

# WMA GSA

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## Groundwater Sustainability Agency Fee Study

Board Meeting - February 26, 2025



# Agenda

- 1) Rate study process
- 2) Data sources
- 3) Data Gaps
- 4) Legal framework
- 5) Fee structure options
- 6) Financial Plan Review
- 7) Example revenue calculations

# Rate Study Objectives

- Evaluation of costs and revenue needs
- Allocate the costs proportionately and reasonably
- Present WMA Board with three options for fee implementation

# Rate Study Process to Adopt Fee



# Data Sources

- WMA approved draft budget for FY 2025 – FY 2029
- Santa Barbara County parcel layers
- Basin shapefiles from SYRWCD
- Calendar year 2022 reported pumping data from SYRWCD

# Data Gaps

- Missing APNs
- Invalid APNs
- Unreported usage
- Need policy direction
- Data availability
- Data validity

# Phases of SGMA Funding

- Phase 1: GSP Development (funded by member agencies + grants, completed)
- Phase 2: GSP Implementation (loans by member agencies + grants)
- Phase 3: GSA operation/GSP implementation (SGMA beneficiaries)

# Legal Framework

Propositions 26 and 218 constitutionally define a fee/charge versus a tax

- Taxes and Assessments need voter (payor) approval
- GSA approval process differs for Prop 26 and Prop 218 exemption fees and charges
- Prop 26 Exempt fee/charge can be passed by the vote of the GSA Board without payor approval or hearing
  - Examples: Charge for specific governmental benefit or service; reasonable regulatory costs
- Prop. 218 charge subject to hearing on 45+ days' notice and applicable majority protest or voter approval requirement



# Who Should Pay?

- All WMA parcels benefit from SGMA compliance
- Groundwater extractors: burden/benefit
  - Municipal/Industrial (M&I)
  - Domestic (de minimis pumpers exempt\*)
  - Agriculture

\*SGMA defines de minimis users of groundwater as “a person who extracts, for domestic purposes, 2 acre-feet or less per year (AFY)”

# Fee Options

- **Acreage fee** – charge per acre (can be stand-alone)
- **Pump Charge** – volumetric (can be stand-alone)
- **Parcel fee** – every parcel pays a flat charge (cannot be stand-alone)
- **Combination of the above**

# Fee Structure Examples: Other Basins

- Carpinteria GSA: \$/Acre
- Madera County: \$/Enrolled Acre (within the farm unit & receiving an allocation on that acre)
- Montecito: \$/Acre
- San Antonio: \$/Irrigated Acre, or \$/unirrigated Acre
- Cuyama: \$/AF



- **Financial Plan Review**



# Six-Year Financial Plan

- Evaluate Draft Five-Year Budget (FY 2025 – FY 2029)
  - one-year inflationary escalation (FY 2030) @ 3%
- Build Reserves: 6 months of operating costs by FY 2030
- Total Required Revenue: \$1,422,968 (\$284,594/year)
- Revenue requirements may vary from year-to-year
- Rates may vary from year to year
- Smooth revenue recovery: more stable rates

