

Vina Groundwater Sustainability Agency Agenda Transmittal

Subject: Consideration of a Long-Term Funding Mechanism for the Vina GSA

Contact: Dillon Raney Phone: (530) 552-3582 Meeting Date: January 15, 2025 Agenda Item: 4.1

Summary

The Vina GSA is currently conducting a Fee Study to develop a sustainable, long-term funding mechanism. The Fee Study aims to establish a reasonable, legally defensible structure that provides adequate funding for the GSA's operations while balancing the diverse needs of groundwater users in the Vina Subbasin.

On December 11, 2024, the Board participated in a Fee Study Workshop where Hansford Economic Consulting presented funding options, modeling results, and stakeholder feedback presented.

Two funding options were presented, both of which utilize a two-part fee system designed to address the administrative and compliance needs of the Vina GSA:

- Part 1 Fee: This fee covers the general administrative costs of the Vina GSA and is applied either by parcel or by acreage, depending on the structure selected.
 - Option 1: Part 1 Fee collected based on the number of parcels.
 - Option 2: Part 1 Fee collected based on acreage.
- Part 2 Fee: This fee addresses the costs associated with SGMA compliance, including regulatory activities, monitoring, and reporting requirements.

During the subsequent board meeting, the Board raised questions about potential alternative funding mechanisms beyond those proposed in the study and did not reach consensus on a preferred funding mechanism. As a result, the Board voted to table the decision to allow for further exploration of these alternatives, ensuring a comprehensive evaluation of all options.

At this meeting, Hansford Economic Consulting will provide additional context on the development of these fee structures. The presentation will also address why many of the alternative mechanisms suggested during the December meeting are either not feasible or fail to meet legal and practical requirements.

The Board is now asked to select a preferred funding mechanism to guide Staff and the consultant in finalizing the Fee Study and preparing for implementation. This decision is a critical step toward ensuring the Vina GSA has a stable financial foundation to support its operations and ongoing groundwater management responsibilities.

Fiscal Impact

The final funding mechanism will determine the revenue generated to support the GSA's operational and regulatory obligations. Selection of a preferred funding mechanism is a critical step toward implementing a long-term solution.

Requested Action

Select a preferred long-term funding mechanism for the Vina GSA and provide direction to Staff and consultants to move forward with the Fee Study and prepare for implementation.



VINA GROUNDWATER SUSTAINABILITY AGENCY FEE STUDY PUBLIC OUTREACH EFFORTS TO DATE

COMMUNITY OUTREACH AND ENGAGEMENT

Stakeholder Meetings – Meetings were held with representatives with several interested parties. The following summarizes their opinions, as expressed at the meetings, about the current fee and considerations for the new fee study.

Cal Water Representatives:

• 100% groundwater, no agriculture properties, prefers fee placed on tax roll

Rangeland & Rangeland Owners who also have Agricultural Properties:

- Per acre charge has significant negative financial impact to cattle production; fee is charged per acre
 regardless of agricultural activity but arable farming (which uses large quantities of water) generates much
 greater profits per acre than cattle production (which uses negligible amounts of water).
- Rangeland "preserves the scenic value of land" and recharges the aquifer.
- Fee should demonstrate a benefit; generally, rangeland property owners do not think that the GSA's activities benefit their properties.
- Range/Ag combo users agree they should be charged on irrigated land, even if that increases the overall fee amount to them.
- Want to be included in development of a restructured fee.

Domestic Well Owner (DWO) Representatives:

- More concerned about drilling new well than paying a small fee to protect groundwater availability.
- Di minimis users should pay.
- State-mandated everyone should pay for GSA "administrative" fee.
- Residential may have small orchards/crops and have more than one well.
- Protect water quality and quantity.
- Requested workshops with DWOs.

<u>Tuscan Water District - online presentation to the Board of Directors:</u>

• Mostly concerned about GSA fee being confused with the fee being developed to support TWD.

Domestic Well Owners Workshops – Conducted two workshops, one in Chico and one in Durham, with domestic well owners. Invitation postcards were mailed private well owners within the GSA boundaries, concentrating in the Durham and Chico areas that have high concentrations of domestic wells. Discussions and voting boards were used to obtain opinions from attendees. Key findings were similar to those expressed in the DWO stakeholder meeting.

- Wanted reassurance private wells "di minimis users" will not be metered.
- Fee amount not currently a concern and generally feel they should be paying.
- Fee based on cost per acre without considering use is flawed. Ex. 2-acre parcel can be fully watered. A 25-acre parcel on a non-irrigated cliff pays more.
- Want to see an equitable balance b/t agriculture/commercial and domestic users' consumption in the fee structure.
- Interested in a fee based on land use type.

