through contributions by member agencies. As discussed above, the primary purpose of the GGA is to organize and represent stakeholders for the purposes of SGMA. Because SGMA has a fifty-year planning horizon and the requirements for continual management of groundwater do not sunset, the cost of maintaining the Agency on a long-term basis will need to be addressed. In the first several years of SGMA implementation, the GGA will identify characteristics of the groundwater basin, evaluate technical reports by others, and ultimately, in coordination with the CGA, develop and implement a Plan for the Colusa Subbasin. The GGA also plans to coordinate with adjacent planning processes consistent with the requirements of SGMA. The technical report evaluations and Plan development are discrete activities and primarily occur over the first few years, with implementation of the Plan in the following years. The remainder of this section provides further detail on the estimated costs for each component of the proposed budget for this Proposition 218 funding proposal.

3.1. Programs/Projects

Under this proposal, the Agency is seeking approval of Operations Fees to fund its annual administrative operating costs, Plan costs not expected to be covered by grants, and special studies, as needed.

Plan Implementation will include groundwater monitoring and development of programs and projects to attain groundwater sustainability. The funding of specific monitoring, programs, and projects will likely require additional funding mechanisms and could be subject to subsequent Proposition 218 processes. It should be noted, that although the Plan development and initial implementation is anticipated to be funded in part through a State grant and a portion of the GSA Operations Fee, other grant funding could reduce the level of GSA Operations Fees in one or more years. If revenue collected by the Operations Fee exceeds the projected annual fiscal year budget, the Board has the option to lower the Operations Fee in subsequent years to ensure the Operations Fee appropriately reflects the cost of service.

Sections 3.1.1 and 3.1.2 show the estimated costs of the GGA for the current and next 5-year period, organized by major categories and sub-categories. Actual costs for particular sub-categories may be more or less than projected, and as identified in this Fee Study. The Board has the authority to move funding to sub-categories needing additional funding or to offset additional costs within the major categories with grants or other funding that may become available to the Agency, as long as the total costs do not exceed the fee proposed in this report. Additionally, if funds from the collected Operations Fees exceed the immediate cost of service, the Board may choose to establish reasonable and prudent reserve for anticipated costs within these major cost categories.

3.1.1. Prior Expenditures and Current Budget

Table 3-1 lists the Agency's current fiscal year budget which includes an estimate of the costs associated with conducting a Proposition 218 proceeding. Pre-formation and formation costs were funded by agency contributions and are not included in the future budget. These prior expenditures and the current budget are being funded by member agency contributions.

Table 3-1. Prior Expenditures and Current Budget

OPERATING EXPENSES	Actual 2017/18	Estimated 2018/19
Administration- Contracted County Services	\$59,599	\$85,000
Program Administration Support	0	0
Legal Services	18,535	70,000
Certified Public Accountant (Yearly Audits)	0	9,500
JPA Insurance	1,350	1,800
County Bookkeeper	0	0
Plan Development/Implementation	0	50,000
Long Term Funding Options	0	50,000
Professional Services	6,486	0
Board Expenses	0	1,000
Special Department Expenses	0	2,000
Legal Notices	0	500
TOTAL OPERATING EXPENSES	\$85,970	\$269,800

3.1.2. Annual Administration

Per the JPA Agreement, Glenn County, as one of the Agency members will act as the administrative agent to be responsible for administrative tasks assigned by the Board of Directors including the following tasks:

1. Develop agendas and Board packets and attend GGA Board meetings and brief the Board on all relevant issues;
2. Prepare and present a proposed budget to the Board and control approved budget;
3. Implement and manage contracts and agreements approved by the Board; and

4. Perform other such additional duties as assigned by the Board.

The Agency was formed, in part, to provide stakeholders a vehicle to participate in SGMA. Through this representation and compliance with SGMA, the GGA service will facilitate the ability for the region to continue to rely on groundwater to satisfy agriculture and municipal beneficial uses. The proposed Operations Fees is the mechanism through which the Agency is seeking to obtain funding for future annual operational and SGMA-related expenses. The costs shown in Table 3-2 assume that the assessments shown will be collected and used in the fiscal years shown, enabling the Agency to meet SGMA obligations during the period indicated. If a higher assessment rate is necessary to meet the Agency's SGMA obligations as a result of project development during implementation, the Board will comply with the Proposition 218 process to increase funding at that time. These revenues, if approved, are anticipated to be levied in the fall of 2019 and payable with County taxes in December 2019 and April 2020 and each subsequent December and April.

Table 3-2 lists the estimated annual budget for the on-going administration of the GGA and special studies, not including the inflation factor.