# Projected Budget

Revenue	FY 2025	FY 2026	FY 2027	FY 2028	FY 2029	FY 2030
Member Agency Contributions	\$250,000	\$250,000	\$0	\$0	\$0	\$0
SGMA Grant Reimbursement	\$120,000	\$2,295,690	\$0	\$0	\$0	\$0
Interest Income	\$850	\$1,200	\$1,200	\$1,200	\$1,200	\$1,200
<b>Total Revenue Before GSA Fees</b>	<b>\$370,850</b>	<b>\$2,546,890</b>	<b>\$1,200</b>	<b>\$1,200</b>	<b>\$1,200</b>	<b>\$1,200</b>
Expenses	FY 2025	FY 2026	FY 2027	FY 2028	FY 2029	FY 2030
<b>Internal Operations</b>						
Executive Director Services	\$60,000	\$61,800	\$63,654	\$65,564	\$67,531	\$69,556
Outside Services	\$1,600	\$1,648	\$1,697	\$1,748	\$1,801	\$1,855
Travel & Training	\$1,000	\$1,000	\$1,000	\$1,000	\$1,000	\$1,030
Annual Audit	\$0	\$15,000	\$15,450	\$15,914	\$16,391	\$16,883
Insurance	\$5,018	\$5,169	\$5,324	\$5,483	\$5,648	\$5,817
Dues (ACWA, CSDA etc)	\$800	\$0	\$0	\$0	\$0	\$0
Fees Collection Expenses	\$0	\$1,500	\$1,545	\$1,591	\$1,639	\$1,688
Payback Agencies	\$0	\$0	\$250,000	\$250,000	\$0	\$0
Miscellaneous (internet, webpage, postage etc)	\$1,000	\$1,030	\$1,061	\$1,093	\$1,126	\$1,159
<b>Legal</b>						
General & Misc.	\$25,000	\$25,750	\$26,523	\$27,318	\$28,138	\$28,982
Employment/HR	\$2,000	\$2,060	\$2,122	\$2,185	\$2,251	\$2,319
Fees Collection	\$18,000	\$18,540	\$19,096	\$19,669	\$20,259	\$20,867
<b>Engineering &amp; Environmental</b>						
General & Misc.	\$0	\$40,000	\$40,000	\$40,000	\$40,000	\$41,200
Annual DWR Report	\$0	\$45,000	\$46,350	\$47,741	\$49,173	\$50,648
Grant Components 2-8 Jul 24-Jun 25	\$120,000	\$0	\$0	\$0	\$0	\$0
Grant Components 2-8 Jul 25-Jun 26	\$0	\$2,295,690	\$0	\$0	\$0	\$0
Technical Support	\$7,000	\$7,000	\$7,000	\$7,000	\$7,000	\$7,210
<b>Subtotal Expenses</b>	<b>\$241,418</b>	<b>\$2,521,187</b>	<b>\$480,821</b>	<b>\$486,306</b>	<b>\$241,955</b>	<b>\$249,214</b>
Reserve Contribution*	\$0	\$24,921	\$24,921	\$24,921	\$24,921	\$24,921
<b>Net Revenue Requirement</b>	<b>-\$129,432</b>	<b>-\$782</b>	<b>\$504,543</b>	<b>\$510,027</b>	<b>\$265,677</b>	<b>\$272,935</b>

\* Building up to 6 months of O&M over 5 years.

# Summary of Revenue Requirements

	FY 2025	FY 2026	FY 2027	FY 2028	FY 2029	FY 2030
<b>Revenues</b>						
Member Agency Contributions	\$250,000	\$250,000	\$0	\$0	\$0	\$0
SGMA Grant Reimbursement	\$120,000	\$2,295,690	\$0	\$0	\$0	\$0
Interest Income	\$850	\$1,200	\$1,200	\$1,200	\$1,200	\$1,200
<b>Subtotal Revenues</b>	<b>\$370,850</b>	<b>\$2,546,890</b>	<b>\$1,200</b>	<b>\$1,200</b>	<b>\$1,200</b>	<b>\$1,200</b>
<b>Expenses</b>	<b>\$241,418</b>	<b>\$2,546,108</b>	<b>\$505,743</b>	<b>\$511,227</b>	<b>\$266,877</b>	<b>\$274,135</b>
<b>Net Revenue Requirement</b>	<b>-\$129,432</b>	<b>-\$782</b>	<b>\$504,543</b>	<b>\$510,027</b>	<b>\$265,677</b>	<b>\$272,935</b>
<b>Smoothed Net Rev. Req.</b>	<b>\$0</b>	<b>\$262,719</b>	<b>\$273,227</b>	<b>\$284,156</b>	<b>\$295,523</b>	<b>\$307,343</b>

- Normalize revenue collections: revenue increases 4% per year to collect \$1,422,968.

# Smoothed Cash Flow

	FY 2025	FY 2026	FY 2027	FY 2028	FY 2029	FY 2030
Beginning Balance	\$0	\$129,432	\$423,566	\$224,068	\$25,032	\$79,911
Revenue						
Other	\$370,000	\$2,545,690	\$0	\$0	\$0	\$0
Interest	\$850	\$6,912	\$8,095	\$3,114	\$1,312	\$2,759
GSA	\$0	\$262,719	\$273,227	\$284,156	\$295,523	\$307,343
<b>Total Rev</b>	<b>\$370,850</b>	<b>\$2,815,321</b>	<b>\$281,323</b>	<b>\$287,270</b>	<b>\$296,834</b>	<b>\$310,102</b>
Expenses	\$241,418	\$2,521,187	\$480,821	\$486,306	\$241,955	\$249,214
End Balance	\$129,432	\$423,566	\$224,068	\$25,032	\$79,911	\$140,799
Reserve Target	\$0	\$24,921	\$49,843	\$74,764	\$99,686	\$124,607
Above/Below Target	Above	Above	Above	Below	Below	Above