- Generally supportive of a base fee in the structure and having all properties (including tax exempt properties) pay.
- Parcel fee is not equitable for every parcel to pay the same amount per year per parcel.

GSA Program Manager and Dept. of. Water and Resource Conservation Meetings

- Butte County Resource Conservation District
- Butte County Farm Bureau
- Bute County Agricultural Commissioner
- Butte College
- City of Chico
- Grower's Day, Chico
- Water Commission
- Durham Irrigation District (GSA Activities Update)
- Rock Creek Reclamation District
- "Coffee with Water" Q&A General Information Meeting

Online Survey — An online survey was developed to gauge the public's knowledge about the GSA and the fee the agency collects, obtain opinions about potential fee structures and methodology, and ascertain perspectives about equability among fee-paying groups (domestic, commercial, irrigated or non-irrigated agriculture) so that the GSA can craft a fee structure that has considered many different perspectives on equability, and better educate property owners about the fee in the future. Advertising included three ads in the Chico ER, postcards mailed directly to DWOs, rangeland and agricultural landowners, and business cards distributed at meetings and events. Social media and cross-listing on websites provided additional avenues to encourage participation.

Additional notification included:

- Vina GSA e-mail list, website and socials
- Durham Irrigation District Bill inserts
- Butte County Farm Bureau e-mail list
- Butte County Water & Resource Conservation Socials

Stakeholder Advisory Committee (SHAC) Workshop, November 2024

In November 2024, a workshop was held with SHAC members. Consultants first summarized information gathered to date from stakeholders, interested parties, feedback received during GSA led meetings, and initial online survey responses. The presentation continued with examples of fee methodologies and key decision points to be considered when developing fee structure options. SHAC members were asked to anonymously respond to seven key decision points. Six of the 10 SHAC members, representing agriculture, domestic well owner, environmental, water provider and the business and science communities, were in attendance and voted as follows:

1. Charge all Useable Parcels?

Yes: Charge All Useable Parcels - 4

No: Only charge Useable Tax Roll Parcels - 2

*One No vote said they would change to Yes if the agencies pay and it is cost effective for the GSA to do

2. Base Fee?

Yes: All Chargeable Parcels pay a Base Fee [Part 1 + Part 2 fee structure] - 6

No: Only Agricultural & Domestic (Developed) Parcels Pay

*Some would like to see per parcel base fee versus per acreage fee.

3. Allocate Annual Costs between Agricultural and Domestic Users of GW?

Yes: Allocate costs between GW users by share of pumping - 5

No: Uniform Fee for Part 2 fee (if have a Base Fee) - 1

4. Minimum Parcel Fee?

Yes: Every Chargeable Parcel pays something - 6

No: Some GW users don't pay anything

5. Uniform Agricultural Fee per Acre?

Yes: All crops & golf courses pay the same annual fee per acre (at least 90% of acres planted use about the same amount of water each year) - 4

No: Weighted fee by crop type based on annual crop water consumption - 2

* One person wants to use actual water use data (OpenET); One person wants us to explore OpenET - find out costs; One person wants to see how the Ag parcels could be charged differently

6. Uniform Domestic Fee per Acre?

Yes: All Developed parcels pay the same annual fee per acre - 3

No: Weighted fee by land use based on estimated water use - 3

7. Identify Agricultural Parcels using DWR Crop Mapping?

Yes: Use GIS tool to extract acreage by parcel - 6

No: Use Assessor land use codes

Feedback received from the SHAC members was incorporated into the fee methodology and options being presented to the Vina GSA Board for consideration.

COMMUNICATION MATERIALS

Fact Sheet – A fee study fact sheet was developed to educate the public about the need and purpose for the new fee study and desired outcomes. The fact sheet will be expanded to provide details about the determined fee structure, methodology, impacts to payors and other pertinent information once decided.

Internal Talking Points – Messaging was developed to provide staff and those who may receive questions about the GSA, its fee and the study to maintain consistency with responses.

Website Updates/Content – The fee study page was edited to reflect current information and provide methods to learn more about the fee study. Previous materials and content were archived and new materials posted to eliminate confusion between the 2022/23 fee study and the current study.

Postcards – A postcard was developed and sent to private well owners to introduce the new fee study and advertise two workshop dates. Another postcard was sent to private well owners, irrigated agriculture properties and non-irrigated rangeland properties to advertise the online survey and provide information about the fee study.

