



**EASTERN SAN JOAQUIN
GROUNDWATER AUTHORITY**

GWA Board Meeting February 13, 2019

Agenda

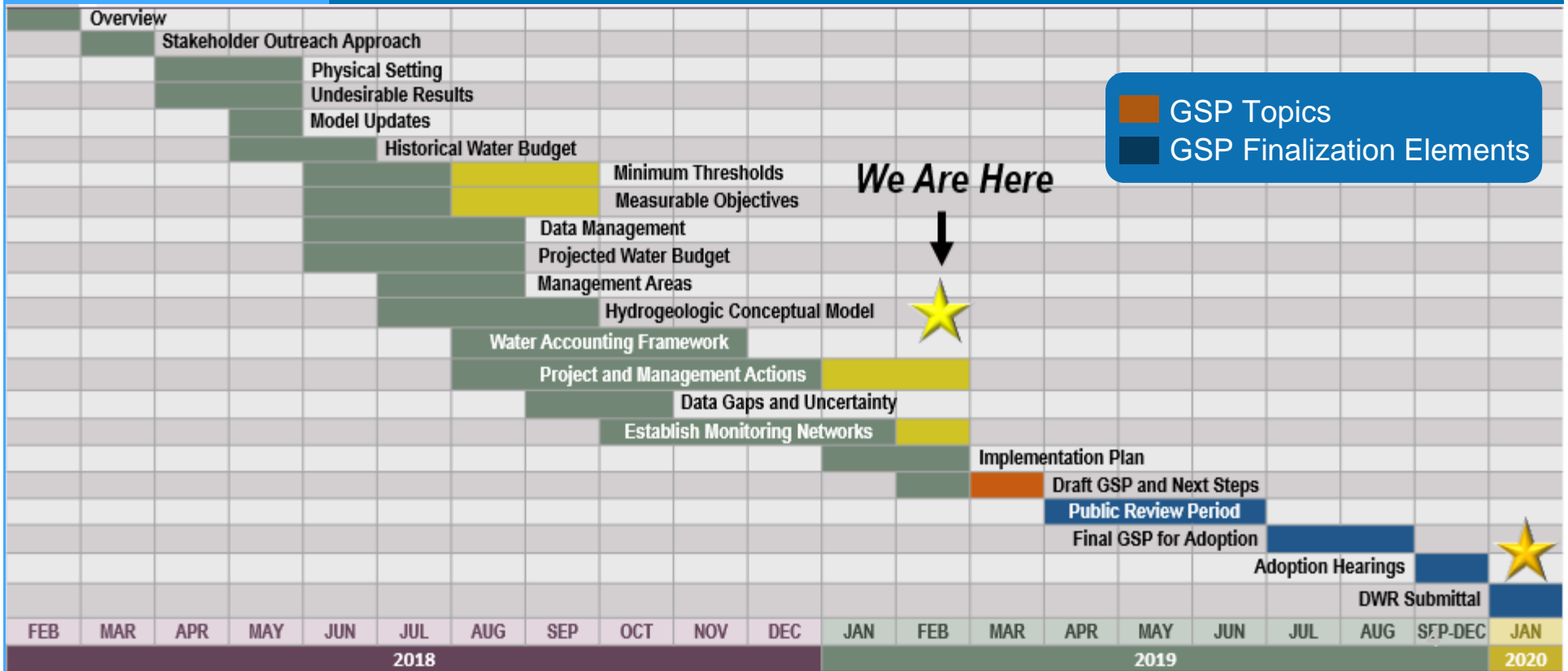


- Approval of November Meeting Minutes
- Roadmap Update & Deliverables
- Informational Meeting Recap
- Outreach & Groundwater Sustainability Workgroup Update
- Pathway Toward GSP Preparation
- Financing
- Financial Report
- Grant Agreement Update
- Changes to GSAs
- March Agenda Items