Table 3-2. Projected 5-Year Annual Budget

OPERATING EXPENSES	Proposed 2019/20	Proposed 2020/21	Proposed 2021/22	Proposed 2022/23	Proposed 2023/24
Administration- Contracted County Services	\$120,000	\$150,000	\$150,000	\$150,000	\$150,000
Program Administration Support			20,000	20,000	20,000
Legal Services	80,000	80,000	80,000	80,000	80,000
Certified Public Accountant (Yearly Audits)	9,750	10,000	10,500	10,800	11,100
JPA Insurance	1,800	1,800	1,800	1,800	1,800
County Bookkeeper	5,000	5,000	5,000	5,000	5,000
Plan Development/Implementation	72,002	59,481	66,865	50,000	50,000
Long Term Funding Options	15,000			70,000	70,000
Professional Services	35,000	35,000	35,000	35,000	35,000
Board Expenses	2,000	2,000	2,000	2,000	2,000
Special Department Expenses	25,000	25,000	25,000	25,000	25,000
Legal Notices	1,000	1,000	1,200	1,000	1,000
County Tax Roll Fee	50,000	50,000	50,000	50,000	50,000
Contingency 10%	42,000	42,000	45,000	50,000	50,000
TOTAL OPERATING EXPENSES	\$458,552	\$461,281	\$492,365	\$550,600	\$550,900

4. BENEFITS OF GGA OVERSIGHT

4.1. General

For the activities covered in this initial five-year budget, the GGA proposes to levy charges equally to all assessable acreage. The Operations Fee is a property-related fee for water

service because the existence of the GGA, and its ongoing operations, provides the benefit of SGMA compliance to all landowners within its boundaries. Although some properties might not presently utilize groundwater, all parcels located within the Colusa Subbasin, as defined by DWR, have overlying groundwater rights and must comply with SGMA requirements. The information generated by the development of a Plan will inform the landowners about the water supply available to their land on a current and future basis, the potential for additional groundwater recharge, allow stakeholders to be directly represented through the GGA as the GSA continues to meet the requirements of SGMA, and protect the ability to rely on the use of groundwater resources in the future. In addition, without this local management, the State Water Resources Control Board would be the entity managing regional groundwater supplies.

This section provides the breakdown of the benefits that are to be attributed to landowners within the GGA boundaries, if the proposed charges are approved. Table 4-1 summarizes the acreages used in the analyses.

Table 4-1. Acres Subject to GGA Operations Fee

Description	Acres
City of Orland*	1,841.60
City of Willows*	1,737.29
Assessable GGA Acreage**	281,611.74
NET ASSESSABLE ACRES	285,190.63

*City acreage based on LAFCo/County provided boundary. Excludes exempt parcels.

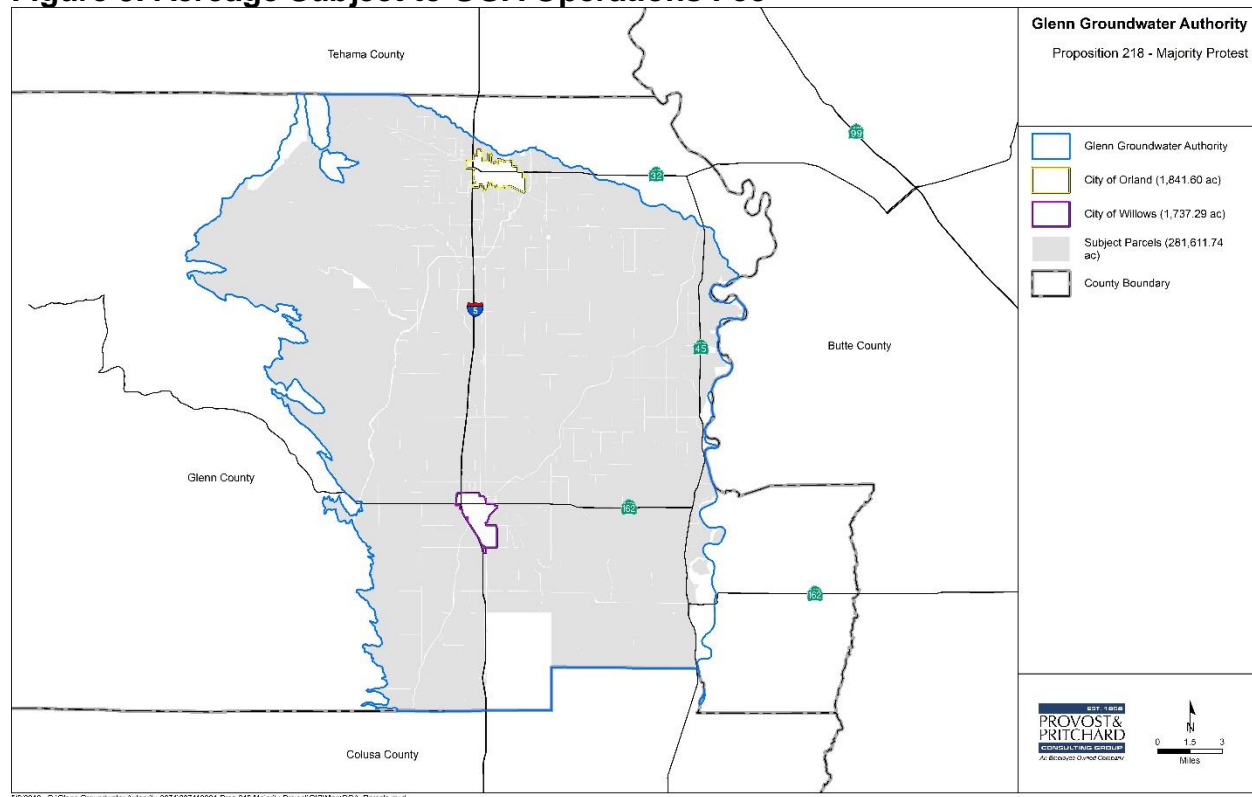
**Excludes SGMA-exempt (Federal) parcels and tax exempt parcels (ie. State and other public parcels)