- **Rate Options**



# Volumetric Calculation

- Sum of volume pumped reported to SYRWCD over two periods (2022)
- Excludes underflow wells
- Does not exclude de minimis withdrawal
- Parcels overlaying both WMA & CMA: Split AF reported proportionally by acreage in each management area

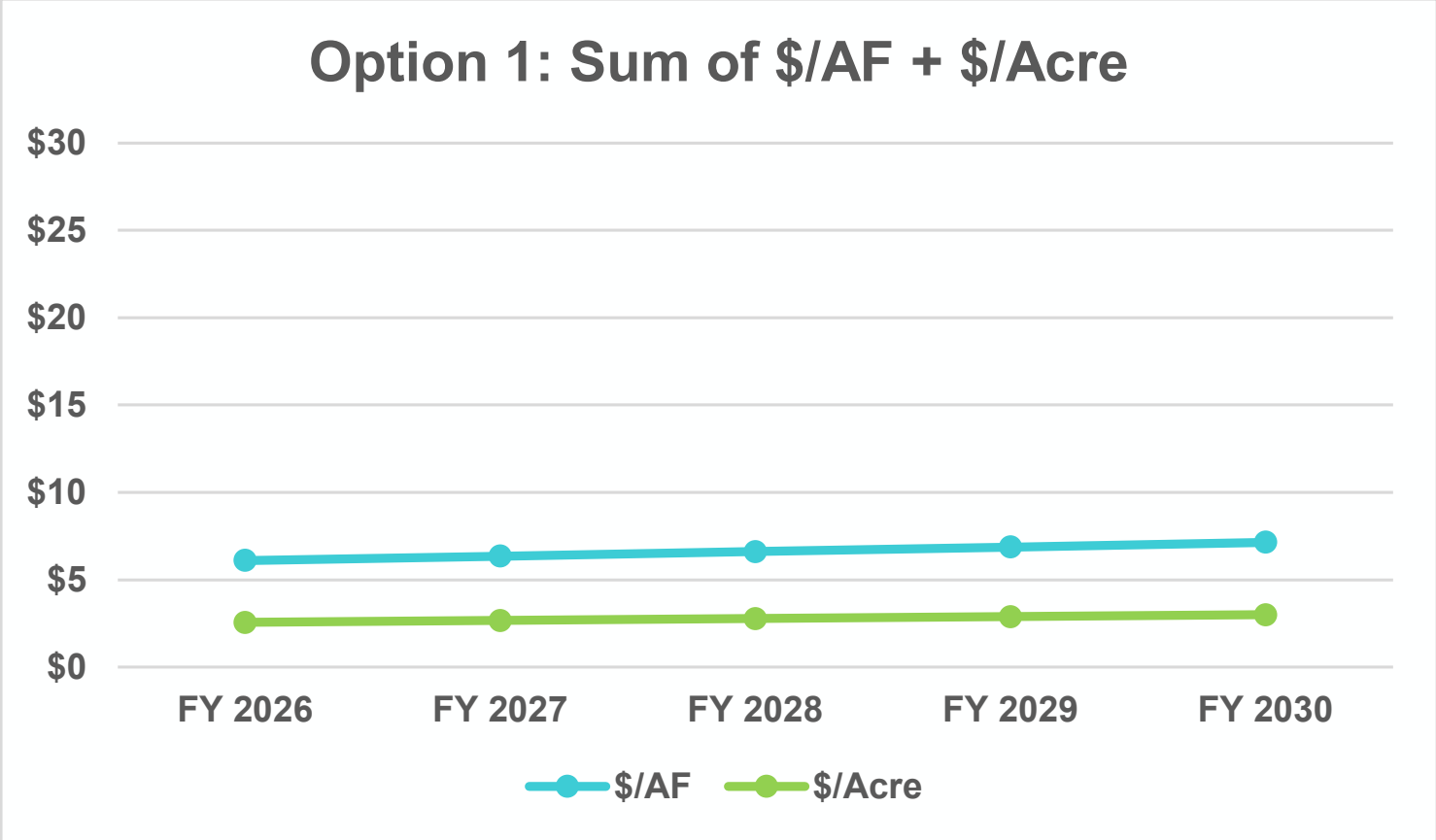
	Matched	Unmatched	Total	Percentage
<b>Total Billable Usage (AF)</b>	<b>25,223</b>	230	25,453	0.9%
<i>Usage that has no billable parcels (AF)</i>		45		
<i>Usage that is assigned to unmatched parcel, but has other parcels in to bill (AF)</i>		185		

