

Information Item: Funding Options Update

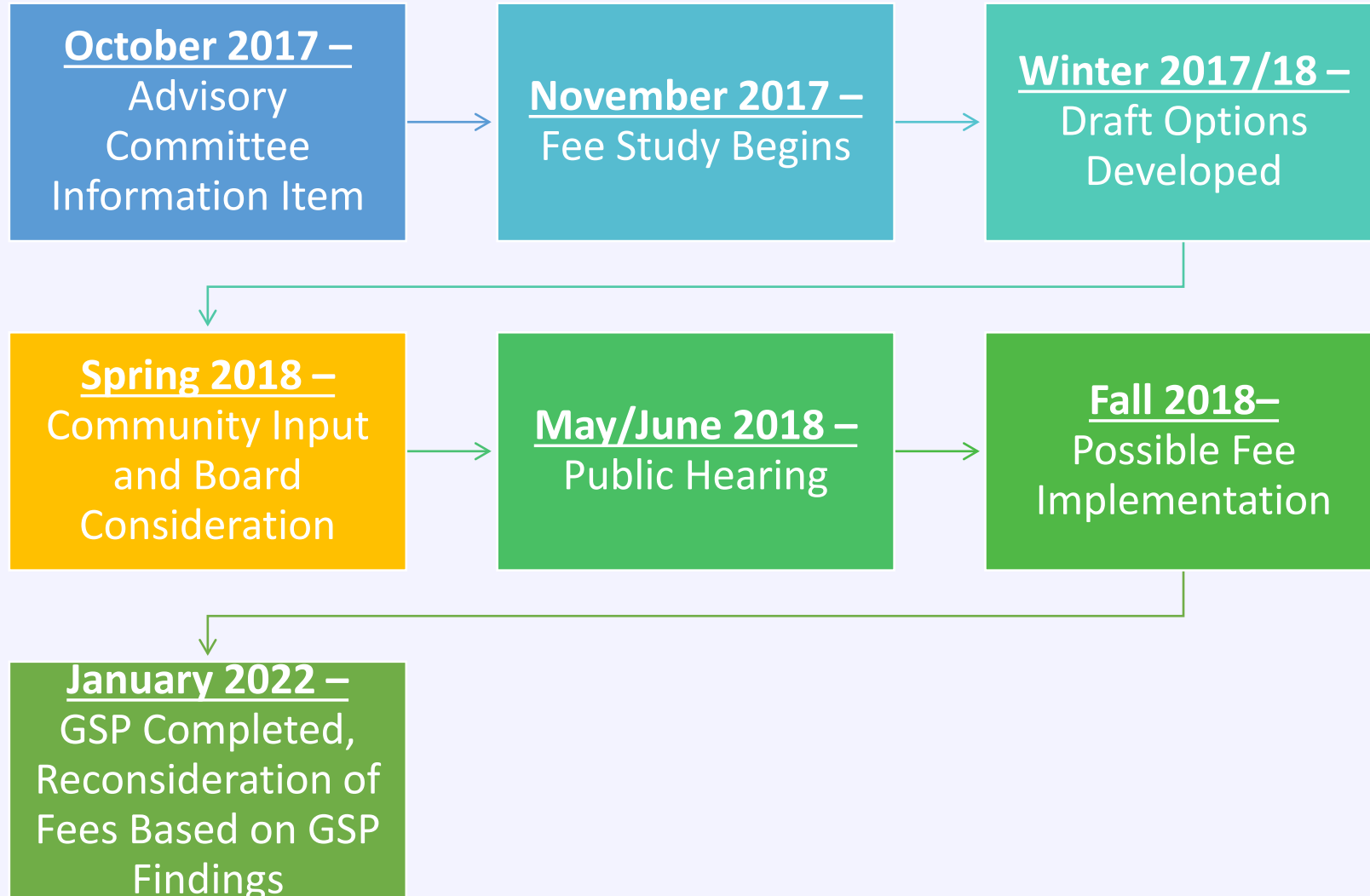


Ann DuBay, GSA Administrator

Sally Van Etten, Raftelis Financial Consultants

Jay Jasperse, GSA Plan Manager

Project Overview and Timeline



Today's Agenda Item

- Update Board on community feedback
- Review funding options and pros and cons
- Receive Board direction



Community Feedback to Date



Funding Options Considered

- Per Parcel Fee
- Parcel Fee + Fee Based on GW Use
- Parcel Tax
- Fee based on GW Use Only
- GW Fee – “Hybrid” Methodology
- Continuing Contributions from Agencies
- State Intervention