The lands that have been identified as being subject to the GGA Operations Fee are illustrated in **Figure 3**. The proposed 2019 GGA Operations Fee, based on the Colusa Subbasin GGA portion of the 2018 tax rolls of Glenn County, lists parcels that will be subject to the proposed Operations Fee, acreage and calculated maximum fee, and is included as **Appendix B**. The complete roll will be submitted to the County Department of Finance upon implementation of the GGA Operations Fee.

The parcels located within the Cities of Willows and Orland will not be subject to the Operations Fee. Instead, each City will pay the equivalent of the Operations Fee for the land in the City boundary and owned by the City. The LAFCo boundaries for each of these entities were used for assessable acreage and fee calculations. The agreement to fund the GGA in this manner will be memorialized in a Resolution adopted by each City. A draft resolution is included as **Appendix C**.

Parcels listed by the assessor as tax-exempt will not be subject to the fee, with the exception of lands owned by member agencies, such as the County of Glenn, the Cities of Willows and Orland, and irrigation and water districts.

Figure 3. Acreage Subject to GGA Operations Fee



4.1.1. GGA Formation and Annual Operations

The GGA has incurred operating expenses since its formation including the retention of consultants and legal counsel to address SGMA related issues and to carry out the efforts identified in Section 3.1 of this report. Work thus far has been financed by the member agencies. All lands within the GGA boundaries have the benefit of being represented by a GSA, in compliance with SGMA, as opposed to being managed by the SWRCB. The GGA will need to address groundwater sustainability and will spend time and effort to comply with State regulations and laws, for the benefit of all of the GGA's landowners.

4.1.2. Groundwater Sustainability Plan Development

A large effort under SGMA is the development of the Plan, and consultants have been retained for professional services. The Plan will evaluate the existing groundwater sustainability of the Colusa Subbasin and develop projects and management actions to ensure continued sustainability within the Colusa Subbasin. Plan development benefits all land within the Agency service area, all land will receive the special benefits arising out of the development of a Plan and the overlying rights of all landowners will be protected by ensuring groundwater is sustainable. For these reasons, the cost to fund the GGA, including the Plan development, is proposed to be placed on all parcels within the GGA service area.

While a particular parcel may not directly pump groundwater, and particular parcels may use more or less groundwater, groundwater is potentially available to all land within the

territory of the GGA and the groundwater resources are shared by all. All landowners are affected if the groundwater resources in the area are not sustainable. Additionally, all land located within the Colusa Subbasin boundary as defined by DWR, is subject to the requirements of SGMA and has the potential for state intervention if the requirements are not met. Section 3.1.2 identifies the estimated costs associated with professional services for the Plan development and project management.

4.1.3. Plan Implementation

Implementing and updating the Plan will be an on-going effort, and it is anticipated that a significant number of programs and projects will be required to comply with the requirements of SGMA. In addition, after submitting the Plan, the Plan will be subject to possible revisions from DWR. As the burden of SGMA compliance falls on all lands within the defined subbasin, and hence all assessable parcels, the benefits of Plan implementation and associated costs accrue to all those lands. As projects are identified and developed during Plan implementation, any projects that do not benefit the entire GGA service area would need to be proportionally funded by those lands that receive the benefit through a separate Proposition 218 election.