UPCOMING COMMUNICATIONS EFFORTS

The following actions are planned:

- Update fact sheet and talking points
- Revise website content
- Host community information meeting, including pertinent meeting invitation/announcement
- News release announcing the updated fee, once adopted



VINA GSA Board of Directors

Fee Study Discussion

January 15, 2025

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Developed Fee Structure

Accounts for:

Stakeholder input, Survey responses, SHAC direction,

Data sources and limitations & legal counsel input

Part 1 Fee	Part 2 Fee
Pays for Administrative Costs	Pays for GSP-Driven Activities Costs
Paid by all Useable Parcels	Paid by Groundwater Users Agricultural & Domestic

SHAC Direction November 20, 2024

Supportive of 2-Part Fee Structure

- Part 1 Base Fee for Administrative Costs
- Part 2 Fee for GSP-Driven Activities Costs charged to groundwater users

Present 2 Options to the Board for the Part 1 Fee

- Per Acre OR Per Parcel
- If the fee is Per Acre, have a minimum fee to ensure all parcels pay something (County will not place a fee less than 30 cents)

User groups pay for their share of groundwater extraction in Part 2 Fee

• Supportive of using the Vina GSA Annual Reports to allocate the GSP-Driven Activities Costs between Agricultural and Domestic groundwater users

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Supporting Input for 2-Part Fee Structure

Should all properties pay a base fee?

SHAC: Unanimous Yes

Survey: All Rangeland respondents No Survey: All Others combined 68% Yes Should the fee structure account for quantity of groundwater usage by Agricultural and Domestic users?

SHAC: 5 Yes, 1 No



A green check mark indicates the SHAC and survey respondents support the developed fee structure



SHAC Direction on Land Use Fees (Part 2)

Group 1: Agriculture

- Include cropped acreage and golf courses
- Uniform fee for every acre using most recent crop mapping <u>because about 95%</u> of crops grown in the Vina basin use about the same amount of water per acre

Group 2: Domestic

- Include all parcels with a structure using water for domestic water purposes (residential, commercial, industrial)
- Uniform fee per Acre or Weighted fee per Parcel SHAC undecided
- Developed Parcel fee addresses SHAC concerns that acreage does not correlate with domestic water quantity used, and that weighting by estimated water use is too complicated

Group 3: All Other

- Includes Rangeland & other Useable But Vacant land
- NO fee because not using groundwater

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Supporting Input for Part 2 Fee

Should the fee for Domestic users differentiate for quantity of groundwater used by Residential, Commercial, Industrial and Institutional users?

SHAC: 3 Yes, 3 No

Survey: Domestic Users Only - 34% No

The developed fee structure is modified from what the SHAC voted on to address their concerns; data limitations and administrative practicalities outweigh attempting to differentiate by user type

Should the fee for Agricultural users differentiate for quantity of groundwater used by different crops?

SHAC - 2 Yes, 4 No

SHAC unanimous that DWR crop mapping be used to determine cropped acres

Survey: Agriculture Only - 72% No



:: ALTERNATIVE A ::

:: ALTERNATIVE B ::

Part 1 Fee per Acre

Part 1 Fee per Parcel

Part 2 Fees

Agricultural Use: Per Cropped Acre Domestic Use: Per Developed Parcel

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Part 1 Fee Methodology

DRAFT

Fee levels may change with adoption of FY26 budget

	FY26 Cost	Units	Part 1 Fee
Alternative A	\$307,000	167,343 acres	\$1.84 per acre
Alternative B	\$307,000	36,203 parcels	\$8.48 per parcel

Part 2 Fee Methodology

DRAFT

Fee levels may change with adoption of FY26 budget

		FY26 Cost	Units	Part 2 Fee
Agricultural	90%	\$361,170	68,473 cropped acres	\$5.28 / cropped acre
Domestic	10%	\$40,130	32,938 developed parcels	\$1.22 / developed parcel

Cropped Acres

Includes all DWR crop codes except Idle and Unclassified. Includes golf courses.

Developed Parcels

Includes Residential, Non-Residential, Agricultural & Rangeland Parcels with structures.

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How would the Part 2 Fee for a Parcel be calculated?