Parcel Fee

- **What:** Prop. 26 Regulatory Fee charged to all parcel owners
- **Why:**
 - Response to some initial Advisory Committee feedback
 - Spreads the cost
 - Low cost per parcel, especially in Santa Rosa Plain GSA
- **Issues:**
 - Parcel owners served by water may not agree
 - Constitutional concerns
 - San Buenaventura case decision
- **Staff Recommendation** – Remove option from consideration

Parcel Fee + GW Use Based Fee

- **What:**

- Small fee charged to all parcel owners
- Additional fees charged to Groundwater users only

- **Why:**

- Everyone in the basin generally benefits from groundwater reliability
- But, those directly using groundwater benefit more

- **Issues:**

- Same constitutional issues as parcel fee only option

- **Staff Recommendation** – Remove option from consideration

Parcel Tax

- **What:** Voter Approved (non-ad valorem) Parcel Tax
- **Why:**
 - Spreads the cost among all parcel owners in the GSA boundaries
 - Easy to levy
 - Low cost per parcel (\approx \$5/parcel)
- **Issues:**
 - Requires 2/3 voter approval – high barrier
 - Expensive to put on County ballot (est. \$350,000 to \$650,000)
 - Polling would add additional costs
- **Staff Recommendation** – Remove option from consideration, primarily due to cost/benefit analysis

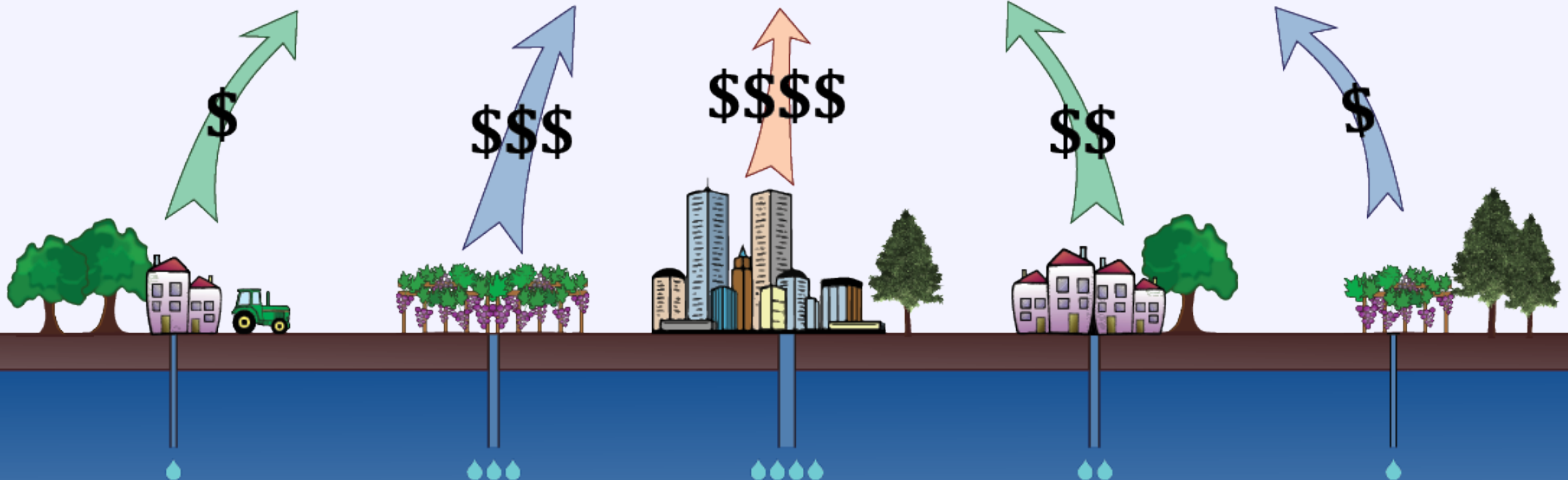
Fee on Groundwater Use

- **What:** Prop. 26 Regulatory Fee charged to all Groundwater Users on AF of Groundwater used
- **Why:**
 - Groundwater users are primary beneficiaries of GSA activities
 - Consistent with San Buenaventura case decision
 - Captures use by municipal & other water service providers, ag & residential well owners
- **Issues:**
 - Detailed use of groundwater by some users is not well known
 - Detailed groundwater use data will be time-consuming to get
 - Complications may arise for potential recharge & other considerations
 - Approach requires regulation to charge de minimis users
- **Staff Recommendation** – Remove option from consideration due to time constraints

