Community Meeting: Rate and Fee Study
May 12, 2022, 5:30-7:30

Opening Remarks
Sam Magill, Sacramento State University Consensus and Collaboration Program

Welcome
Chair David Rabbitt, Petaluma Valley Groundwater Sustainability Agency

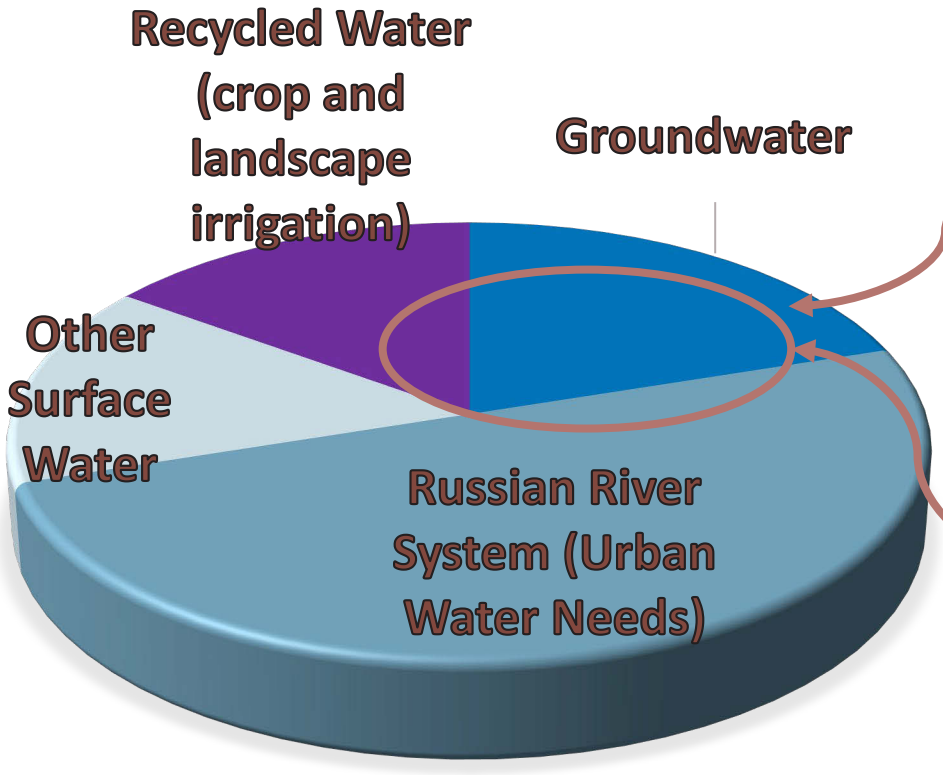
Sustainable Groundwater Management Act Overview
Marcus Trotta, Hydrogeologist, Sonoma Water