By use of the land in the parcel boundary

- Agricultural use :: Identified with DWR crop mapping (remote sensing and ground truthing)
- Domestic Use :: Developed parcels are identified as having a structure(s) using Assessor and FEMA databases
- Some parcels have both Agricultural & Domestic use

^{*}GSA may grant appeals based on evidence of surface water application or evidence of dry farming.*

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Parcel	Parcel Category	ALT. A	Part 2	2 Fees	Total	
Category	Description	Part 1 Fee	Ag. Use	Dom. Use	Fees	0.11
1	Cropped Acres Only	\$61,000	\$148,800	\$0	\$209,800	Alternative A
2	Cropped Acres & Domestic Use	\$92,300	\$212,600	\$1,400	\$306,300	Part 1
3	Domestic Use Only	\$66,500	\$0	\$38,700	\$105,200	Acreage Fee
4	Rangeland & Vacant Useable	\$87,000	\$0	\$0	\$87,000	
	Total	\$306,800	\$361,400	\$40,100	\$708,300	
Parcel	Parcel Category	ALT. B	Part 2	2 Fees	Total	
Category	Description	Part 1 Fee	Ag. Use	Dom. Use	Fees	Alkannaki .a. f
1	Cropped Acres Only	\$5,600	\$148,800	\$0	\$154,400	Alternative E
2	Cropped Acres & Domestic Use	\$10,100	\$212,600	\$1,400	\$224,100	Part 1
3	Domestic Use Only	\$276,500	\$0	\$38,700	\$315,200	Parcel Fee
J	•		\$0	\$0	\$14,600	
4	Rangeland & Vacant Useable	\$14,600	φU	ΨΟ	Ψ11,000	

Impact of Fee Structure Change on Fee Payors

New fee alternatives include Part 1 + Part 2 fees Detailed calculations contained in slides 17-31

Home (Urban Area) 0.25 \$1.68 \$9.70 \$1.10	Fee Payor	Parcel Acres	Cropped Acres	New Fee Alt. B Part 1 per acre	New Fee Alt. B Part 1 per parcel	Current Fee @\$4.40 per acre [1]
Condominium 0.05 \$1.31 \$9.70 \$0.00 Home (Rural Area) 2.50 \$5.82 \$9.70 \$11.00 Industrial/Retail/Office 5.00 \$10.42 \$9.70 \$22.00 Agricultural 2,000 2,000 \$14,240.00 \$10,568.48 \$8,800.00 Ag with a Home 100 95 \$686.82 \$511.30 \$440.00 Rangeland 200 \$368.00 \$8.48 \$880.00					Annual Fee	
Home (Rural Area) 2.50 \$5.82 \$9.70 \$11.00 Industrial/Retail/Office 5.00 \$10.42 \$9.70 \$22.00 Agricultural 2,000 2,000 \$14,240.00 \$10,568.48 \$8,800.00 Ag with a Home 100 95 \$686.82 \$511.30 \$440.00 Rangeland 200 \$368.00 \$8.48 \$880.00	Home (Urban Area)	0.25		\$1.68	\$9.70	\$1.10
Industrial/Retail/Office 5.00 \$10.42 \$9.70 \$22.00 Agricultural 2,000 2,000 \$14,240.00 \$10,568.48 \$8,800.00 Ag with a Home 100 95 \$686.82 \$511.30 \$440.00 Rangeland 200 \$368.00 \$8.48 \$880.00	Condominium	0.05		\$1.31	\$9.70	\$0.00
Agricultural 2,000 2,000 \$14,240.00 \$10,568.48 \$8,800.00 Ag with a Home 100 95 \$686.82 \$511.30 \$440.00 Rangeland 200 \$368.00 \$8.48 \$880.00	Home (Rural Area)	2.50		\$5.82	\$9.70	\$11.00
Ag with a Home 100 95 \$686.82 \$511.30 \$440.00 Rangeland 200 \$368.00 \$8.48 \$880.00	Industrial/Retail/Office	5.00		\$10.42	\$9.70	\$22.00
Rangeland 200 \$368.00 \$8.48 \$880.00	Agricultural	2,000	2,000	\$14,240.00	\$10,568.48	\$8,800.00
, , , , , , , , , , , , , , , , , , , ,	Ag with a Home	100	95	\$686.82	\$511.30	\$440.00
Rangeland with a Home 50 \$93.22 \$9.70 \$220.00	Rangeland	200		\$368.00	\$8.48	\$880.00
Transportation 50 \$455.22 \$5.70 \$220.00	Rangeland with a Home	50		\$93.22	\$9.70	\$220.00

[1] Max. fee is \$3.09 per acre. \$4.40 per acre is the amount the fee would have to be under the current fee structure to support the 2025 Fee Study projected costs.