# Acreage Calculation

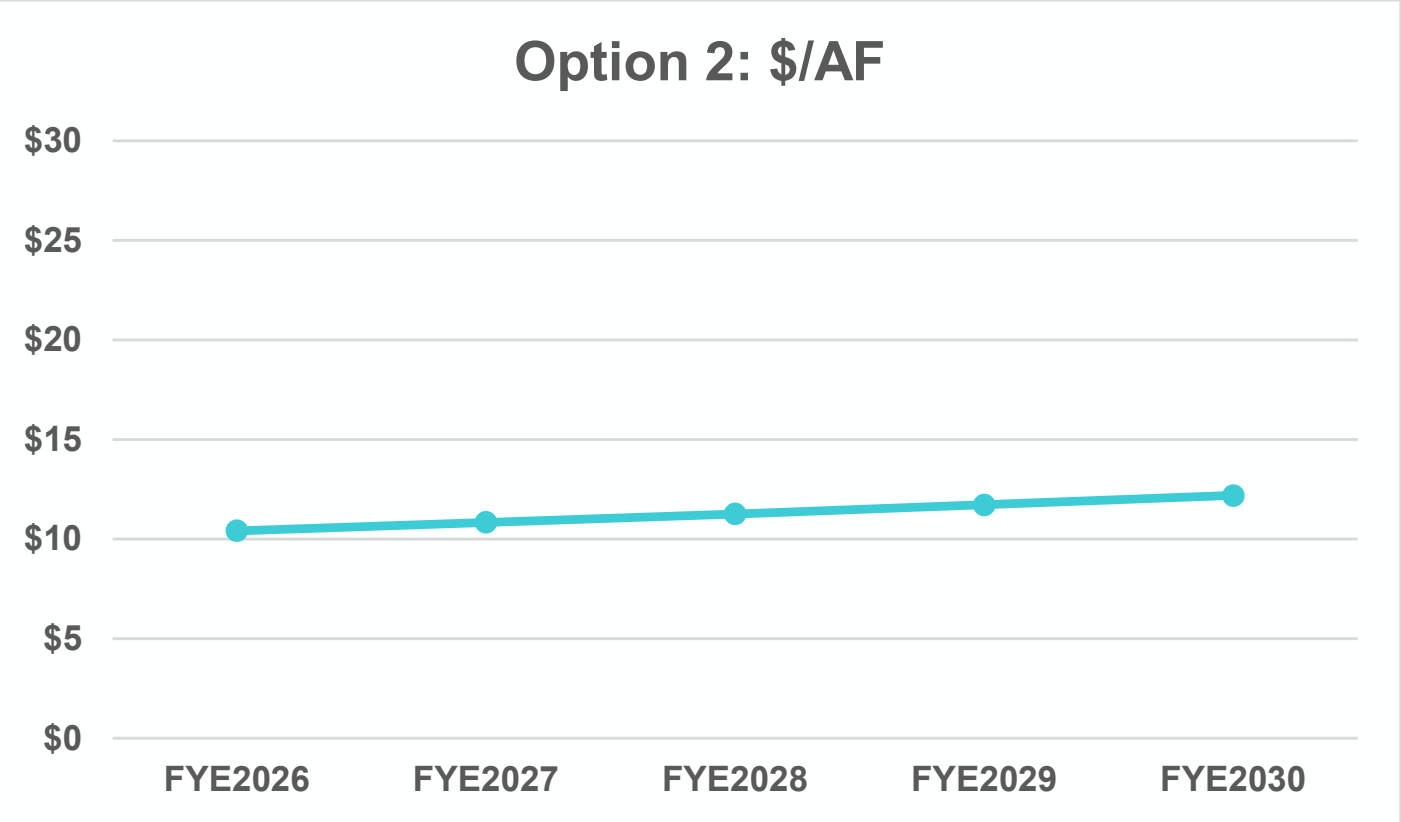
- Measures acreage by parcel within the WMA
- Includes only “ground” layer parcels (excludes stacked parcels: mobile home, condo first floor, etc.)
- Does not include Federally-owned parcels
- Does not include acreage from “unmatched” parcels