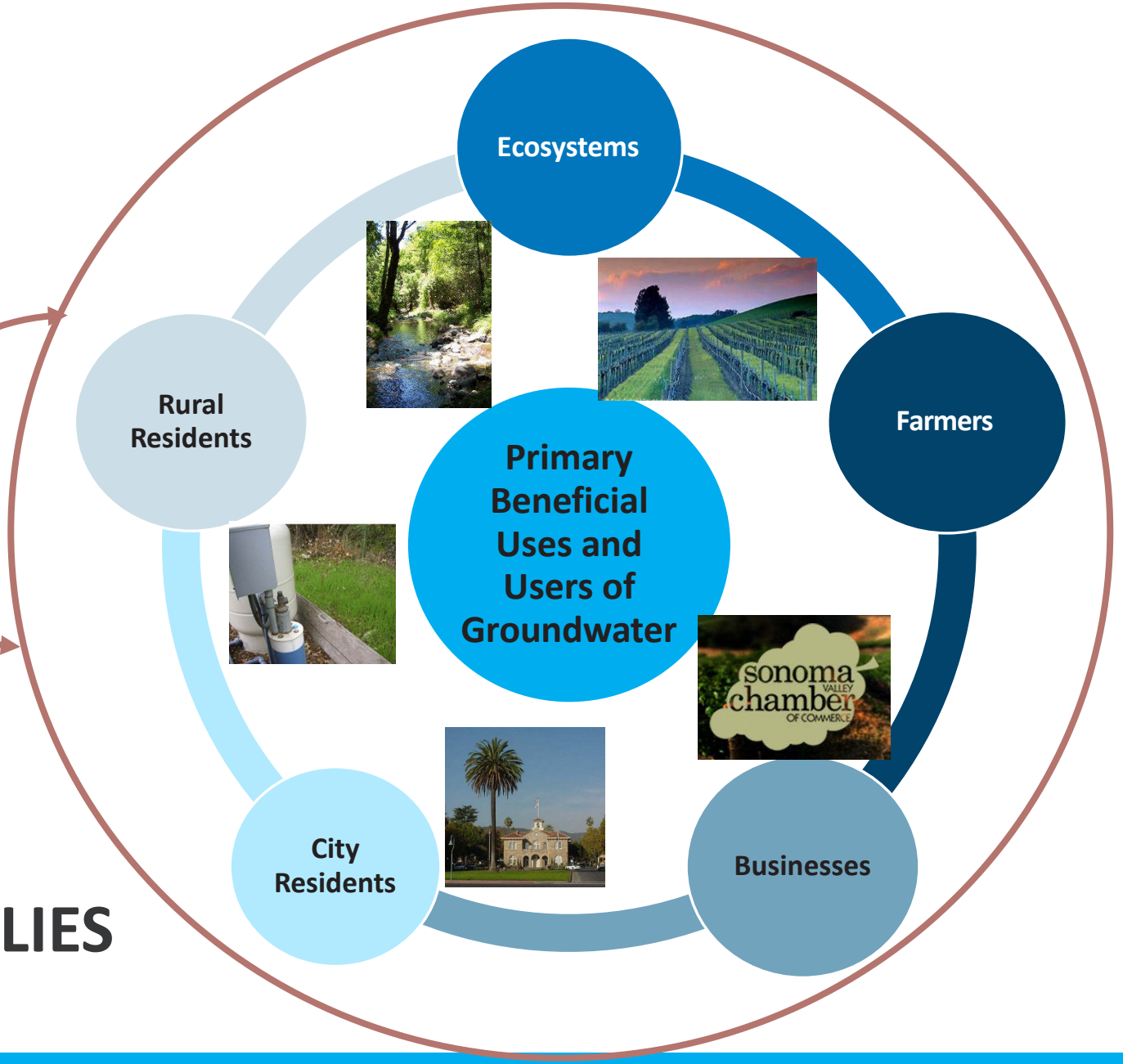
Rate and Fee Study Options
Jerry Bradshaw, SCI Consulting