ECONOMIC CONSULTING

Board Direction Sought Tonight

- 1. Approval of the Proposed 2-Part Fee Structure
- 2. Selection of either Alternative A or Alternative B

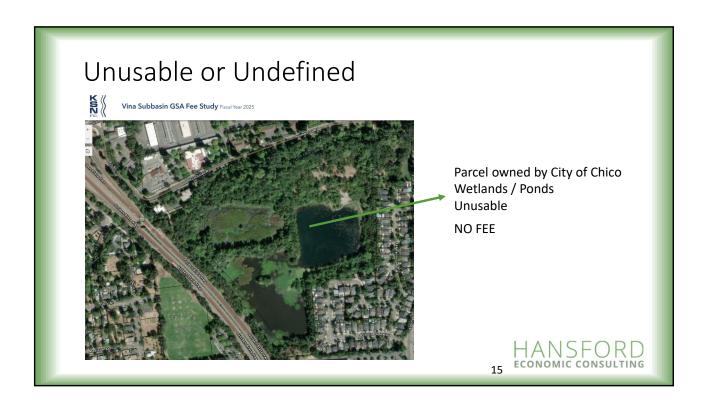
NOT voting on – and can refine over next few months:

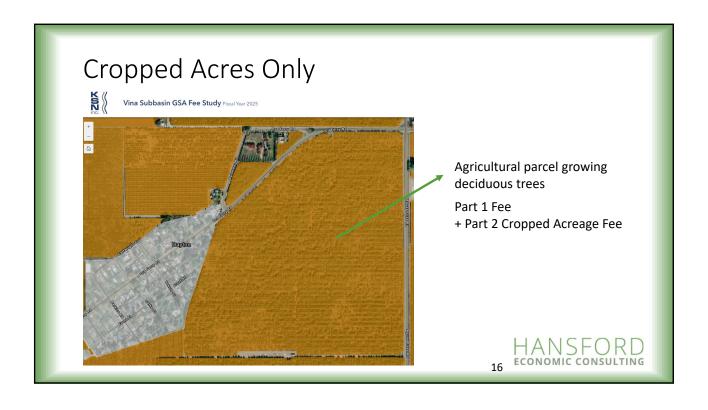
- Split of annual cost between Part 1 and Part 2
- Split of Part 2 cost between Agricultural and Domestic Users
- Part 1 and Part 2 Fee Levels

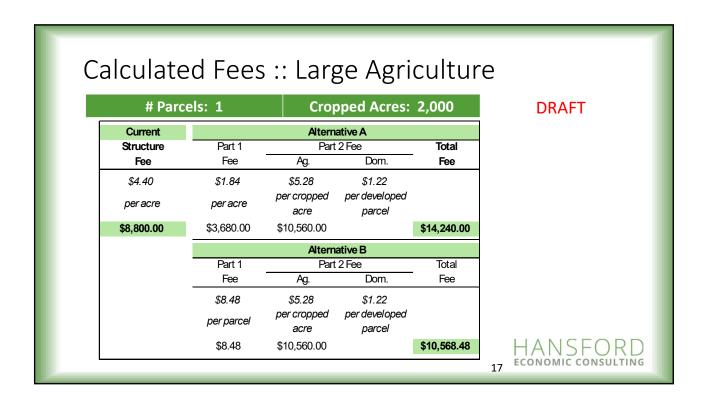
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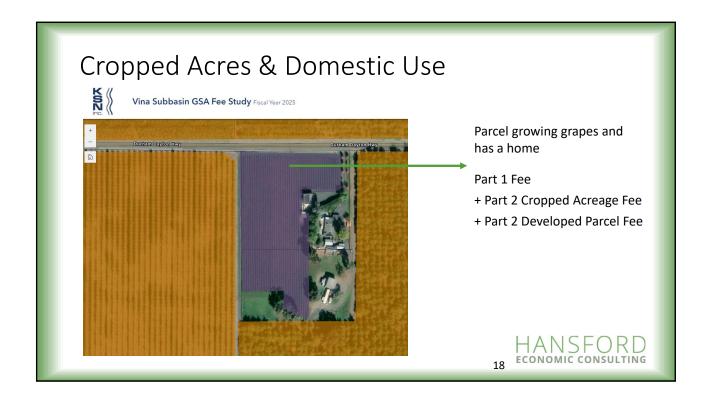
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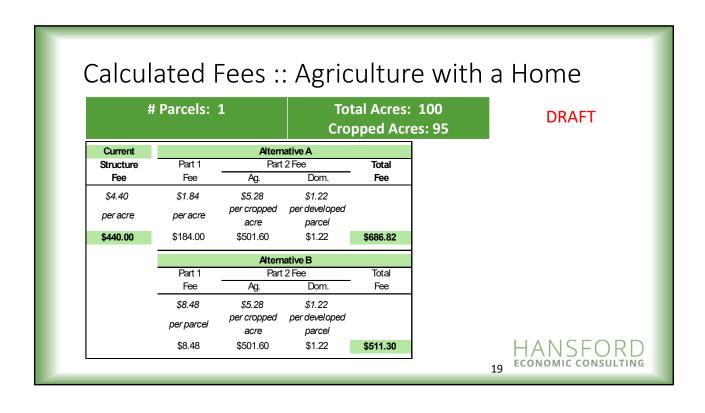
Illustrative Fee Impacts to Fee Payors