GROUNDWATER USAGE (OR EXTRACTION) FEE

TOTAL GSA ANNUAL BUDGET

\$400,000



Small residential well
Usage based on data, parcel use and size, number of users, and other factors

1000-acre vineyard
Usage based on crop data and acreage

City, Water District, Water Agency
Usage based on metered data

Large residential well
Usage based on data, parcel use and size, number of users, and other factors

10-acre vineyard
Usage based on crop type, acreage

Aquifer

Fee on Estimated Groundwater Use

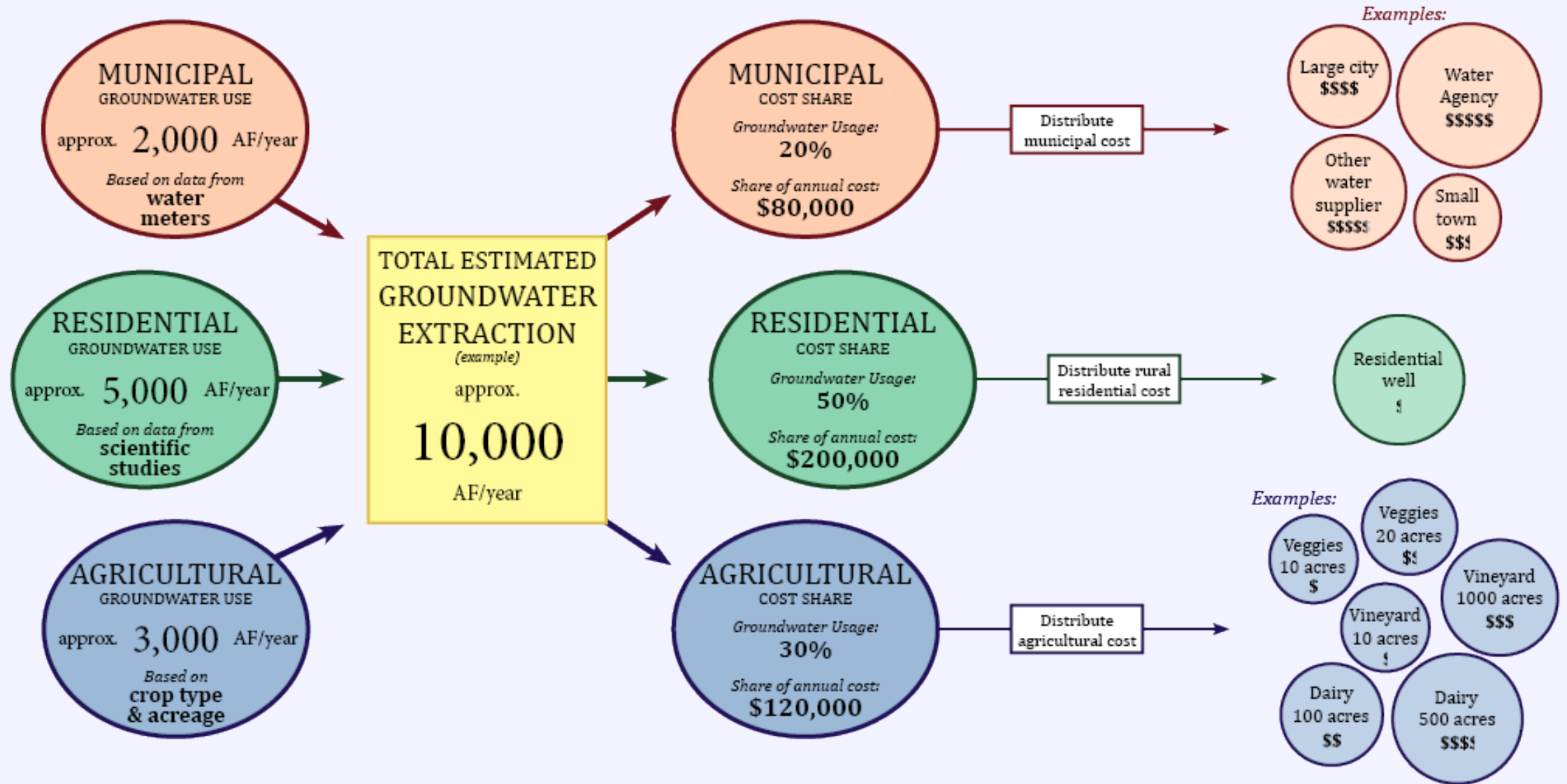
- **What:** Prop. 26 Regulatory Fee charged to all Groundwater Users based on reasonable estimates of Groundwater used
- **Why:**
 - Groundwater users are primary beneficiaries of GSA activities
 - Consistent with San Buenaventura case decision
 - Captures use by municipal/water service providers, ag & residential well owners
- **Issues:**
 - Groundwater use by some users must be estimated
 - Proxy estimates for groundwater use has been upheld by courts
 - Would allow GSA activities to be funded while data is being collected for GSP
 - Approach requires regulation to charge de minimis users
- **Staff Recommendation** – Preferable to other options