Public Comment

Closing Comments and Adjourn
Chair David Rabbitt

Importance of Our Groundwater



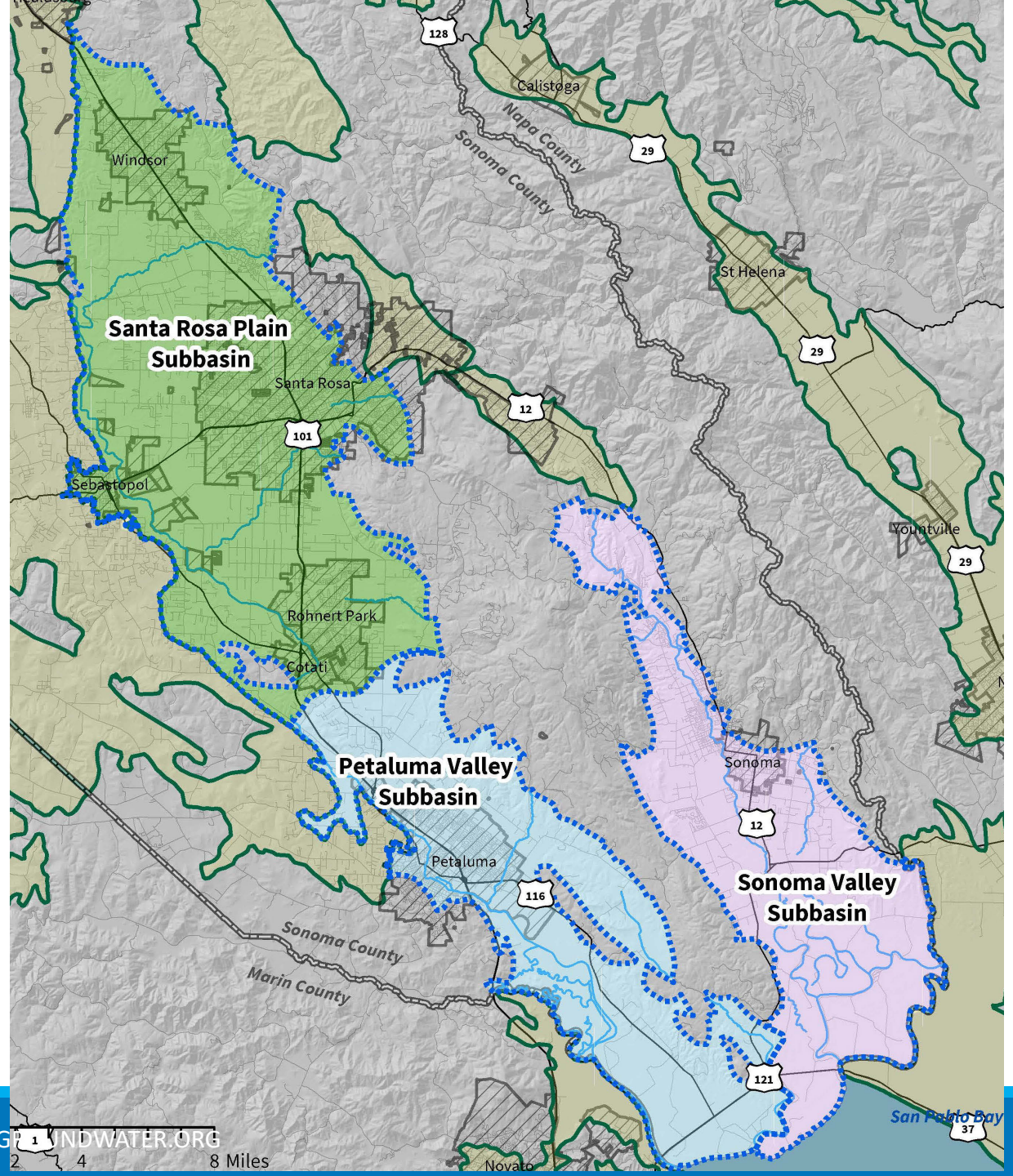


PETALUMA VALLEY WATER SUPPLIES

(APPROXIMATE AVERAGE PERCENT OF SUPPLY)

Why is Petaluma Valley Required to Comply with SGMA?

The State prioritized each groundwater basin as very low, low, medium, high priority or in critical overdraft. All basins that are medium and high priority or in critical overdraft must comply with SGMA.



Petaluma Valley determined to be Medium Priority (> 14 total points)

State's Basin Prioritization Metrics for Petaluma Valley

Basin Metric	Points (Total: 17.5)	Percent Contributing to Total Score
Basin Population	2	11%
Basin Population Growth	3	17%
Number of Public Supply Wells	3	17%
Total Number of Wells	4	23%
Irrigated Acreage	2	11%
Overall reliance on groundwater	1.5	9%
Basin Impacts (declining groundwater levels and water quality)	2	11%

(DWR, 2019 - https://gis.water.ca.gov/app/bp-dashboard/final/)

The GSA is now in Step 3 of SGMA compliance

A Groundwater Sustainability Plan was adopted in December 2021, following more than 50 public meetings and input from the GSA Board and a diverse, stakeholder-based Advisory Committee

PETALUMA VALLEY GROUNDWATER SUSTAINABILITY AGENCY

There are six key indicators of basin conditions and groundwater sustainability . . .

Projects and actions available to achieve sustainability

Water use efficiency and alternative water source projects for rural residents, commercial and industrial users and agriculture

Recycled water expansion projects:

- Existing and new contracts
- New alignments

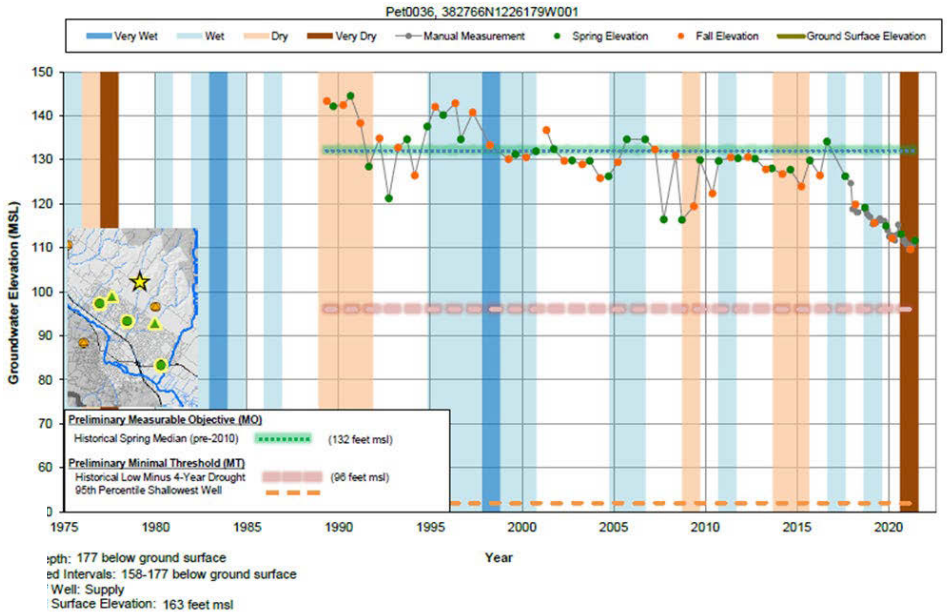
Projects and actions available to achieve sustainability

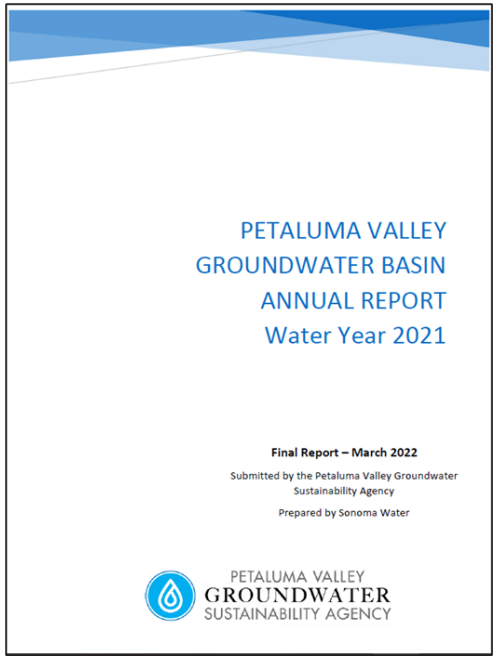
Aquifer Storage and Recovery (ASR – also known as groundwater banking)

Stormwater capture, to help capture and slowdown runoff, allowing the basin to be recharged

Policy options include discretionary review of well permits, Farm Plan Coordination, well metering for non-residential pumpers

Near-term Focus for Implementation: Closing Data and Information Gaps and Compliance Monitoring





Average annual budget costs: FY 2022-23 though FY 2026-27

Item	Total Cost
Operations (administration, legal, insurance, audits, grant-seeking)	$ 233,000
Closing data gaps	346,000
Monitoring	113,000
Projects & Actions	50,000
Outreach, communication, engagement, agency coordination	84,000
Groundwater Model Updates	50,000
5-year GSP Update	60,000
Contingency & Reserves	117,800
TOTAL	**$1,053,800**

By complying with SGMA and implementing the Groundwater Sustainability Plan, we ….

- Retain local control of the groundwater basin
  - Opportunity to build partnerships of local stakeholders with common goal of sustaining Petaluma Valley's groundwater resources
- Develop information and data needed to:
  - Better identify problems that could impact well owners and ecosystems
  - Plan and develop projects and actions to avoid future problems
- Build resiliency of aquifer system for current and future groundwater users

FEE & RATE STUDY

Why a fee?

What did we hear at prior meetings?