Roadmap Update & Deliverables

GSP Topics & Project Schedule



Reminder: State Intervention



- There are stipulations in the regulation if GSAs cannot come to agreement
- If deadline is missed or if DWR determines a plan is not adequate or progress toward sustainability is not occurring, the State Water Resources Control Board (SWRCB) can designate basins as “probationary” and directly manage groundwater extractions. If this occurs, the State can control extractions through pumping allocations (metering and monthly reporting required)

Potential Fees for Under State Intervention – State Backstop



Fee Category*	Annual Fee	Applicable Parties
Base Filing Fee	\$300 per well	All extractors required to report.
Unmanaged Rate	\$25 per acre-foot	Extractors in unmanaged areas. If extractors use a meter to measure extractions the rate is \$10 per acre-foot.
Probationary Rate	\$40 per acre-foot	Extractors in probationary basins.
Interim Plan Rate	\$55 per acre-foot	Extractors in probationary basins where the Board determines an interim plan is required.
De minimis Fee	\$100 per well	A well owner that extracts two acre-feet or less per year for domestic purposes in a probationary basin, if the Board decides these extractions are significant.
Late Fee	25% of total fee per month	Extractors that do not file reports by the due date.

*Fees are subject to change. Additional information available at waterboards.ca.gov/gmp.

Potential Fees for Under State Intervention – State Backstop



Fee Example Scenarios

- The following table provides examples of how the proposed probationary fee rates for eight hypothetical farms would approximately relate to a fee based on irrigated acreage:

Crop	Irrigated Acreage	Acre Feet of Water Applied Annually Per Acre (DWR ^(b))	Probationary Rate	Cost per Acre	Total Cost
Alfalfa	150	5.05	\$40	\$202	\$30,300
Almonds	150	3.54	\$40	\$142	\$21,240
Corn	150	2.83	\$40	\$113	\$16,980
Cotton	150	3.09	\$40	\$124	\$18,540
Grapes	150	1.86	\$40	\$74	\$11,160
Misc. Fruit Trees	150	3.3	\$40	\$132	\$19,800
Pistachios	150	3.54	\$40	\$142	\$21,240
Rice	150	4.56	\$40	\$182	\$27,360

(b) State-wide averages, Department of Water Resources, Agricultural Land and Water Use Estimates, 2010

- The following table provides examples of how the proposed probationary fee rates would apply to a municipal water supplier and industrial user:

Purpose of Use	Example Volume	Probationary Rate	Total Cost
Municipal Water Supply	3,600 acre-feet	\$40	\$144,000
Semiconductor Factory (Industrial)	5,200 acre-feet	\$40	\$208,000

Advisory Committee Recommendation



- There has been a request for an administrative review of the chapters by GSA attorneys/staff two months prior to release to the GWA Board, Advisory Committee, and the public
- The Advisory Committee discussed and the Board will take action in March

Pros & Cons of Administrative Review Period



Pros	Cons
<ul style="list-style-type: none">• Legal review completed before drafts are released to public	<ul style="list-style-type: none">• Workgroup gets no information before public• Schedule is pushed back; GWA administrative draft review period replaced



Informational Meeting Recap

Informational Meeting Recap



- Thank you GSAs for sending representatives!
- Open House materials are posted to the website
- Feedback on the event – what would you like to see done differently next time?





Outreach & Groundwater Sustainability Workgroup Update

Tracking GSA Outreach Efforts



- Reminder: GSAs have been asked to fill out a simple survey each month to indicate the outreach activities planned for the coming month with approximate data on implementation
- Logged outreach activities have been distributed

Groundwater Sustainability Workgroup Update



- 10 Workgroup members and 2 members of the public attended the Groundwater Sustainability Workgroup meeting held on January 9th
- The next Workgroup meeting will be held on February 13th at 4:00pm at the San Joaquin County Public Works Department
- Notes from the November Workgroup meeting are available on the website, esjgroundwater.org (under 'Agendas' tab)
- Situation Assessment is complete – review of highlights