4.1.4. No Agency/GSA Alternative

As previously discussed in Section 1.4, it is important to note that the SWRCB has the authority to intervene and implement the requirements of the SGMA in the Colusa Subbasin if the GSA does not adopt a Plan and the Colusa Subbasin as a whole is unable to comply with the law. In such case, the Subbasin would be considered a “Probationary Basin” and the SWRCB will develop an “Interim Plan”. The SWRCB fee schedule for intervening (see Appendix A) would be applied directly to each groundwater extractor (landowner) and would result in significantly higher costs to groundwater users than the local GGA management. Under State Intervention, the State would tell each landowner how much water they could pump each year, require annual reporting and fee collection, with all of the fees going to the State without achieving the benefit of any local project development to help comply with SGMA. From a cost standpoint, as well as a regulation standpoint, the desire is for the GGA to be successful at the local level and prevent state intervention.

5. PROPOSED FEES

This section describes the GGA’s proposed Operations Fee to funding GSA operations expenses and special studies.

5.1. General

Based on the services provided by the Agency, the Agency proposes to charge fees to all assessable parcels within the territory of the GGA that are identified on the tax roll of Glenn County, plus lands owned by member agencies, such as the County of Glenn, the Cities of Willows and Orland, and irrigation and water districts.

5.2. Proposed Budget Funding and Fee Design

In conformance with this Fee Study, the GGA proposes Operations Fee revenues to fund its operating expenses, Plan, and special studies in compliance with SGMA legislation. Table 5-1 below summarizes the proposed budget and total fees needed to fund the Agency efforts over the next five years and the methodology for setting fees in proportion to cost of service. Proposition 218 requires that fees charged to each customer be proportional to the cost of service attributable to that customer. The costs of administering the GSA and special studies for landowners in the GGA are proportional to the number of acres covered by the GSA and studies. Therefore, collecting fees on a cost per acre basis fulfills the proportionality requirement.

Table 5-1. Proposed 5-Year Budget Summary

	Actual	Estimated	Proposed				
OPERATING EXPENSES	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24
Administration- Contracted County Services	\$59,599	\$85,000	\$120,000	\$150,000	\$150,000	\$150,000	\$150,000
Program Administration Support	0	0	0	0	20,000	20,000	20,000
Legal Services	18,535	70,000	80,000	80,000	80,000	80,000	80,000
Certified Public Accountant (Yearly Audits)	0	9,500	9,750	10,000	10,500	10,800	11,100
JPA Insurance	1,350	1,800	1,800	1,800	1,800	1,800	1,800
County Bookkeeper	0	0	5,000	5,000	5,000	5,000	5,000
Plan							
Development/Implementation	0	50,000	72,002	59,481	66,865	50,000	50,000
Long Term Funding Options	0	50,000	15,000	0	0	70,000	70,000
Professional Services	6,486	0	35,000	35,000	35,000	35,000	35,000
Board Expenses	0	1,000	2,000	2,000	2,000	2,000	2,000
Special Department Expenses	0	2,000	25,000	25,000	25,000	25,000	25,000
Legal Notices	0	500	1,000	1,000	1,200	1,000	1,000
County Tax Roll Fee	0	0	50,000	50,000	50,000	50,000	50,000
Contingency/Reserve	0	0	42,000	42,000	45,000	50,000	50,000
TOTAL OPERATING EXPENSES	\$85,970	\$269,800	\$458,552	\$461,281	\$492,365	\$550,600	\$550,900

Table 5-2 below indicates the proportionate amount of fees for each category for the budget shown above.

Table 5-2. Proposed 5-Year Fee Schedule

	Proposed	Proposed	Proposed	Proposed	Proposed
	2019/20	2020/21	2021/22	2022/23	2023/24
Operating Expenses	\$458,552	\$461,281	\$492,365	\$550,600	\$550,900
Total Proposed Assessment (\$/Acre)	\$1.61	\$1.62	\$1.73	\$1.93	\$1.93

The GGA is seeking to implement an annualized charge of up to \$1.93 per acre for all assessable parcels. .