Direction from the Board

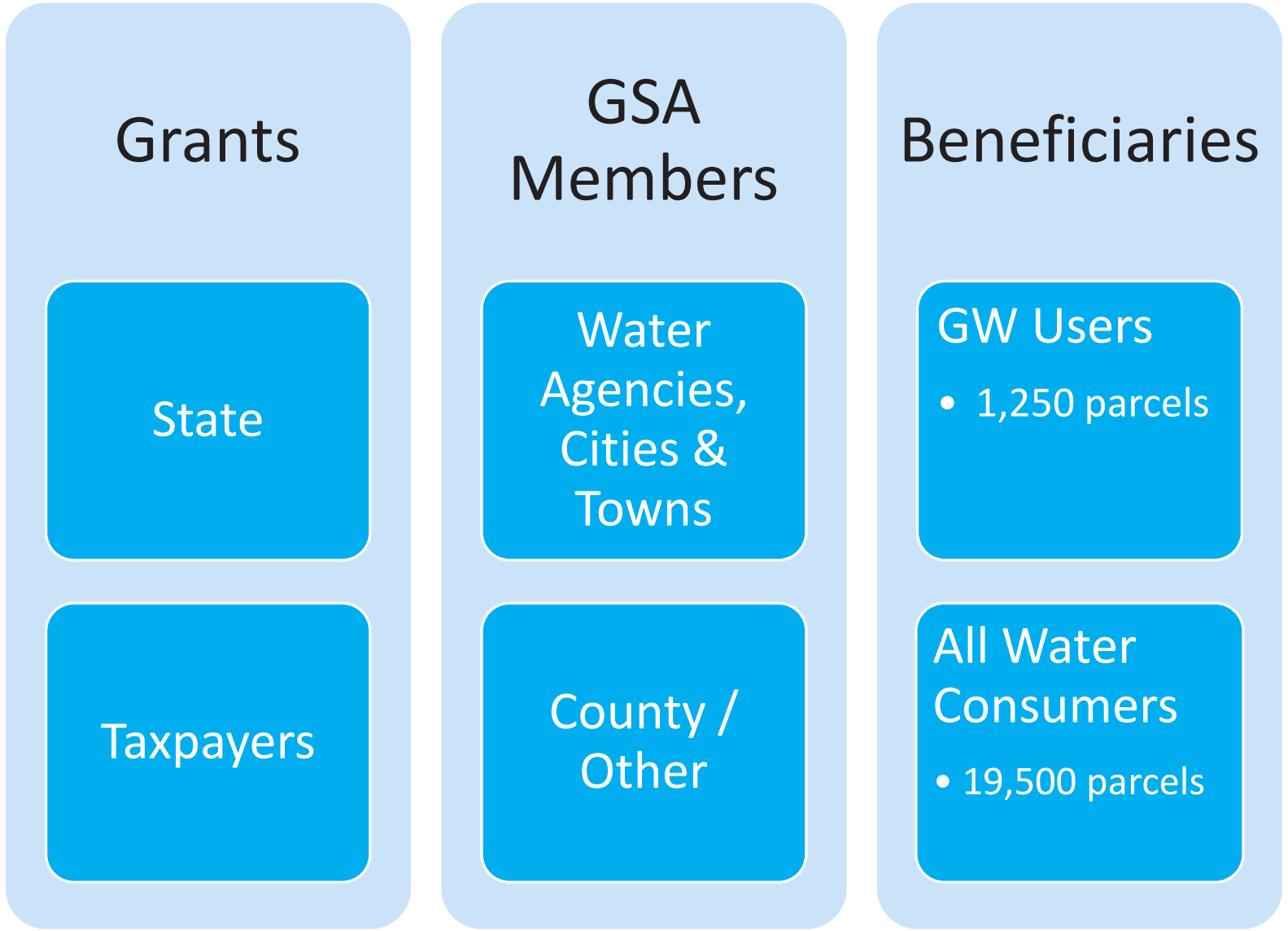
New feedback needed

Why are we doing a fee study?

- Existing Funding Structure
  - Scaled for GSP Development
  - Grants & Member Agency Contributions ($730,000 per year)
  - Expires this Fiscal Year
- Next Phase – GSP Implementation
  - Revenue requirement increases to $1.1 million per year
  - Requires a new Rate & Fee Study