Groundwater Sustainability Workgroup Update



1810 E. Hazelton Avenue
P. O. Box 1810
Stockton, CA 95201

(209) 466-3888
ESJgroundwater@esjgwa.org
esjgroundwater.org

Eastern San Joaquin Groundwater Authority Groundwater Sustainability Workgroup
February 13, 2019
4 – 5:30 p.m.
San Joaquin County Public Works Department
1810 E. Hazelton Ave., Stockton, CA
Conference Room A

Agenda

- I. Welcome
- II. Meeting Objectives
- III. Roadmap & Deliverables Update
- IV. Financing
 - Discussion: What financing options should be considered for GSP project implementation?
- V. Informational Meeting Recap
- VI. Announcements
- VII. Other Topics
 - a. Non-agenda Items
 - b. Public Comment



Pathway Toward GSP Preparation

Pathway to GSP Preparation



- Prepare GSA-level water budgets
 - Meeting with GSAs Feb/Mar to review
 - Determine preferred approach to meeting needs by GSA (local projects, multiple GSAs working together, regional projects, etc)
- Determine appropriate funding / financing approach
 - GSA-level, multiple GSAs jointly funding, regional funding
- Identify additional regional projects necessary for subbasin-level SGMA requirements

Sharing GSA-Level Water Balances



- Over the next two months, we will meet with GSAs individually for quality control review of their water balances
- GSA-level water balances will be shared with the Advisory Committee at the April meeting once these discussions have taken place
- Basin benefits (e.g., subsurface flows from rivers) will be treated as a benefit to the entire basin

A Hybrid Solution



- Basin-wide and GSA-scale projects will be discussed
 - Potential for enhanced flexibility for GSAs
 - Potential for a diversity of funding mechanisms
 - Understanding GSA-level water budgets will help GSAs determine if GSA-level projects are needed or desired

How Will We Figure out What Goes Into the Implementation Plan?



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- Determine appropriate funding / financing approach
 - GSA-level, multiple GSAs jointly funding, regional funding
- Identify additional regional projects necessary for subbasin-level SGMA requirements
- Present approach at April meeting
- Board approval in May of any regional projects

A wide-angle photograph of a vineyard during sunset. The sun is low on the horizon, casting a warm, golden glow over the scene. The sky is a mix of blue and orange, with wispy clouds and a few contrails. The vineyard rows stretch into the distance, with a path or aisle visible in the foreground. In the background, a small town or village is visible under the sunset light. The word "Financing" is written in a large, white, sans-serif font across the lower center of the image.

