

EAST TURLOCK GROUNDWATER SUSTAINABILITY AGENCY

Proposition 218 Election Landowner Workshop

December 14, 2023



Topics

Introduction and Background

General Approach

Proposed Proposition 218 Assessment

Comments and Questions



INTRODUCTION AND BACKGROUND



SUSTAINABLE GROUNDWATER MANAGEMENT ACT (SGMA)

1. Form
GSA

June 2017

2. Develop
GSP

Jan 2020/22

3. Implement
GSP

Over 20 yrs

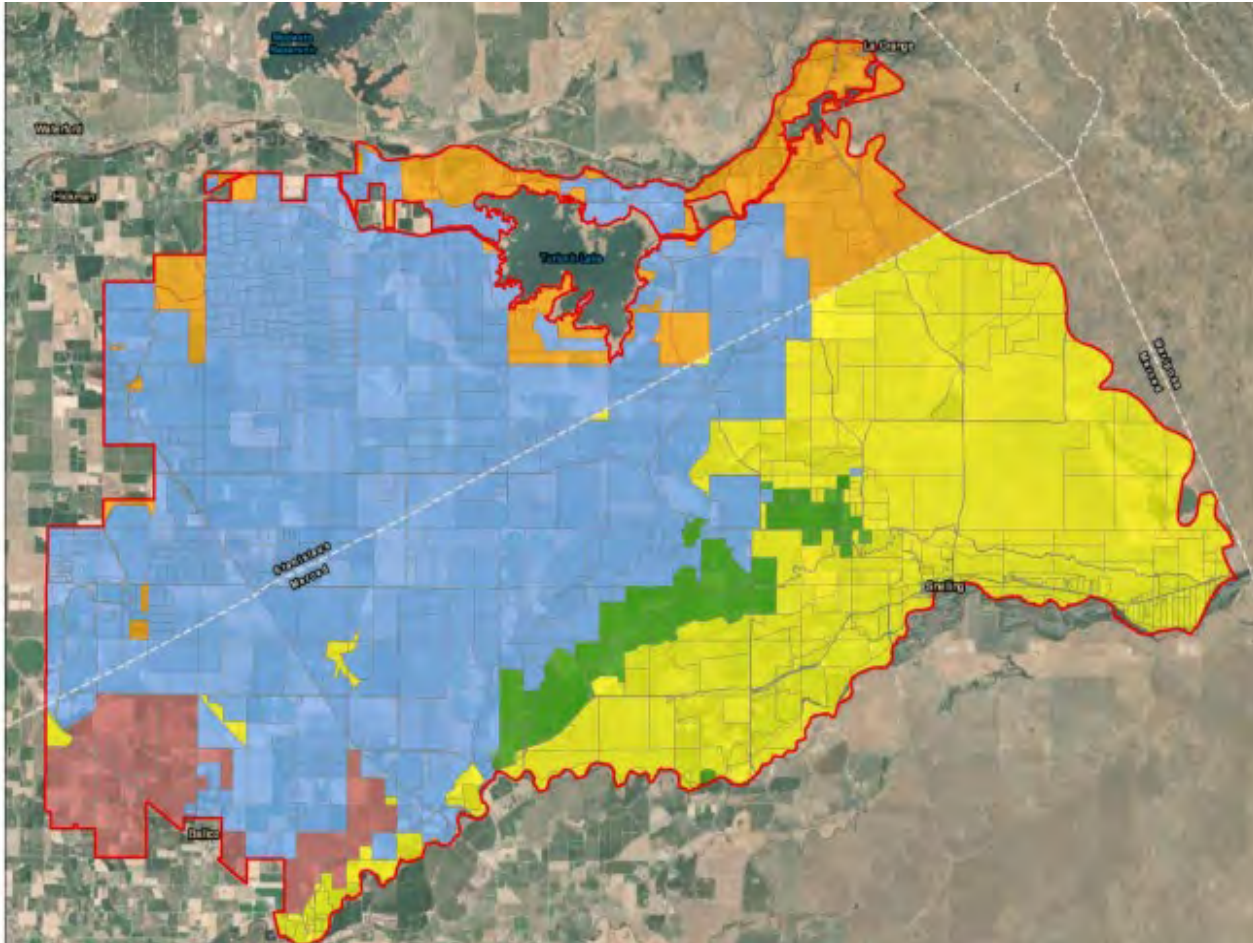
4. Achieve
Sustainability

2040/42



- Achieve groundwater sustainability in medium and high priority GW basins.
- Implement monitoring, projects and management actions to achieve sustainability in 20 years.
- Local control, if successful, backstopped by State intervention.