2022 Rate & Fee Study Update

Funding Sources

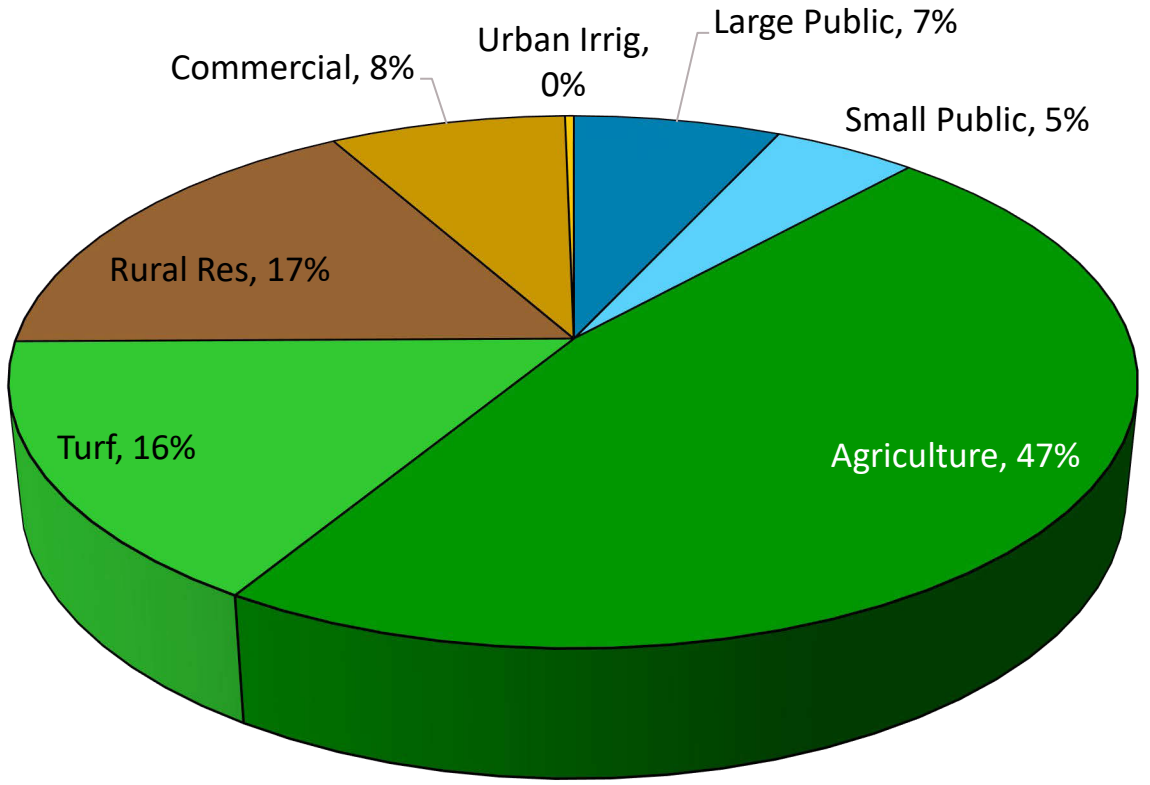


Common Funding Mechanisms

- Regulatory Fees
  - Typically: $$ per Acre-Foot pumped
  - Proportionate: Larger GW users pay larger fee
  - Rate = Revenue requirement ÷ Total acre-feet
- Taxes
  - Typically: rate per parcel
  - Requires voter approval (66.7%)
- Assessments
  - Typically: proportionate to benefit ($$ per Acre-foot)

2022 Pumping Estimates

- Public Systems (blue)
- Irrigation (green)
- Rural Residential (brown)
- Commercial (beige)
- Urban Irrigation (tan)



Total Groundwater Pumping ≈ 2,640 AF

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Budget Options for Fees

- Two Revenue Options
  - Local Fees
  - Grant Awards
- Note on Grant Funding:
  - *Grant funding is estimated*
  - *Actual funding & availability are currently unknown*

Item	Total Cost	GSA	Grants
Operational	$ 233,000	*$ 233,000*	-
Data Gaps	346,000	*21,000*	*$ 325,000*
Monitoring & Reporting	113,000	*113,000*	
Projects & Actions	50,000	*21,000*	*29,000*
Outreach & Engagement	84,000	*84,000*	
GW Model Updates	50,000	-	*50,000*
5-yr GSP Update	60,000	*60,000*	-
Contingency & Reserves	117,800	*77,200*	*40,600*
	$ 1,053,800	*$ 609,200*	*$ 444,600*

Preliminary Fee Calculation:

- *IF fee is based on groundwater pumped*
- *Low amount of groundwater pumped results in fee level that is unacceptable*

Total Revenue divided by **Total Acre-Feet**

With Grant Funding

40%: $609,200 ÷ 2,640 ≈ $230 per acre-foot

25%: $790,350 ÷ 2,640 ≈ $300 per acre-foot

Total Budget

$1,053,800 ÷ 2,640 ≈ $400 per acre-foot

Revenue Method A – Fees (*1,250 Well Parcels*)

