

DRAFT Phase 1 Funding Options

This is a working draft, for discussion purposes only. The intent of this document is to frame possible options and is not intended to preclude other options from discussion or consideration.

1. Prop 26 Regulatory Fee – Pure Extraction Based Methodology

This methodology is based on groundwater extraction. Because the fees fund regulatory activity, the GSA board may impose the fees following a public hearing. This method uses “proxies” of water extraction for unmetered agricultural and rural residential well owners.

Methodology:

Measure extraction using the method appropriate to the category of the payor -- municipal, agricultural, rural residential. (There may need to be another category or sub-category for monitored well users, like e.g., mutual water companies, PUC-regulated water companies, wineries.) Extraction would be calculated based on:

- For cities, water districts: Metered data for each entity.
- For agriculture: Metered data, if available. Otherwise, assuming extraction = usage, estimate usage by parcel based on total number of acres and crop type (x acres of grapes, y acres row crops, z acres dairy, etc.).
- For rural residential well owners: Assuming extraction = usage, estimate usage based on either a default value in the published scientific literature to estimate total usage or a default interior usage and outdoor landscaping water demand based on parcel size, using correlations from small pilot area.

Each payor pays its share of total costs in proportion to its percentage of total extraction.

Issues/Questions:

- For municipal water extractors, need to consider how many years of data to include and whether there should be a charge for having standby/emergency wells. Also, Windsor’s wells are located off the Russian River, and don’t use groundwater.
- Rural residential or de minimis users (below 2 AF/yr for domestic uses) would need to be somehow regulated by the GSA prior to imposing a fee, for example via a well registration program. The fee could be imposed once the GSA adopted such a well registration ordinance (or other regulatory program).
- Would need to evaluate “net” extraction and possibly rural residential.
- How long would it take to figure out/debate “net” recharge issue? Unlikely that we could accomplish the technical and vetting work necessary work in time to assess for FY19/20.
- For agriculture usage, may need to subtract other sources of water (where known) used in lieu of groundwater (eg, recycled water or surface water).

2. Prop. 26 Regulatory Fee: Hybrid Methodology

This methodology is based on groundwater use. Because the fees fund regulatory activity, the GSA board may impose the fees following a public hearing. This method creates three groups of GW users (ag, municipal and rural residential) and allocates a percent of overall GW use in the basin to each group. The methodology uses “proxies” of water use for unmetered agricultural and rural residential well owners.

Methodology:

STEP 1: Divide groundwater users into three broad categories -- municipal, agricultural, rural residential. As with option 1 above, there may need to be another category (or sub-category) for monitored well users. Calculate/estimate total usage for each category:

- Municipal: based on metered data
- Agriculture: based on total number of acres and crop type (x acres of grapes, y acres row crops, z acres dairy, etc.)
- Rural residential: based on a default value from published scientific studies.

STEP 2: Sum up the total groundwater usage from the three categories and calculate the percentage of total groundwater use for each category. Each category is responsible for its share of total costs in proportion to its percentage of total use.

STEP 3: Allocate costs to the payors within each category as follows:

- Municipal on a per acre feet basis (see questions above);
- Agriculture on a per acre basis; and
- Rural residential on a per well basis.

Issues/Questions:

- For municipal water users, need to consider how many years of data to include and whether there should be a charge for having standby/emergency wells. Also, Windsor’s wells are located off the Russian River, and don’t use groundwater.
- Rural residential or de minimis users (below 2 AF/yr for domestic uses) would need to be somehow regulated by the GSA prior to imposing a fee, for example via adoption of a well registration program. Once the GSA adopted such a well registration ordinance (or other regulatory program), fees could be imposed on de minimis users.
- Should the per acre allocation applied to agriculture be on planted acreage, irrigated acreage or total acreage?

3. Parcel Tax

Charging all property owners in the basin spreads the costs. Because the charge isn't based on groundwater use, it would likely be considered a tax and would need to be approved by two-thirds of voters.

Methodology:

- Divide costs by parcel data.
- For Sonoma Valley and Petaluma Valley, parcel tax could be one element of a hybrid program (possibly combined with agency contributions or an extraction based fee on larger well owners) to reduce per parcel costs.

Issues/questions

- High degree of certainty if passed, but requires 2/3 voter approval.
- Expensive to get on ballot (\$350K-\$625K for Santa Rosa Plain) and need an outside group to counter the expected campaign against any tax measure.
- Other issues will compete on the ballot and there may not be the political will to have this issue also on the ballot.

4. State Intervention

- Expensive and will lose local control.
- State will focus on water rights (adjudication of groundwater rights is the tool they will use).
- GSA still needs to do its own plan. Penalties could be imposed if plan is late.

Other Factors:

- Complex methodologies are likely to require longer time to develop, vet, and gain board approval thereby increasing the likelihood of at least a third year of local agency contributions.