	Matched
<b>Total Acreage</b>	<b>20,291</b>

# Option 1: \$/AF + \$/Acre



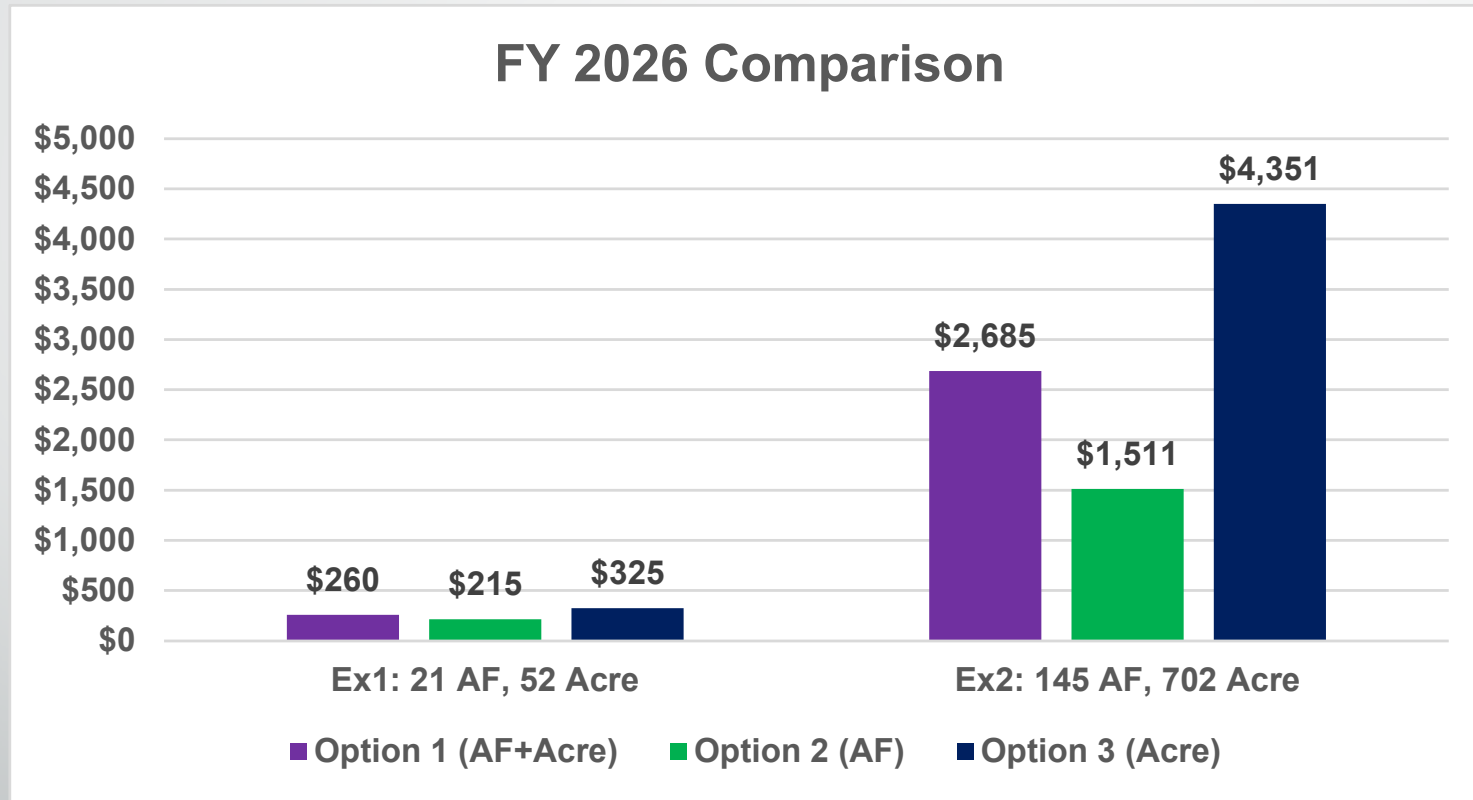
# Option 2: \$/AF



# Option 3: \$/Acre



# Comparison of Three Options: Two Examples





# Questions?