WHO WE ARE

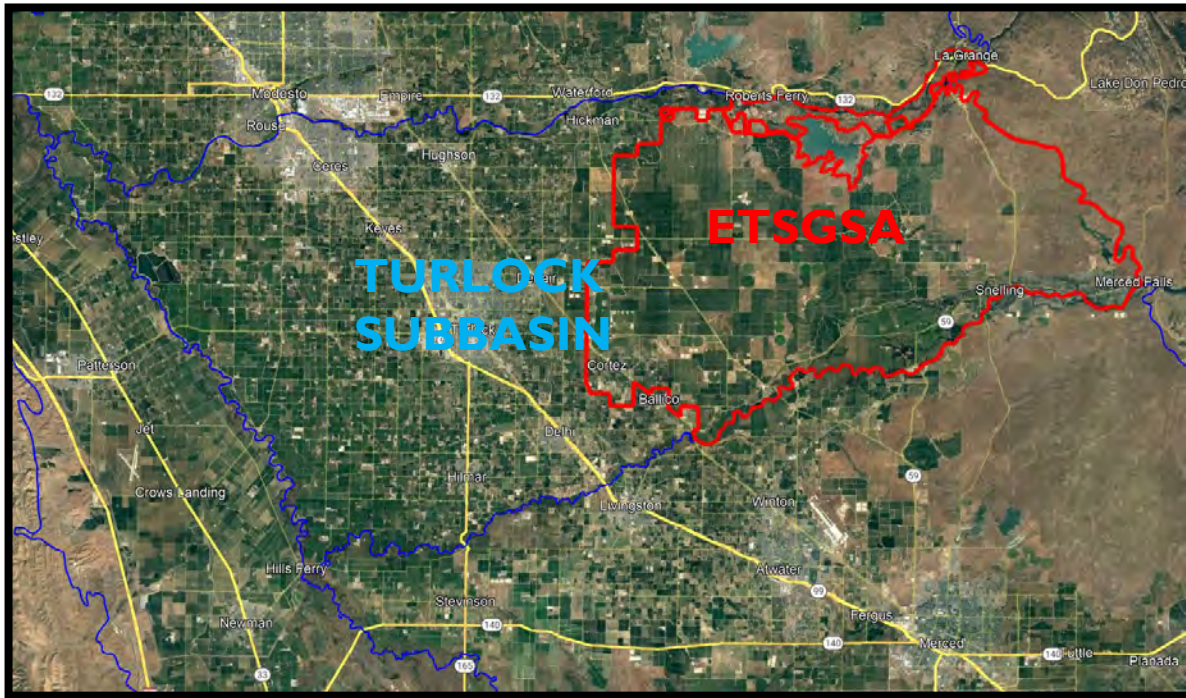


East Turlock Subbasin Groundwater Sustainability Agency JPA

- ✓ Eastside Water District
- ✓ Ballico-Cortez Water District
- ✓ Merced Irrigation District
- ✓ Merced County
- ✓ Stanislaus County

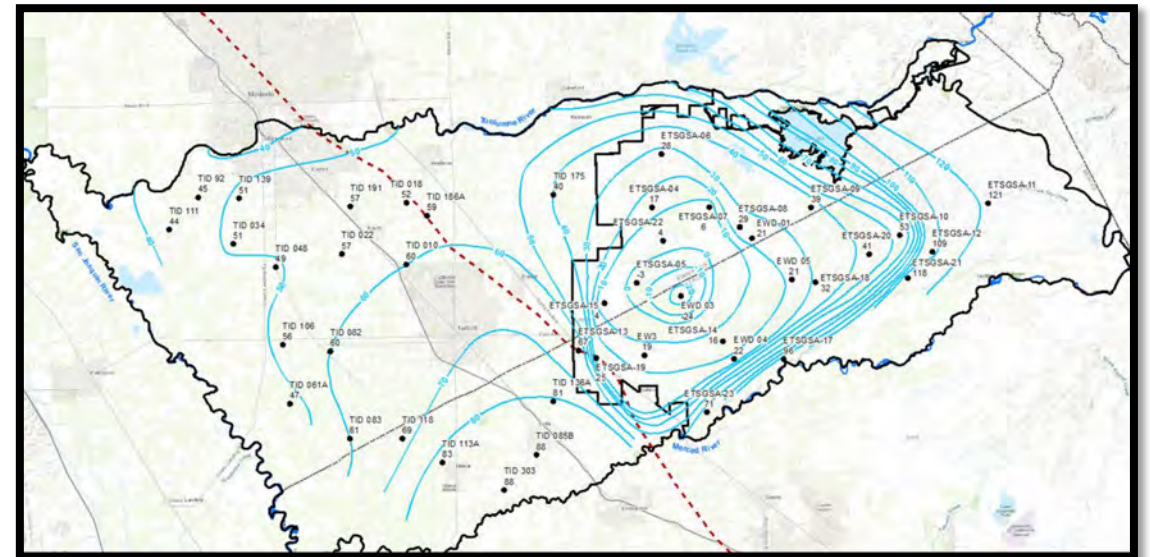
One GSP adopted and being implemented jointly with West Turlock Subbasin GSA

LOCATION AND OVERVIEW



- Current groundwater demand exceeds long-term sustainable yield
- Large cone of depression under eastern subbasin
- Little opportunity for more surface water delivery or recharge

- Over 90,000 acres of high value agricultural land, mostly nuts and vines
- Depends mostly on groundwater