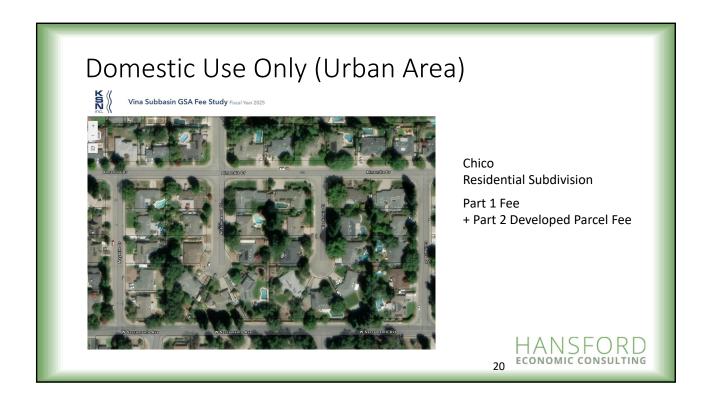




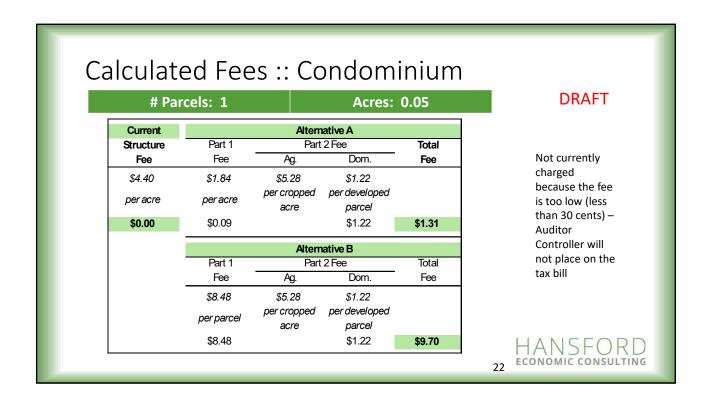


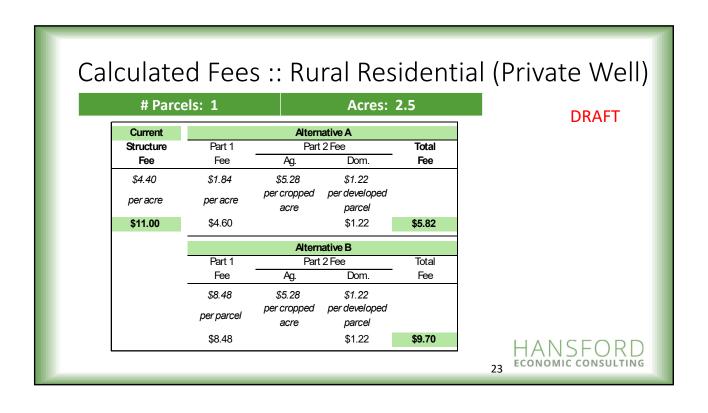


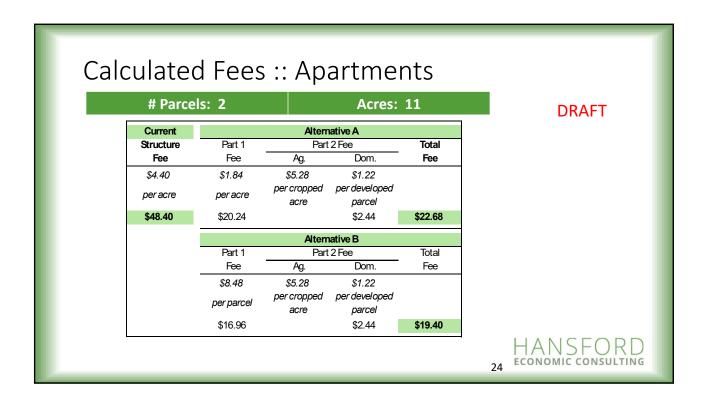


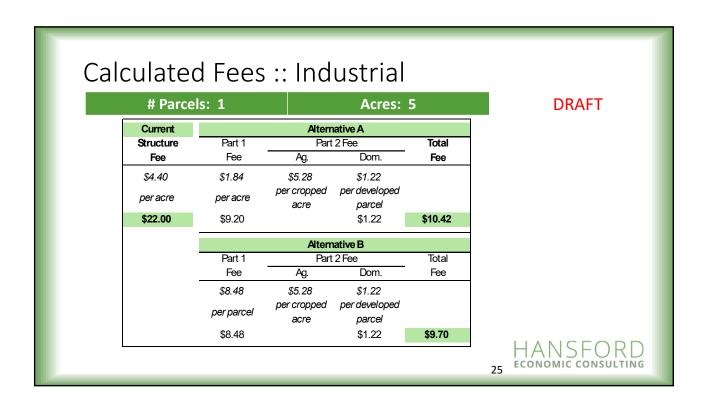


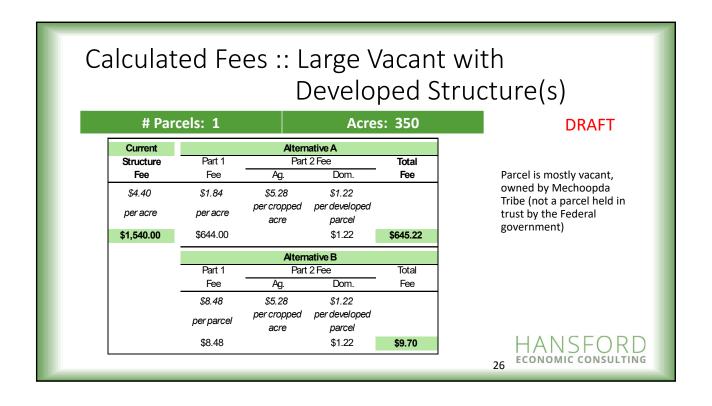
# Parcel	s: 1		Acres: 0.2	25		DRAF
Current			native A]	
Structure Fee	Part 1 Fee	Part Ag.	2 Fee Dom.	Total Fee		
\$4.40	\$1.84	\$5.28	\$1.22		1	
per acre	per acre	per cropped acre	per developed parcel			
\$1.10	\$0.46		\$1.22	\$1.68		
		Altern	native B		l	
	Part 1 Fee		2 Fee Dom.	Total Fee		
	\$8.48	Ag. \$5,28	\$1.22	ree	1	
	ъо.46 per parcel	⊅೨.26 per cropped acre	per developed parcel			
	\$8.48		\$1.22	\$9.70		