5.2.1. Property Fee Collection Compliance with Proposition 218

The Operations Fee proposed by the GGA is a property-related fee. In compliance with the requirements of Proposition 218 (listed in Section 1.5,) the GGA and Provost & Pritchard calculated the proposed fee based on the following:

- Provost & Pritchard calculated the property-related fee based on the projected operational budget developed by GGA to ensure the Operations Fee would provide funding to GSA for operations over the 5-year period, but would not exceed the cost of providing SGMA management and representation.
- All items included in the budget prepared and adopted by the GGA are related to future operations of the GGA including administrative operation costs, Plan costs not covered by grants and special studies, as needed. No items unrelated to funding the operations of the GSA are included.
- The Operations Fee proposed by the GGA will not fund other government services, such as police, fire, ambulance, or libraries, but includes only the cost of SGMA representation through the GGA.
- As more fully described herein, the Operations Fee was structured to ensure it would not exceed the cost of service attributable to each parcel. The cost of service is generated on a per-acre basis, which spreads the cost of the service equally over the GGA's boundary. The cost of service includes SGMA representation and maintenance of continued reliance on groundwater. Because the quantification of an overlying water right is based on the acreage of land overlying the groundwater basin, the per-acre approach ensures the service (which includes management and continued reliance) is proportionally allocated.
- The properties included in the proposed fee overlie the Colusa groundwater basin and have an overlying right to access groundwater. The service provided by the GGA (operating the GSA and facilitating compliance with SGMA) provides regulatory coverage to each parcel owner. Because SGMA coverage and preservation of existing rights are provided to each landowner, these landowners rely on the service provided by the GGA.

5.3. Conclusion

The primary objective of the Board of Directors regarding revenues is to ensure that the Agency's expenditures are necessary, the costs are directly related to the price of service and allocated in a fair and equitable manner. Based on the revenue objectives, the Agency's proposal is to fund its annual operations and future activities identified in this five-year budget for the benefit of all parcels within the Agency service area that pay the Operations Fee.

Absent the creation of the Agency (or a similar entity) and funding by the proposed fee, GGA landowners would have no ability to locally comply with SGMA. Without such representation, the SWRCB would manage the regional groundwater resource, as provided by SGMA. However, with this proposed fee, properties will receive SGMA compliance with local representation at substantially lower costs and a tailored Plan compared to State management. If no GSA were formed, the landowners would pay

much higher fees and be left subject to regulation and oversight of the SWRCB with no guarantee that costs for addressing groundwater issues would be shared by the State.

6. IMPLEMENTATION PROCEDURES

Based on an examination of procedural options available to the Agency's Board of Directors, it is the Engineer's opinion that the proposed fee structure offers an equitable procedure to the GGA to generate revenues for its operations and special studies associated with SGMA compliance. The GGA intends to proceed with a protest hearing complying with the provisions of Article XIII D of the California Constitution to allow for the application of Operations Charges.

The Agency Board of Directors will consider the following actions: (a) approve and accept the Fee Study; (b) set a public hearing on the proposed fees; and (c) circulate the notice to landowners proposing the enactment of Operations Fee with, instructions for protest. At the public hearing, the GGA will state its intentions and justifications for proposing the Operations Fee, take into consideration any objections to the proposed Operations Fee, and count the written protests received as of the close of the hearing. If written protests account for a majority of the total assessed parcels, the GGA may not adopt the fee. Absent a majority protest, GGA may adopt the proposed fee. Because the Operations Fee is a property-related fee for water service, affirmative voter approval (beyond the majority protest procedures) is not required. (California Constitution, Art. XIII D, § 6 (c).)

7. REFERENCES

Bulletin No. 118, California's Groundwater, 2003 and 2016 Interim Update
California Department of Water Resources

California Department of Water Resources, Groundwater Information Center
Interactive Map Application,
https://gis.water.ca.gov/app/gicima/#bookmark_DepthBelowGroundSurface

California Department of Water Resources, Disadvantaged Communities Mapping
Tool
<https://gis.water.ca.gov/app/dacs/>

Glenn County Assessor's Office, Ownership Records and Acreage, October 2018

Glenn County Department of Agriculture/Weights and Measures, 2017 Glenn
County Annual Crop and Livestock Report, September 2018

Glenn County Planning & Public Works Agency, GIS Parcel Shapefile, April 2017,
Provided February 2019

Proposition 218, Local Agency Guidelines for Compliance, 2019 Update
Association of California Water Agencies

**Sustainable Groundwater Management Act, and related provisions, effective
January 1, 2016**, [http://groundwater.ca.gov/docs/2014 Sustainable Groundwater
Management Legislation with 2015 amends 1-15-2016.pdf](http://groundwater.ca.gov/docs/2014%20Sustainable%20Groundwater%20Management%20Legislation%20with%202015%20amends%201-15-2016.pdf)

DRAFT

Appendix A

State Intervention Fee Structure

DRAFT

Appendix B

GGA 2019 Operations Fee Roll

DRAFT

Appendix C

GGA 2019 Draft Resolutions for Cities