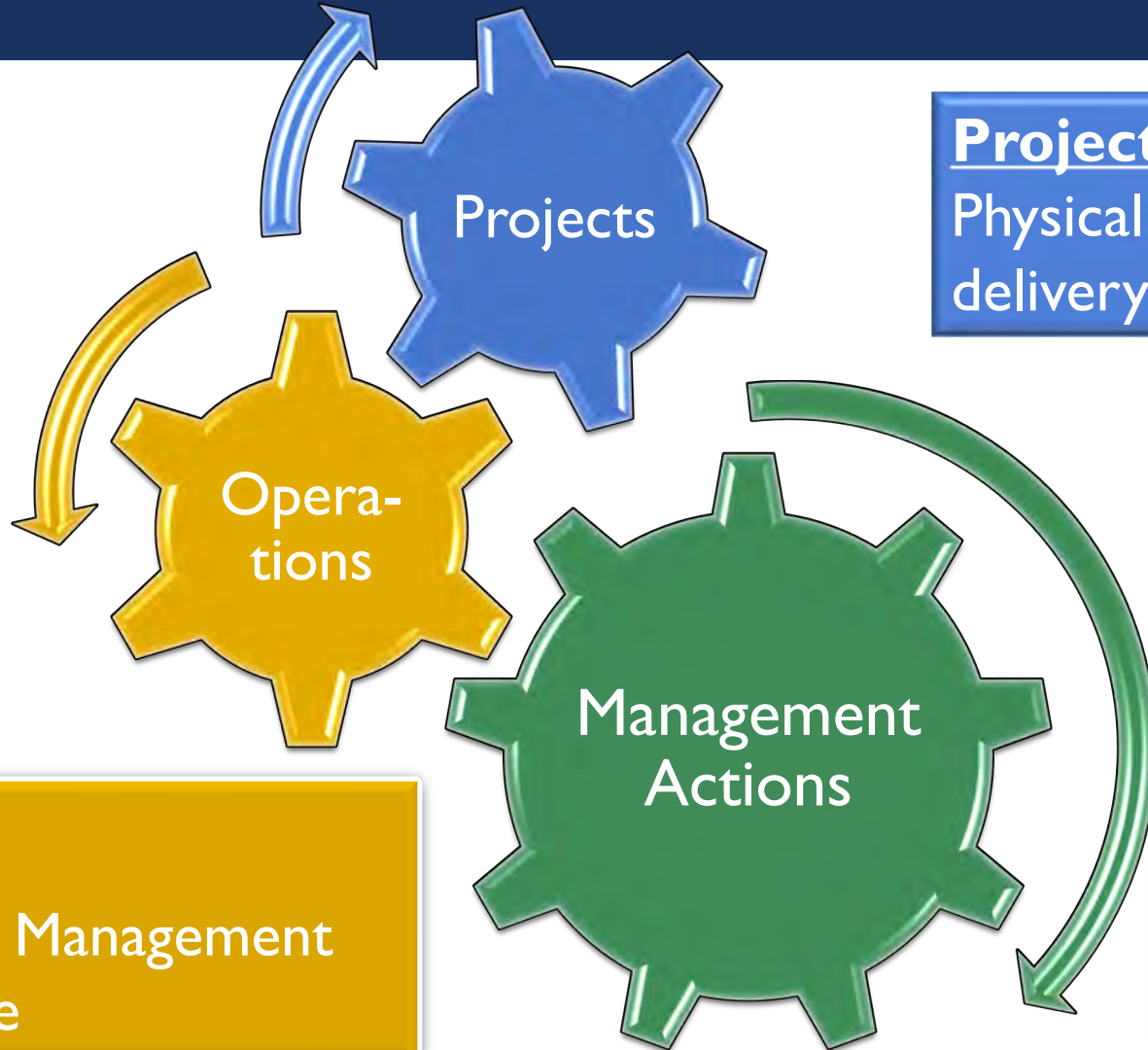
GENERAL APPROACH



IMPLEMENTATION OVER TIME (ADAPTIVE MANAGEMENT)



HOW WE MEET SUBBASIN SUSTAINABILITY GOALS



Projects:

Physically constructed water delivery and recharge projects

Operations:

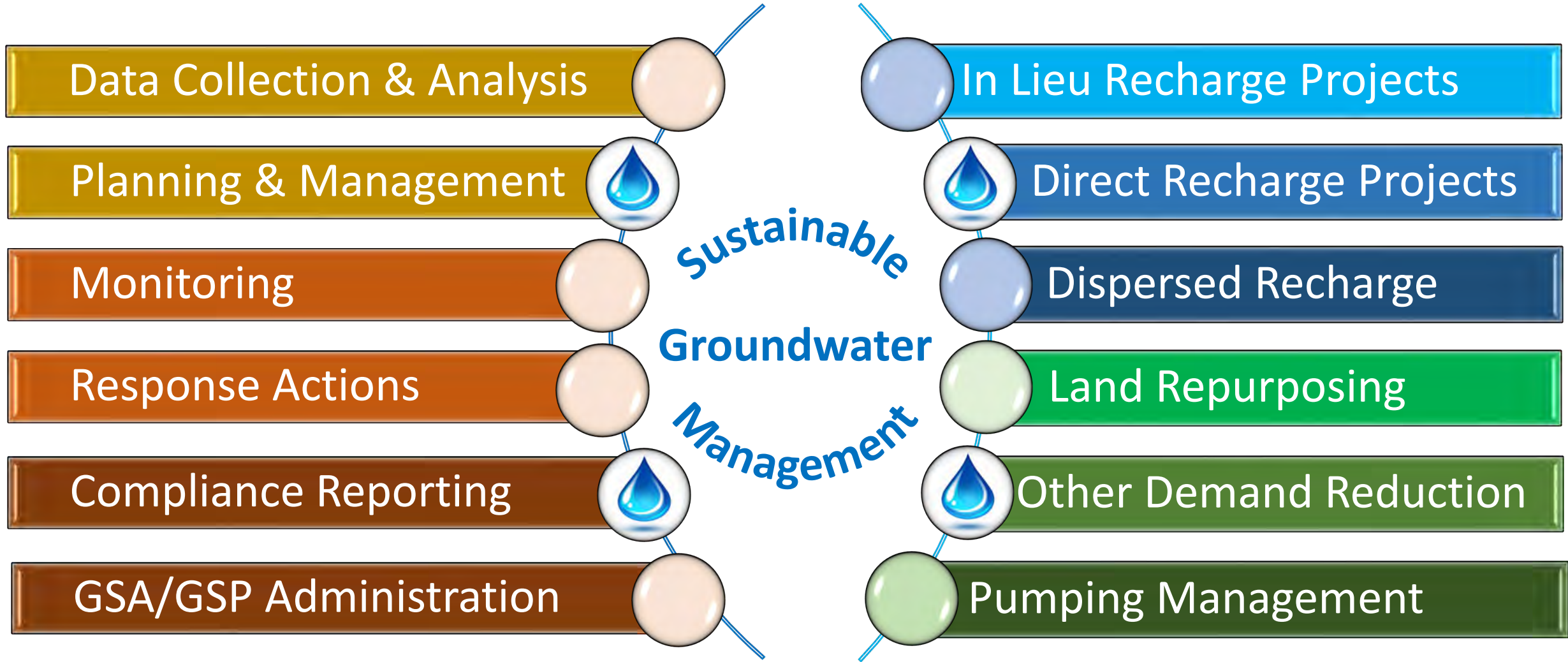
Administration, Management and Compliance

