

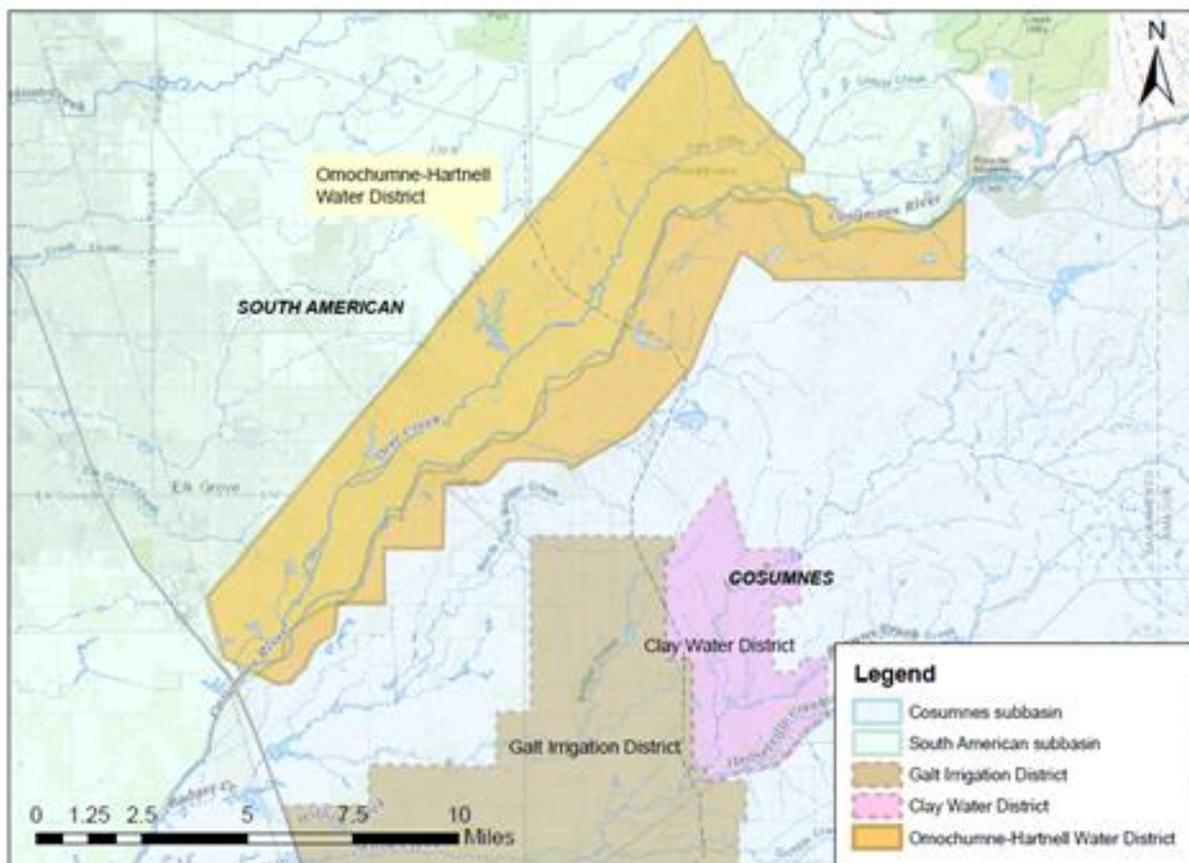
OWHD Groundwater Fee Study

Introduction

The Omochumne – Hartnell Water District (District) retained HDR Engineering Inc. (HDR) to assist in developing the District’s groundwater fee program to support the implementation of the groundwater sustainability plans (GSPs) for the Cosumnes and South American subbasins. This study will summarize the approach, methodology, and proposed District’s groundwater fees to support the GSPs for both subbasins.

Overview of the District’s GSP Participation

As noted, the District’s boundaries fall within two separate groundwater subbasins, the Cosumnes Subbasin and the South American Subbasin. As shown in the map, the District’s area north of the Cosumnes River lie within South American Subbasin, and the area south of the Cosumnes River is within the Cosumnes subbasin. Given this, the District is participating in the development of the each subbasin’s GSP.



This study describes a fee program for the District for those parcels within both subbasins. Given the development of the two separate GSPs, one for each of the subbasins, the fee will be collected on the tax rolls and distributed to the appropriate subbasin.

Purpose and Need for a Groundwater Fee Program

In September 2014, a three-bill legislative package, collectively known as SGMA was signed into law. SGMA provides a framework for sustainable groundwater management and provides for the “management and use of groundwater in a manner that can be maintained during the planning and implementation horizon without causing undesirable results.” SGMA requires governments and water agencies in high and medium priority basins to halt overdraft and bring groundwater basins into balanced levels of groundwater use and recharge. The passage of this law requires the planning, implementation, and development of a GSP that includes projects and other management actions.

The District was approved by DWR to serve as the Groundwater Sustainability Agency (GSA) for its portion of the South American Subbasin and its portion of the Cosumnes Subbasin. GSPs are under development for each subbasin and as a GSA in each, the District is participating and supporting the implementation of the GSPs through the development of this fee study.

Study Approach and Methodology

The basis for the District’s groundwater fee is the costs for the implementation of the GSP in each subbasin, the Cosumnes and South American. The District is participating in the development of the GSP for each subbasin through each subbasin’s Working Group. The participation in the Working Group has provided the basis for the fee developed by the Cosumnes Working Group and the cost share approach for the South American Working Group. These costs are allocated to the District’s parcels within each subbasin to reflect the costs associated with the development and implementation of each subbasin’s GSP.