DRAFT

GROUNDWATER USE FEE - HYBRID METHODOLOGY

DRAFT

Numbers shown here are purely hypothetical. Actual values for groundwater use are still being refined. This graphic is for conceptual purposes only. This diagram is based on an estimated annual GSA cost of \$400,000.



Continue Current Agency Contributions

- **What:** Agencies continue funding the GSA through end of FY 2021/2022
- **Why:** Agencies represent groundwater beneficiaries within the basin
- **How:** Use same allocation percentages used during the first two years
- **Pros:**
 - Easy to implement
 - No start-up costs
 - No new burden on tax/ratepayers
- **Cons:**
 - Commitment was for two years
 - Possible financial burden for some agencies

Continue Current Agency Contributions

Santa Rosa Plain	Using Current Allocation Percentages		
	FY19/20	FY20/21	FY21/22
Estimated Cost	\$ 255,000	\$ 290,000	\$ 262,000
City of SR	\$ 30,489	\$ 34,674	\$ 31,326
City Cotati	\$ 30,489	\$ 34,674	\$ 31,326
Town Windsor	\$ 30,489	\$ 34,674	\$ 31,326
Mutual/IOU	\$ 30,489	\$ 34,674	\$ 31,326
City RP	\$ 30,489	\$ 34,674	\$ 31,326
Sonoma County	\$ 30,489	\$ 34,674	\$ 31,326
SCWA	\$ 30,489	\$ 34,674	\$ 31,326
Gold Ridge RCD	\$ 30,489	\$ 34,674	\$ 31,326
Sonoma RCD	\$ 11,087	\$ 12,609	\$ 11,391
Total	\$ 255,000	\$ 290,000	\$ 262,000

Cash Flow With Reimbursement

	FY 2017/18	FY 2018/19	FY 2019/20	FY 2020/21	FY 2021/22
Revenue					
Revenue from Charges	\$0	\$427,000	\$427,000	\$427,000	\$427,000
Member Agency Funding	\$460,000	\$532,000	\$0	\$0	\$0
Grant Revenue	\$0	\$250,000	\$250,000	\$250,000	\$250,000
Total Revenue	\$460,000	\$1,209,000	\$677,000	\$677,000	\$677,000
Total Expenses	\$460,750	\$532,000	\$611,019	\$563,769	\$537,519
Contribution Repayment	\$0	\$0	\$330,667	\$330,667	\$330,667
Total Expenses With Reimbursement	\$460,750	\$532,000	\$941,686	\$894,436	\$868,186
Beginning Balance	0	-\$750	\$676,250	\$411,564	\$194,128
Net Cash Changes	-\$750	\$677,000	-\$264,686	-\$217,436	-\$191,186
Ending Balance	-\$750	\$676,250	\$411,564	\$194,128	\$2,943

Cash Flow Without Reimbursement

	FY 2017/18	FY 2018/19	FY 2019/20	FY 2020/21	FY 2021/22
Revenue					
Revenue from Charges	\$0	\$179,000	\$179,000	\$179,000	\$179,000
Member Agency Funding	\$460,000	\$532,000	\$0	\$0	\$0
Grant Revenue	\$0	\$250,000	\$250,000	\$250,000	\$250,000
Total Revenue	\$460,000	\$961,000	\$429,000	\$429,000	\$429,000
Total Expenses	\$460,750	\$532,000	\$611,019	\$563,769	\$537,519
Contribution Repayment	\$0	\$0	\$0	\$0	\$0
Total Expenses Without Reimbursement	\$460,750	\$532,000	\$611,019	\$563,769	\$537,519
Beginning Balance	0	-\$750	\$428,250	\$246,231	\$111,462
Net Cash Changes	-\$750	\$429,000	-\$182,019	-\$134,769	-\$108,519
Ending Balance	-\$750	\$428,250	\$246,231	\$111,462	\$2,943

Requested Board Feedback on Key Issues

- Member agency reimbursements
- Dropping parcel fee or parcel tax as option
- Fees on groundwater use (extraction or hybrid methods)
- Ongoing agency funding
- Other