Financing

Financing Agenda

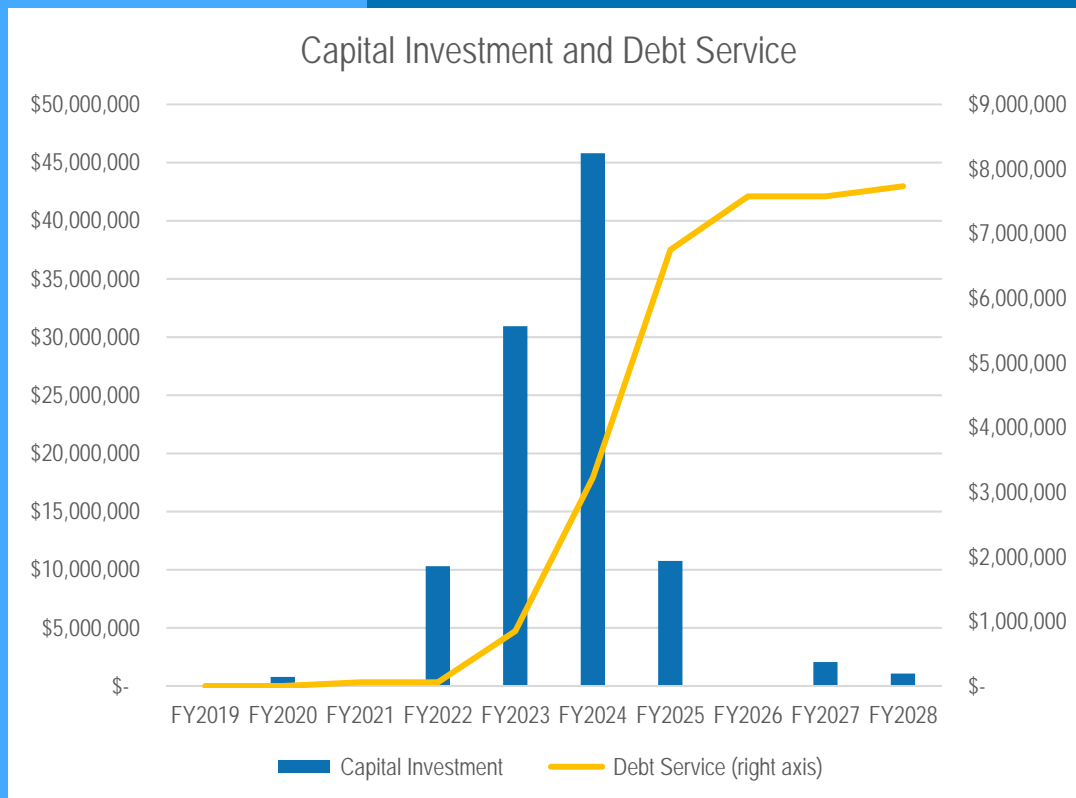


- Financing Strategies
 - Property / Sales Taxes
 - Targeted taxes
 - Usage rates / charges
 - Benefits allocation and billing of GSAs
 - “Blended” approach
- Considerations specific to ESJ
- Examples of other successful multi-party cost sharing



Financing Strategies

How will we determine annual funding requirements?



Cash Flows for Capital Improvements Projects

- Financing for ~\$85M in FY2019 CCE
- (~\$102M escalated)
- Assumes 4.5%, 20-year financing
- Linked to construction schedule, the annual debt service obligation grows to \$7.75M by FY2028

ESJ Specific Considerations



- Basin-scale, GSA-scale, or hybrid approach
- Which GSAs will have implementation projects?
- Cost allocation for administrative costs
 - Monitoring and reporting
 - Data collection and analysis
 - Project implementation
 - Administrative actions
 - 5-year update
 - DMS updates
 - Public outreach
 - Website maintenance
 - Legal support
 - Grant writing

Financing Strategies



Four primary ways of raising revenue

1. Usage Rates / Charges
2. Property / Sales Taxes
3. Targeted Taxes
4. Benefits allocation and billing of GSAs

Most multi-party organizations use a “blended” approach

Prop 218 – Example Fee Structure



1. Flat Assessment by Parcel: All parcels assessed the same fee or tax
2. Flat Assessment by Class and Parcel: All parcels of the same class assessed the same fee or tax.
3. Agricultural Flat Fee, Non-Agricultural by Parcel Size (Gross Area): All agricultural parcels assessed the same fee or tax; all non-agricultural parcels assessed in accordance with size
4. Lot Size (Gross Area): All parcels assessed in accordance with size
5. Parcel Factor: Parcel assessed using a factor that estimates groundwater use of that parcel based on the customer class
6. Account Specific (e.g. actual pumping volume, etc.): Calculation of actual pumping volume, calculations of recharge areas, any calculation of credits based on groundwater conservation activity to create a highly unique assessment by parcel



Cost Sharing Models & Case Studies

Case Studies in Cost Sharing



Case Study	Corollary to ESJ
Water Conserv II : Largest water recharge and reuse operation in the US	Effective cost-share model developed for complicated, multi-agency project
MWRA : Regional utility with over 50 members which has collaboratively funded >\$6 billion in aggregate infrastructure	Successful cost allocation developed between very different agencies
Nurse River	Regional effort similar to single GSAs developing plans
Sonoma County	Local effort melds various revenue streams to fund compliance
Salinas Valley Basin GSA	SGMA compliance fee-based funding: \$2.27 non-agricultural; \$4.81 per irrigated acre for agricultural users to fund the agency