Management Actions:

Programs or policies that reduce groundwater demand

Operations and Compliance

Projects and Management Actions

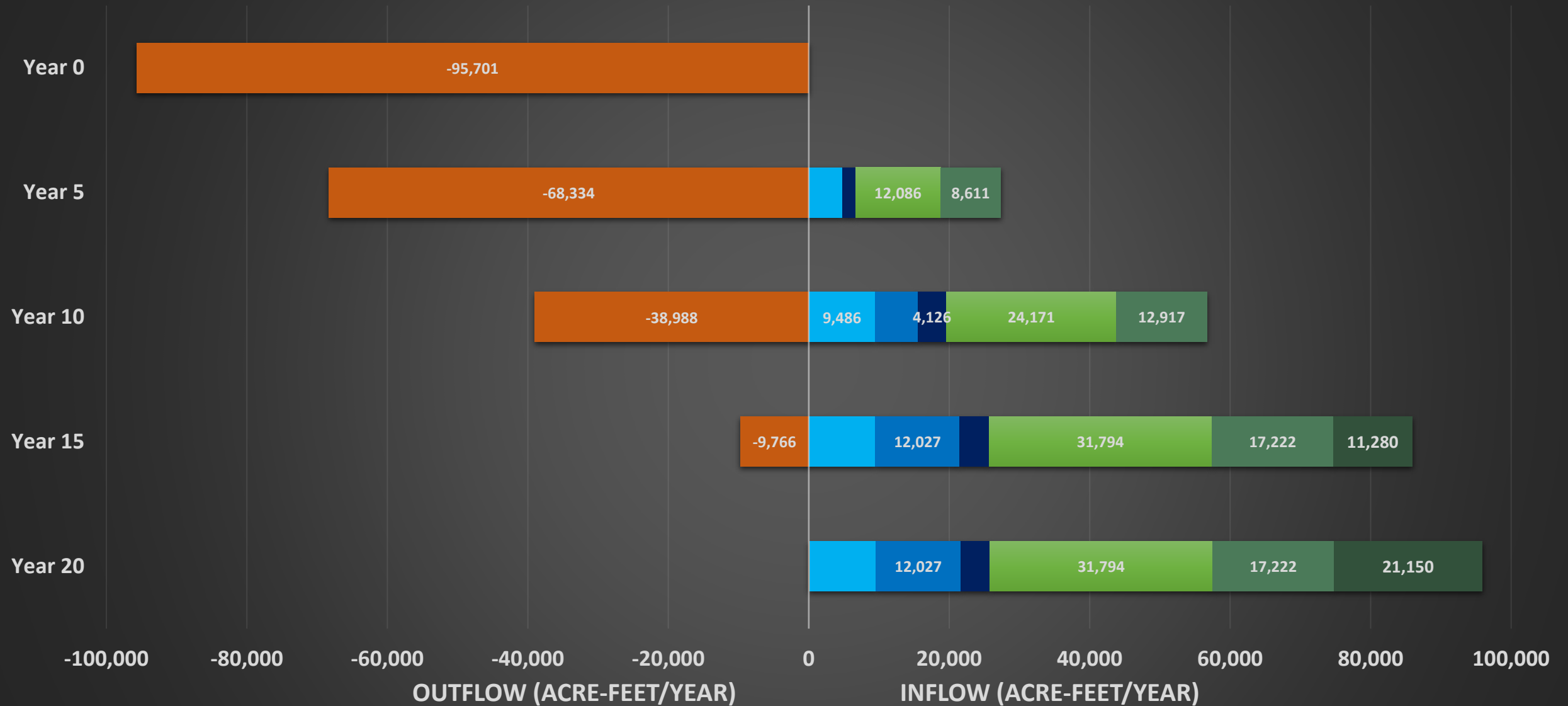


ADAPTIVE MANAGEMENT STRATEGY

Adaptive Management of Pumping Reduction and Project Implementation to Achieve Sustainable Yield



Conceptual Path to Sustainable Yield



- Net Deficit Pumping
- Group 2 and 3 Projects
- Additional TID Water Deliveries
- Dispersed Recharge
- MLRP Projects
- Delayed Orchard Replanting
- Other Land Retirement

Rules & Regulations

Supports justification of ratepayer benefits from land-based assessment



Definitions and Framework

Irrigated and Non-Irrigated Land definitions; Application of charges; Appeals



Measuring Groundwater Use (Draft)

How will groundwater use be monitored?