Type	Who Pays	Pros	Cons	Annual Range
Regulatory Fees	*All groundwater pumpers (cities, farmers, businesses, rural residences, urban sites with wells)*	• *Proportionate to quantity pumped* • *Example in SRP (2019 Fee)* • *Credit for recycled & surface water*	• *Higher rates* • *Most private pumping not metered*	$230 - $400 per acre-foot
		Examples:	*50-Acre Vineyard: $6,900 to $12,000*	
			100-Acre Pasture: $920 to $1,600	
			Rural Residence: $115 to $200	

Revenue Method B – Tax/Assessment (*all 19,500 Parcels – Requires voter approval*)

Type	Who Pays	Pros	Cons	Range
Parcel Tax	*All taxable parcels*	• *Lowest rate* • *Could be tiered by land use*	• *Requires voter approval (66.7%)* • *Cannot be implemented until Year 2* • *High cost to implement (± $180,000)*	$28 - $55 per parcel
Benefit Assessment	*All benefitting*	• *Low rate* • *Proportionate; likely keyed to water usage*	• *Requires landowner vote (50%, weighted)* • *High cost to implement (± $110,000)* • *Cannot be implemented until Year 2*	$55 - $96 per acre-foot
		Examples:	*50-Acre Vineyard: $1,650 to $2,880*	
			100-Acre Pasture: $220 to $384	
			Rural Residence: $28 to $48	

Revenue Method C – Hybrid (*all 18,700 Parcels*)

Type	Who Pays	Basis	Range	Rationale
GW-Users Charge	*All GW Parcels (1,250)*	*Per Acre-foot estimated GW use*	• $120 - $215 per acre-foot	Costs are split between the two user groups based on the DWR Scoring criteria/scores. (Preliminary Estimate = 47% All; 53% GW)
All-Users Charge	*All improved parcels (18,700)*	*Per Improved parcel*	• $15 - $27 per parcel	
			Examples	*50-Acre Vineyard: $3,615 to $6,477*
				100-Acre Pasture: $495 to $887
				Rural Residence: $75 to $135
				Urban Parcel: $15 to $27

Summary of Rates (lower budget)

Method	50-Acre Vineyard	Rural Res	Urban	Basis
Regulatory Fee (GW)	$6,900	$115	n/a*	Acre-Foot
Tax (All)	$28	$28	$28	Parcel
Benefit Assessment (All)	$1,650	$28	$28	Acre-Foot
Hybrid (GW + All)	$3,615	$75	$15*	Hybrid

*Urban customers may see slight increase in water rates

What did we hear at previous community meeting?

Similar information about fee and tax options was provided at a March 30 community meeting that took place virtually via Zoom

About 60 people provided 54 questions or comments. Common themes:

- Expressed strong concerns regarding the high fee level
- Asked questions about the differences between fees and taxes
- Raised questions regarding the groundwater pumping estimates
- Expressed the desire that all residents of the basin, including people living in the city, share in the costs