GWA Financial Report

GWA Financial Report



- County representative to provide update on the ESJ GWA financial report



Grant Agreement Update

Grant Agreement Update



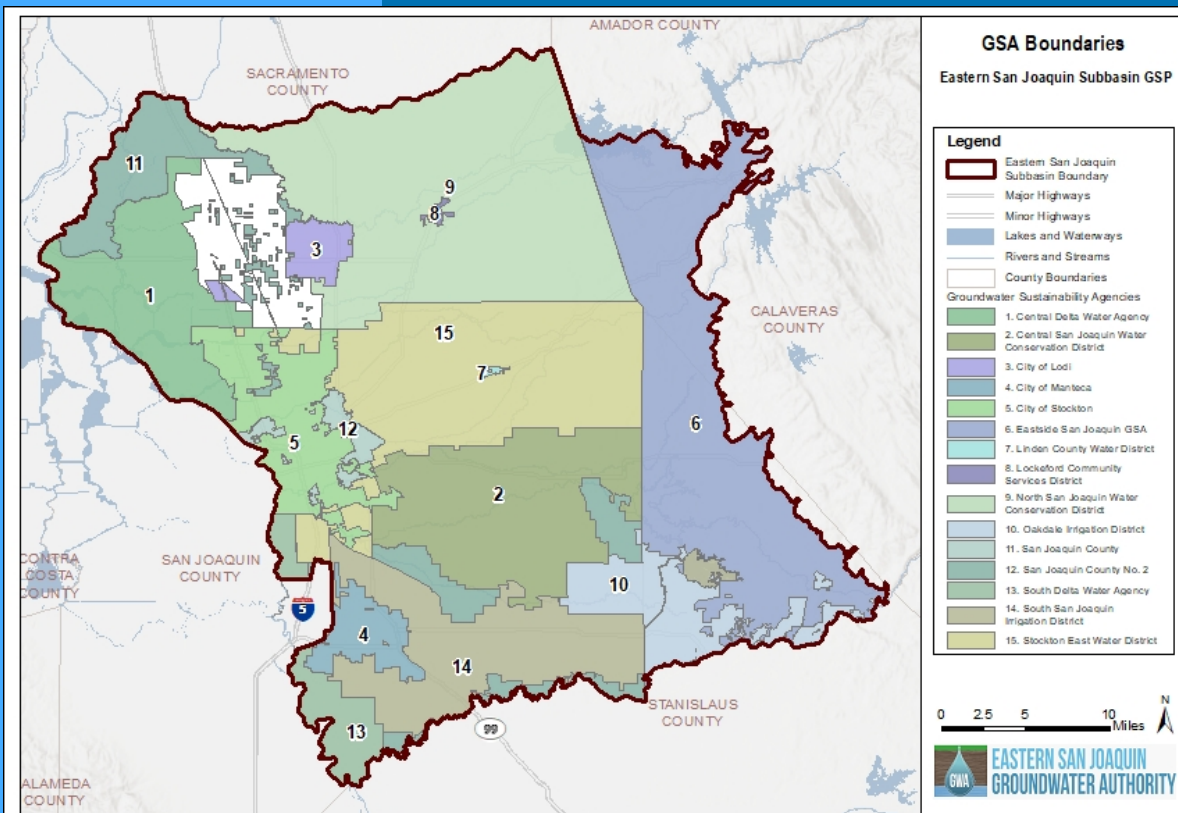
- The DWR 2017 Proposition 1 Sustainable Groundwater Planning (SGWP) Grant has been approved and is in the process of being amended to incorporate updates to the basin map and budget table
- Total grant amount: \$1,500,000
- Invoices can be submitted to DWR once amendment is finalized

Action Item: Authorize secretary to sign grant amendment.



Changes to GSAs

Changes to GSAs



- City of Lathrop Basin Boundary Modification
- Woodbridge Irrigation District GSA withdrawal



March Agenda Items

March Agenda Items



- Projects & Management Actions
- Implementation Plan
- Financing



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