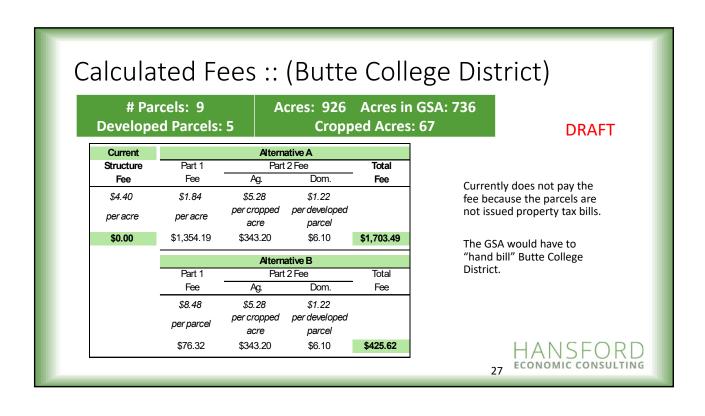


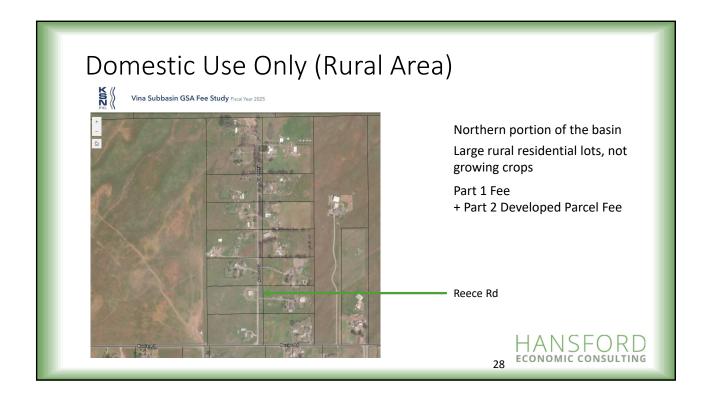


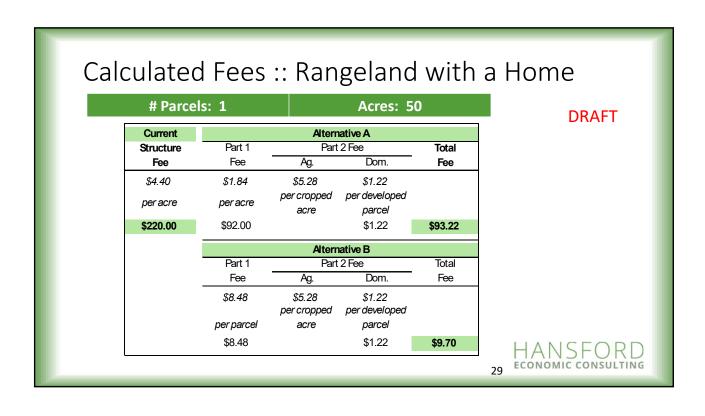




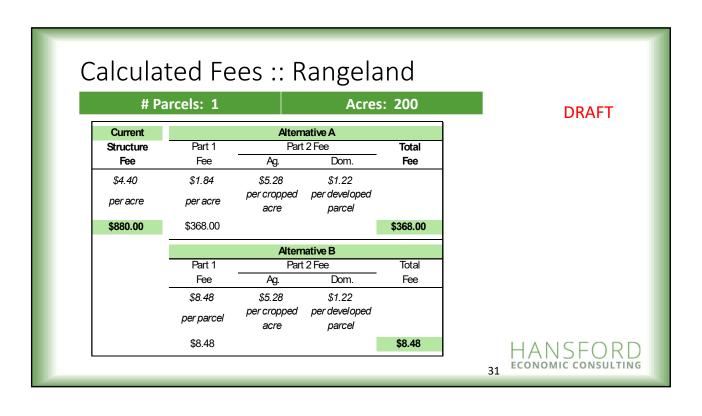












Additional Illustrative Examples of New Fee Structure Alternative A and Alternative B Calculations

ALTERNATIVE A

Example	Parcel Size (acres)	Use	Pa	nrt 1		Part 2	Fee Calculation	Alt. A Total Fee
1	0.5	Domestic	\$1.84	per acre	\$1.22	per developed parcel	= (\$1.84*0.5) + \$1.22	\$2.14
2	100	Agriculture	\$1.84	per acre	\$5.28	per cropped acre	= (\$1.84*100) + (\$5.28*100)	\$712.00
3	100	Agriculture & Domestic (95 acres cropped)	\$1.84	per acre	\$5.28 \$1.22	per cropped acre per developed parcel	= (\$1.84*100) + (\$5.28*95) + \$1.22	\$686.82
4	100	Rangeland	\$1.84	per acre			= (\$1.84*100)	\$184.00

Additional Illustrative Examples of New Fee Structure Alternative A and Alternative B Calculations

ALTERNATIVE B

Example	Parcel Size (acres)	Use	Part 1		Part 2	Fee Calculation	Alt. B Total Fee
1	0.5	Domestic	\$8.48 per parcel	\$1.22	per developed parcel	= \$8.48 + \$1.22	\$9.70
2	100	Agriculture	\$8.48 per parcel	\$5.28	per cropped acre	= \$8.48 + (\$5.28*100)	\$536.48
3	100	Agriculture & Domestic (95 acres cropped)	\$8.48 per parcel	\$5.28 \$1.22	per cropped acre per developed parcel	= \$8.48 + \$1.22 + (\$5.28*95)	\$511.30
4	100	Rangeland	\$8.48 per parcel			= \$8.48	\$8.48

Comparison of Alternatives

	Parcel Size	Total Annual Fee				
Example	(acres)	Use	Alt. A	Alt. B		
1	0.5	Domestic	\$2.14	\$9.70		
2	100	Agriculture	\$712.00	\$536.48		
3	100	Agriculture & Domestic (95 acres cropped)	\$686.82	\$511.30		
4	100	Rangeland	\$184.00	\$8.48		