Supports implementation of volume-based pumping fees



Water Accounting

Pumping accounting methods; Tracking and reporting; Credits



Operational Rules

Pooling, carryover rules, transfers, etc.



Penalties & Appeals

Enforcement mechanisms and appeals



PROPOSED PROPOSITION 218 BENEFIT ASSESSMENTS

Background

ETSGSA FUNDING (1)

- ETSGSA's current fee program is charged to all GSA parcels outside of Eastside Water District (EWD). EWD charges an assessment to its parcels and contributes revenue directly to the GSA on their behalf.
- The Current fee program was intended to support GSP development and GSA administration and does not generate enough revenue to implement the plan.
- ETSGSA is preparing to implement an Operational Assessment to fund ongoing operations

ETSGSA FUNDING (2)

- ETSGSA is planning to implement two separate funding mechanisms to support GSP implementation:
 1. A benefit assessment in early 2024 to support its operational budget through land-based charges.
 2. A property related fee later in 2024 to support its project budget through groundwater use-based charges.
- If successful, the proposed assessment would replace the ETSGSA's current fee program.
- EWD's current assessment would continue, and EWD property owners would not directly pay the new proposed assessment until their current assessment expires.

ETSGSA FUNDING

Operational Budget

Includes costs related to administration, operations, compliance management actions, and debt service.

Land-Based Benefit Assessment

Rates per irrigated parcel acre and per non-irrigated parcel acre.

P&MA Budget

Includes costs related to recharge projects described in the GSP and management actions for demand reduction.

Groundwater Use-Based Property Related Fee

Rate per AF in base tier, rates per each AF in overdraft tiers.



PROPOSITION 218 BENEFIT ASSESSMENTS

Procedural Requirements

BENEFIT ASSESSMENT PROCEDURES (1)

- Passed by California Voters in 1996, Proposition 218 provides the substantive and procedural requirements for benefit assessments.
- Benefit assessments require 50% support through an all-mail landowner election.
- Each landowner will receive a notice and ballot, which will provide the proposed assessment amount for their parcel(s).
- The voting is weighted by assessment amount – meaning a higher assessment means more voting power.
 - This can be thought of as \$1 = 1 vote.

BENEFIT ASSESSMENT PROCEDURES (2)

- Once ballots have been mailed, there will be a 60-day voting period.
- At the close of this voting period, there will be a public hearing and ballot tabulation to process the results.
- Landowners may mail their ballot to the GSA during the voting period or bring their ballot to the public hearing.
- If a property owner needs a replacement ballot for any reason, it can be requested from the GSA.
- If at least 50% of submitted ballots vote in favor of the assessment, it can be implemented by the Board.