For the Cosumnes subbasin, the Working Group developed a fee program for the initial GSP implementation (Year 1) based on the groundwater irrigated acreage within the subbasin. Based on the estimated (budgeted) costs of Year 1, and the total groundwater irrigated acreage as provided through the California Department of Water Resources Land Use Data for 2018, a Year 1 fee (Fiscal Year 2021-2022) was developed. The Working Group has determined that the fee program for subsequent years will be developed in the near future.

For the South American Subbasin, the District is participating in the implementation of the GSP through a contribution based on the benefit received by the parcels within the District’s boundaries in South American Subbasin. The costs associated with this are being developed as part of the GSP in discussion with the South American Subbasin Working Group. These costs are outlined in the South American Subbasin GSP. A similar approach will be taken for the development the fee program for the South American Subbasin parcels as with those in the Cosumnes subbasin in that the basis of the initial fee will be the irrigated acreage of each parcel identified in the County and DWR data 2018 Land Use Data and noted as agriculture parcels. Consistent with this approach, only those parcels both identified in the DWR 2018 Land Use

Data as groundwater irrigating parcels *and* zoned by the County of Sacramento as agricultural will be charged a fee. In the absence of metering data, parcels meeting this criteria but comprising less than one acre will be presumed to be de minimus users, and will not be charged a fee.

Fee Implementation

Water Code section 10730 empowers a GSA to levy fees and other charges to fund the costs of a groundwater sustainability program. Discussions in the Consumnes Working group and South American Subbasin stakeholder meetings were supportive of the implementation of a basin wide regulatory fee, imposed under Proposition 26 and Water Code section 10730, to fund the initial costs of developing the GSP. Such a regulatory fee is permissible, provided that the fees cannot exceed the cost of governmental activity associated with the program and that the fee amount allocated to each customer must bear a reasonable relationship to the customers benefits received from the program.¹ Given that the direction and estimated costs are similar across both basins in which the District serves as a GSA, the analysis developed for the District for Year 1 will follow this same approach. In discussion with the working group, future year fees may be implemented through a different approach (e.g., as land-based charges under Proposition 218). This will be reviewed and developed in subsequent studies for the subbasin.

As a point of reference, the fee program developed for the District will be placed on the Sacramento County tax rolls for collection and distributed to the appropriate subbasin upon collection of the revenues.

Development of the Proposed Fee Program

As noted, the basis for the District's fee program for Year 1 is based on the irrigated acreage of those parcels whose land use is noted as agriculture. The use of irrigated acreage provides the relationship between the Year 1 costs of implementing the GSP and managing the groundwater resource for those customers using groundwater in Year 1 as parcels reliant on groundwater are recognized as receiving the direct benefits of GSP related actions to maintain groundwater sustainability and SGMA compliance. As a result, each acre of irrigated land, receives a proportional cost of providing management of the groundwater resource. This provides the equity between customers in Year 1 of the fee program given that the costs will be proportioned based on the use of groundwater, on an irrigated acre basis, between customers of different irrigated areas to reflect the use of groundwater. In this way, parcels with less irrigable acreage will have a lower groundwater charge than larger irrigable parcels which on average reflects the differences in groundwater use. As a point of reference, the use of groundwater is not metered or reported to the District, County, or other agencies that would allow the development of a fee program based on actual groundwater use. This is based on the parcel data as provided by Sacramento County and the DWR 2018 Land Use Data. Provided in Table 1 is a summary of the parcel data for both subbasins.

¹ As part of this study HDR is not providing legal advice or interpretation of the legal aspects of implementing the fee program.

Table 1
Summary of the Parcel Data

	Cosumnes Subbasin	South American Subbasin
Total Number of Parcels	474	709
Total Acreage	8,862.8	20,460.9
Total Number of Irrigated Parcels	161	168
Total Irrigated Acreage	2,980.7	10,924.3

For the Cosumnes subbasin, the Working group has developed a fee study that resulted in a fee of \$10.00 per irrigated acre. This would result in revenue of approximately \$29,700 from the District for year 1, or on average, an annual charge of approximately \$185/per parcel for these 161 irrigated parcels. As a point of reference, the fee will vary by irrigated parcel based on the amount of irrigated acres specific to each parcel based on the 2018 DWR Land Use Data.

For the South American Subbasin the calculation of the fee is based on the District’s contribution to the GSP implementation. As noted, the approach was kept the same for those parcels within the South American Subbasin to maintain consistency between parcels within the District’s boundaries. Based on the initial draft GSP for the South American Subbasin, the District’s contribution would be approximately \$110,000, after Zone 13 contributions. Based on the irrigated acreage of 10,924.3 acres, the fee is rounded down to \$10.00 per irrigated acre. As a point of reference, the SCGA GSA fee study for their portion of the South American Subbasin also resulted in an average irrigated acre fee of approximately \$10.00/acre. Given these parcels are within the South American Subbasin, it is reasonable that the District’s proportional contribution would be at the same amount.

As noted, the charge for each parcel, based on the calculated \$10.00 per irrigated acre, will be placed on the tax rolls for collection and distribution. In total, the fee program will generate approximately \$139,000 in revenue to fund the District’s expenses related to the implementation of the GSPs for the Cosumnes and South American subbasins.

Summary of the Study

The study has outlined the District’s financial participation in the implementation of the two GSPs for the Cosumnes and South American Subbasins, respectively. The proposed fee of \$10.00 per irrigated acre reflects the implementation costs of the two GSPs in Year 1 and the proportionality between customers based on the amount of irrigated acres of each parcel. This meets the intent and requirements of Proposition 26 for the reasonable cost of providing service and the relationship of the costs to the benefits. By basing the Year 1 fee on irrigated acreage, the District is providing the basis for the fee and subsequent benefit of utilizing groundwater, and the costs associated with managing and maintaining groundwater in the subbasins.