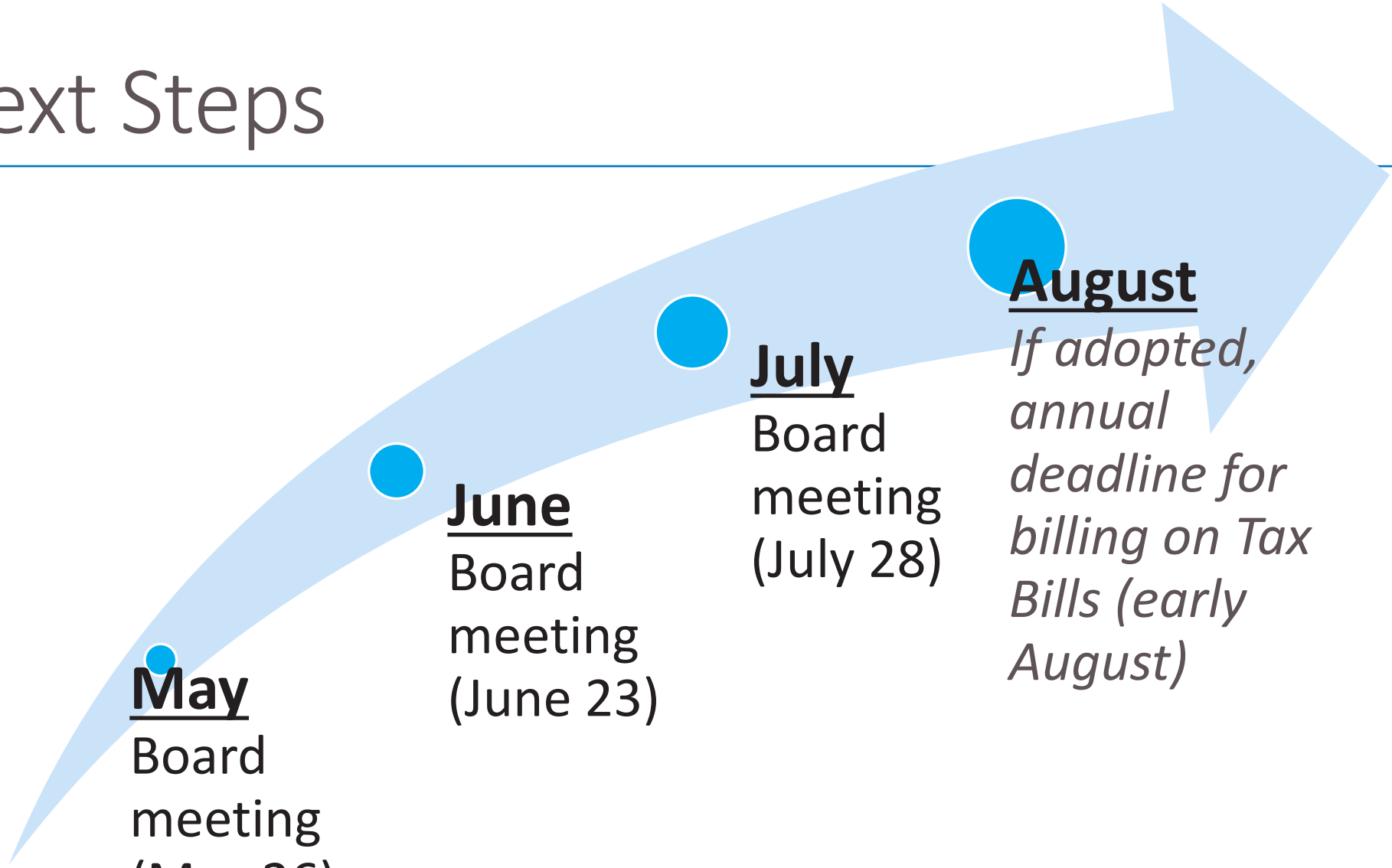
Board response to comments and concerns

- Timing
  - Slow down (*such high rates deserve thorough consideration*)
  - Consider interim funding for Year 1
  - Buy time to examine grants, legislative help for Years 2 – 5 (and beyond)

Board response to comments and concerns

- Budget & Rates
  - Cut Year 1 budget to the bone & use fund balance
    - $400,000 gap ($150 per AF)
    - Some saving are deferred to future years
  - Consider member contributions in-lieu of user rates
    - Possible help from County General Fund

Next Steps


May
Board meeting (May 26)
June
Board meeting (June 23)
July
Board meeting (July 28)
August
If adopted, annual deadline for billing on Tax Bills (early August)

Upcoming Board Meetings

Date	Time	Venue
May 26, 2022	4:00 – 6:00	Virtual
June 23, 2022	4:00 – 6:00	TBD
July 28, 2022	4:00 – 6:00	TBD

Questions and comments about the fee study?

Website
https://petalumavalleygroundwater.org/

Fee Study Information
https://petalumavalleygroundwater.org/fee/

Budgets
https://petalumavalleygroundwater.org/finances/

Feedback needed

1. To help reduce costs, the Board is considering consolidating the GSA with Sonoma Valley and Santa Rosa Plain. Do you have concerns or thoughts about this idea?
2. Do you think voters would support a parcel tax of $28 to $55 a year?
3. Do you think the costs of groundwater management should be shared by all people in the basin? Or just people who directly use groundwater?
4. Should a groundwater fee reflect the amount of groundwater someone pumps? Or should it be flat? Or a combination of both?
5. What is a fee range that you think is acceptable to support groundwater sustainability and to avoid state control?