BUDGET CONSIDERATIONS

ETSGSA Operational Budget

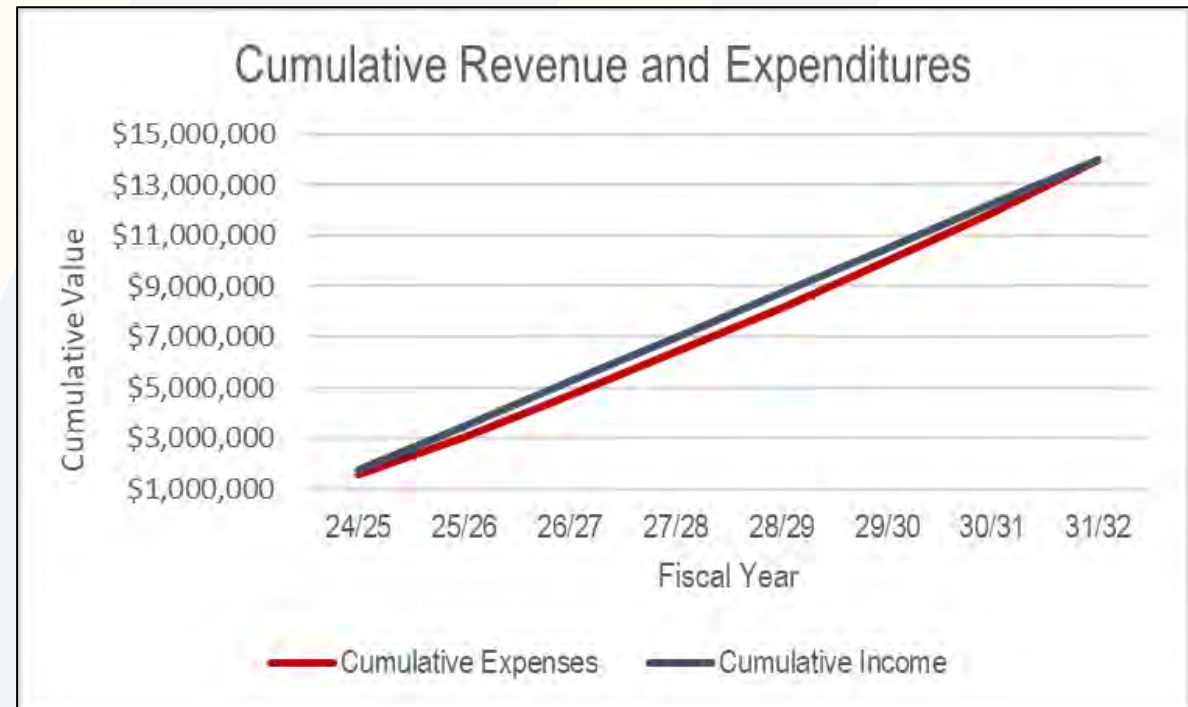
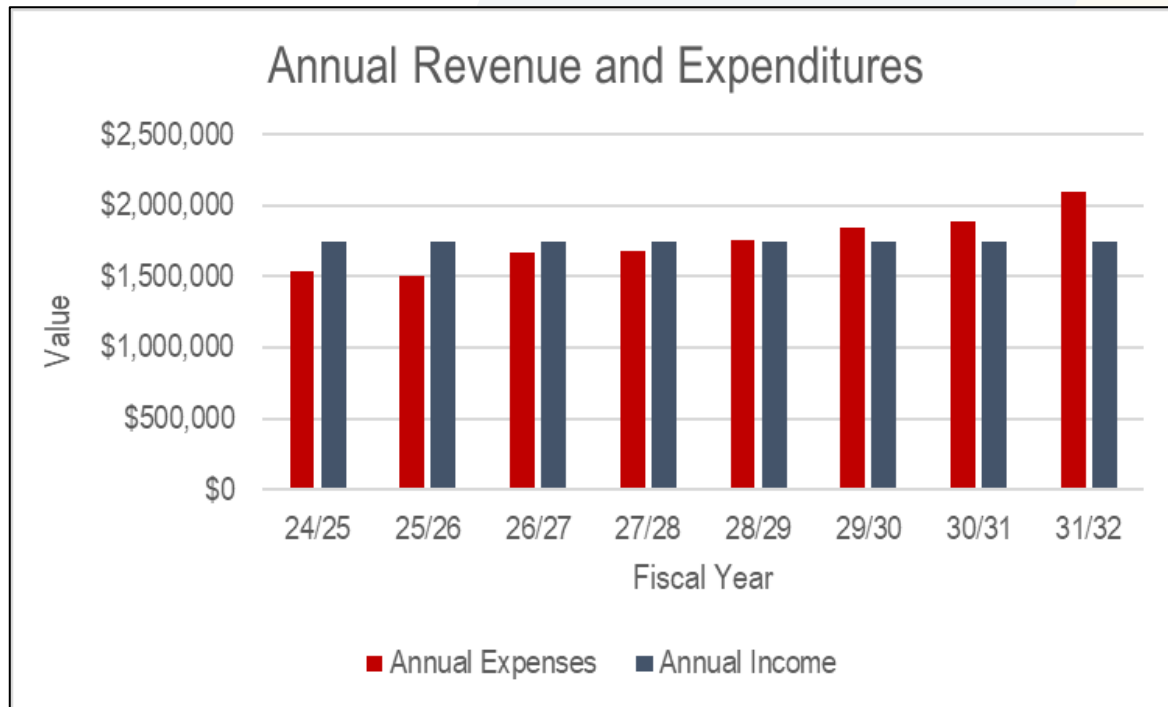
ETSGSA OPERATIONAL BUDGET (1)

- ETSGSA has determined the annual revenue need by calculating the projected budget over the course of eight years and averaging these annual budgets, as shown below.

Operational Funding Needs									
	FY 24/25	FY 25/26	FY 26/27	FY 27/28	FY 28/29	FY 29/30	FY 30/31	FY 31/32	Eight-Year Average
Base Operational Budget	\$1,420,508	\$1,383,513	\$1,543,412	\$1,557,579	\$1,635,458	\$1,726,636	\$1,765,752	\$1,969,829	\$1,625,336
Debt Service Budget	\$121,201	\$121,201	\$121,201	\$121,201	\$121,201	\$121,201	\$121,201	\$121,201	\$121,201
Total Operational Budget	\$1,541,709	\$1,504,714	\$1,664,613	\$1,678,780	\$1,756,659	\$1,847,837	\$1,886,953	\$2,091,030	\$1,746,537

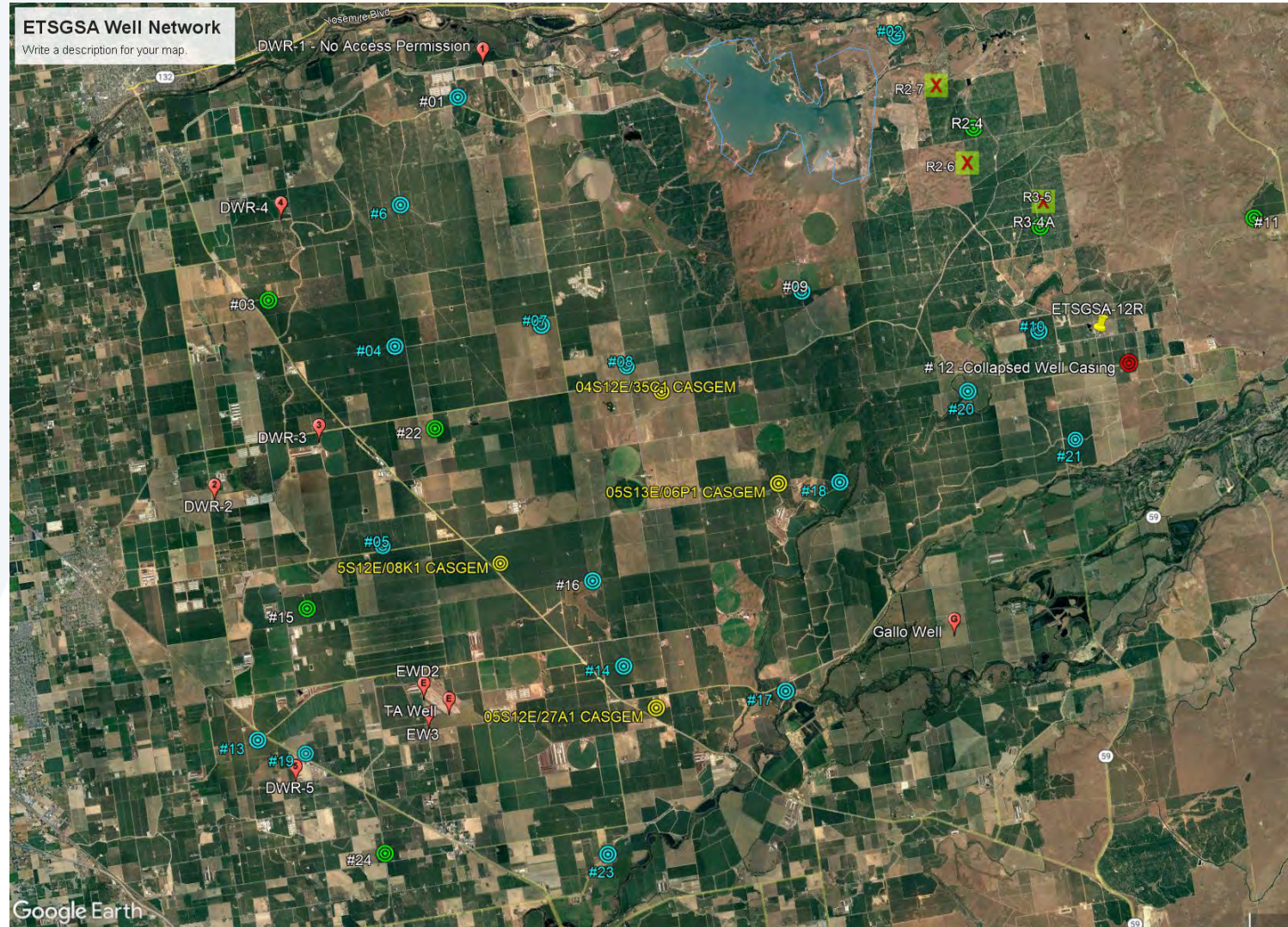
ETSGSA OPERATIONAL BUDGET (2)

- As shown below, while the annual revenue does not match budget in every year, the cumulative expenses over this eight-year period equal the cumulative projected expenses during this time.



STATE-MANDATED MONITORING AND REPORTING

- Compliance with groundwater level, groundwater storage and river flow interaction thresholds and objectives
- Monitor 43 wells: Compliance and advisory wells
- Electronic measurement
- Well maintenance, replacement and expansion
- Data uploads
- Annual reporting



COMPLIANCE MANAGEMENT ACTIONS

Annual Reporting

- Groundwater levels and compliance evaluation
- Water budgets
- Projects and Management actions

Five-Year GSP Updates

- Update understanding, Address data gaps
- Refine Sustainable Management Criteria
- Update Projects, Management Actions and Implementation Activities

Pumping Management

- Framework development and management
- Measurement (Land IQ ET, metering)
- Implementation; Internet portal

Domestic Well Mitigation & Minimum Threshold Exceedance

- Policy development
- Monitoring and verification
- Tiered response actions

Planning and Implementation Management

- Project planning, evaluation and prioritization
- Multi-Benefit Land Repurposing planning and program management

AGENCY ADMINISTRATION AND COORDINATION

Regional Coordination

- Coordinate with neighboring basins

Stakeholder and Community Engagement

- Outreach and engagement
- Community/Stakeholder meetings
- Website and mailings

Meetings

- Board and TAC meetings
- Public workshops
- Record keeping

Business and Finance

- Financial management
- Insurance, facilities and supplies
- Fees, assessments and grant pursuits

Staff and Legal

- GSA staff
- Board Secretary
- Legal



ETSGSA ASSESSMENT METHODOLOGY

Basis of Assessment Charges

ETSGSA ASSESSMENT METHODOLOGY (1)

Two rates:

- Charge per irrigated parcel acre
- Charge per non-irrigated parcel acre

Determination of irrigation status:

- Baseline determination of a parcel's status as 'irrigated' or 'non-irrigated' stems from County use codes and DWR land use mapping. This may be refined in the future using ET analysis, aerial imagery and other data.
- Parcels will be charged based on their irrigation status and according to their entire parcel acreage per the Assessor's lien roll.
- An appeals process is being adopted through which property owners can submit claims that their parcel(s) have been incorrectly categorized.

ETSGSA ASSESSMENT METHODOLOGY (2)

Assessment of Eastside Water District Parcels

- If successful, EWD will pay this proposed assessment on behalf of its property owners while the current EWD assessment is active.
- Once the current EWD assessment expires in 2025, EWD property owners would be charge directly for this assessment.
- EWD property owners *will not* be charged both assessments concurrently.

Balloting of Eastside Water District Parcels

- EWD property owners will be balloted along with all other ETSGSA property owners.

BENEFIT FACTORS

Improved Water Supply Management

- Based on improved management of water resources within ETSGSA.
- Effective management improves availability and resilience of all water sources.
- Avoidance of **undesirable results** due to lowering of groundwater levels, reduction of groundwater storage, and depletion of interconnected surface water.

Effective SGMA Compliance

- Avoidance of State intervention; maintaining local control.

Prevention of Other Undesirable Results

- Avoidance of potential future **undesirable results** resulting from degradation of water quality and land subsidence.

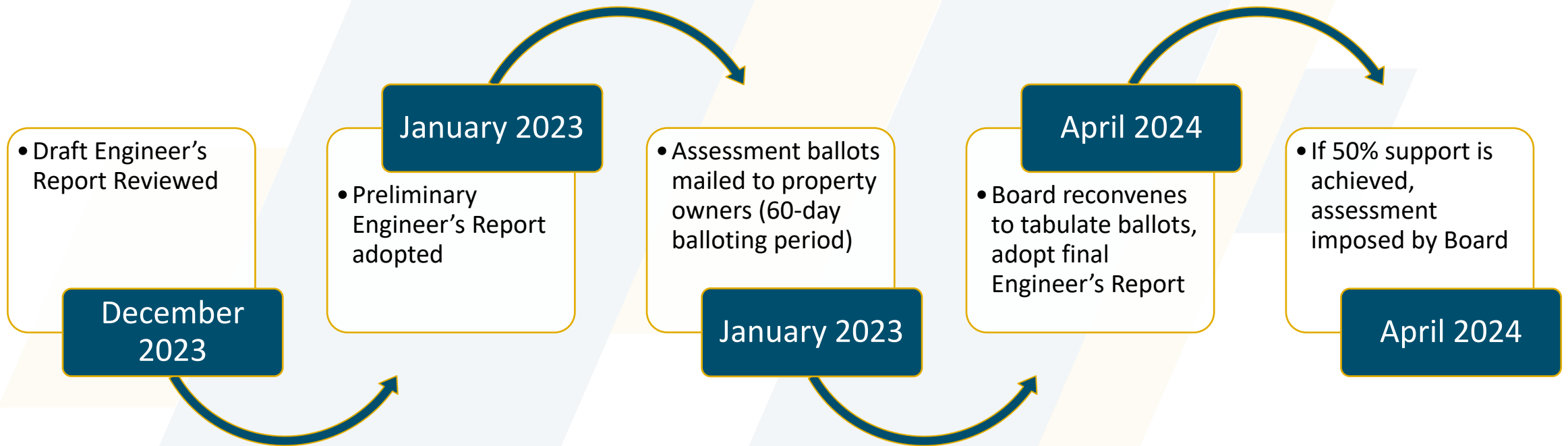
PRELIMINARY RATES

- Preliminary Annual Rates:
 - **Irrigated Parcels:** **\$17.30 per acre**
 - **Non-Irrigated Parcels:** **\$2.55 per acre**
- Non-Irrigated rate is roughly 15% of Irrigated parcel rate.
- Based on the concept that non-irrigated parcels receive roughly 15% of the special benefit that irrigated parcels receive.

PRELIMINARY RATES AND REVENUE

Land Use	Acres	Preliminary Rates	Units	Revenue	Revenue %
Irrigated Parcel Land	94,699	\$17.30	acre	\$1,638,293	94%
Non-Irrigated Parcel Land	42,358	\$2.55	acre	\$108,013	6%
Totals	137,057			\$1,746,306	100%

ASSESSMENT TIMELINE



WHAT WOULD HAPPEN IF THE ASSESSMENT IS NOT SUCCESSFUL?

- If the proposed assessment is not successful, ETSGSA would be unable to fulfil its obligations under SGMA. In this case, the State could take over the Subbasin in a process called 'State Intervention.'
- ETSGSA would still be required to address deficiencies and correct the course of GSP implementation.
- ETSGSA would be forced to explore other funding options pursuant to SGMA and the California Water Code.

STATE INTERVENTION

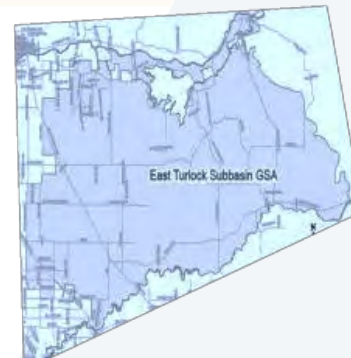
In the event of State intervention:

- Local input would be severely limited.
- Groundwater users would be required to register wells, install meters, and report to the State.
- Annual charges would likely be implemented for non-de minimis wells at rates of \$300 per well and pumping fees of \$40-\$55 per acre foot, and for de minimis wells at a rate of \$100 per well.
- The State could restrict pumping and assess penalties for overdraft.
- These costs would be in addition to the continued costs incurred by the GSA to implement the GSP and correct any deficiencies.

QUESTIONS?

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BUDGET AND SFE SUMMARY

Costs	Total Amount
Beginning Unrestricted Net Assets	\$0.00
Annual Operations and Maintenance Costs	\$1,746,537
County Collection and Billing Administration	\$5,500
Allowance for Uncollectable Assessments	\$12,000
Total Annual Costs	\$1,764,037

Assessment Calculator			
Total Annual Costs			\$1,764,037
Less Contribution from other sources (towards General Benefit contribution)			(\$17,465)
Balance to Assessment			\$1,746,572
	<u>Benefit Units (a)</u>	<u>Rate(b)</u>	<u>(a)*(b)</u>
Irrigated Parcel Land (acres)	94,699	\$17.30	\$1,638,473
Non-Irrigated Parcel Land (acres)	42,358	\$2.55	\$108,099
	Total Assessment Amount =		\$1,746,572