



**Wyandotte Creek
Groundwater Sustainability Agency
Agenda Transmittal**

Agenda Item: 4

Subject: Consideration of Wyandotte Creek GSA Five Year Revenue Projections and Fee Options

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Meeting Date: 3/23/2023

Regular Agenda

Department Summary: The Wyandotte Creek Groundwater Sustainability Agency (WDC GSA) was established to develop the WDC Groundwater Sustainability Plan (GSP), which was prepared and submitted to DWR in January 2022 in accordance with the GSP submittal deadline. The WDC GSA worked collaboratively with stakeholders to develop the GSP and is now focused on GSP implementation and maintaining SGMA compliance while maintaining local control over its groundwater resources.

Achieving long term SGMA compliance while implementing actions to achieve groundwater sustainability will require reliable long term funding sources to support GSA operations, achieve SGMA compliance requirements, and implement priority projects and programs that meet GSP goals and objectives. The WDC GSA Board reviewed draft revenue requirements over the 2024-2028 period at the February Board meeting to sustain the GSA financially for use in evaluating fee options. Attached are the updated revenue projections to be used for the fee options analyses which will include two revenue projection scenarios. Scenario 1 assumes no SGMA implementation grant funding is awarded to the WDC GSA and scenario 2 assumes that SGMA implementation grant funding is approved and offsets some of the GSA's long term SGMA compliance costs over the five-year period. Including both revenue projections in the fee option evaluation work will provide the Board with a range of options when considering the adoption of future fees as part of the current long term funding project.

The fee options to be evaluated will include the following: (1) cost per acre; (2) irrigated vs. non-irrigated; and (3) land use hybrid model. The fee options evaluation will consider the cost of option implementation so that each option can be compared in terms of the overall rate impact on those subject to the SGMA compliance fee. The findings of the fee options evaluation will be shared with the Board through a Technical Memorandum which will be prepared by the project consultant with recommendations provided at the April 2023 WDC GSA Board meeting.

Public outreach materials are being developed and will be placed on the WDC GSA website in March. As the long-term fee project evolves additional outreach will be conducted to engage stakeholders and answer questions as needed. Initially Frequently Asked Questions and Answers and Funding Fact Sheet will be available as part of the project outreach plan. And a public workshop is planned for early April. Additional information will be provided as needed for a transparent and informative process.

Attached: 2024-2028 Revenue Projections (no DWR grant funding)
2024-2028 Revenue Projections (with DWR grant funding)
Wyandotte Creek Funding Fact Sheet

Fiscal Impact: None

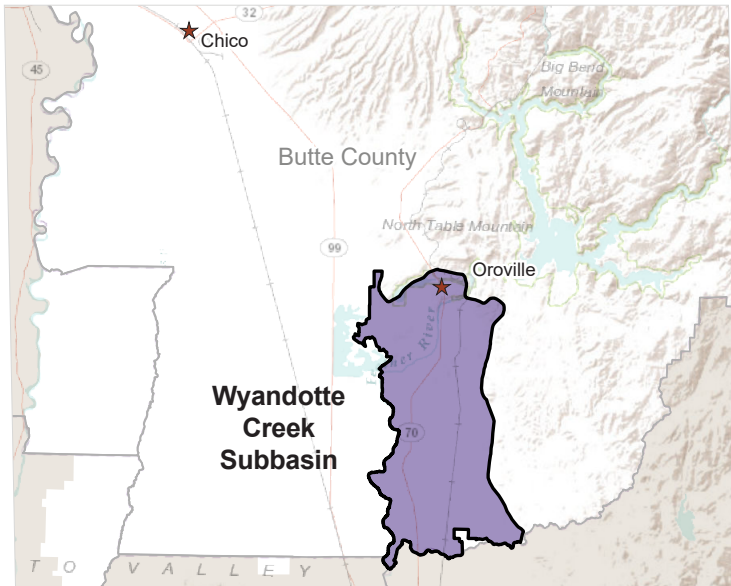
Staff Recommendation: Approve updated Wyandotte Creek GSA (WDC GSA) Five-Year Revenue Projections for use in evaluating long-term fee options for the WDC GSA and to keep the project on schedule.

Wyandotte Creek GSA - Long Term Funding Strategy
Five-Year GSA Operational Budget - GSP Implementation and SGMA Compliance Costs

5-Year GSP Implementation Inflation Adjustment	0%	3%	3%	5%	5%
Proposed	Year 1	Year 2	Year 3	Year 4	Year 5
Cost Category-GSA Admin.	FY23-24	FY24-25	FY25-26	FY26-27	FY27-28
Professional Services - Admin.					
Auditor	\$5,000	\$5,000	\$5,000	\$5,000	\$5,000
Financial Services	\$2,500	\$2,500	\$2,500	\$2,500	\$2,500
Legal Services	\$10,000	\$5,000	\$5,000	\$5,000	\$5,000
Program Manager (w/County management)	\$50,000	\$50,000	\$50,000	\$50,000	\$50,000
Professional Services - Admin. Sub-total	\$67,500	\$62,500	\$62,500	\$62,500	\$62,500
Office Expense					
Bank Fees	\$250	\$250	\$250	\$250	\$250
Insurance	\$2,000	\$2,000	\$2,000	\$2,000	\$2,000
Outreach (education and outreach)	\$2,500	\$2,500	\$2,500	\$2,500	\$2,500
Website	\$1,500	\$1,500	\$1,500	\$1,500	\$1,500
Supplies	\$1,000	\$500	\$500	\$500	\$500
Office Expense Sub-total	\$7,250	\$6,750	\$6,750	\$6,750	\$6,750
Professional Services - GSP Implementation	\$10,000	\$10,000	\$10,000	\$10,000	\$10,000
Legal Defense Reserve (build \$150,000/yr. balance)	\$0	\$0	\$0	\$0	\$0
County Tax Roll Fee Support	\$4,000	\$4,000	\$4,000	\$4,000	\$4,000
Contingency (10%)	\$8,875	\$8,325	\$8,325	\$8,325	\$8,325
GSA Admin. Sub-total	\$97,625	\$91,575	\$91,575	\$91,575	\$91,575
5-Year GSP Implementation Inflation Adjustment	0%	3%	3%	5%	5%
Cost Category-SGMA Compliance	FY23-24	FY24-25	FY25-26	FY26-27	FY27-28
Annual Reporting (assumes DWR monitoring continues)	\$30,000	\$30,000	\$30,000	\$30,000	\$30,000
Five Year GSP Update w/Modeling Calibrations	\$43,750	\$43,750	\$43,750	\$43,750	\$35,000
Surface-GW Interaction Modeling	\$7,500	\$7,500	\$7,500	\$7,500	\$7,500
GSA Coordination & Outreach (w/in and between GSAs)	\$10,000	\$10,000	\$10,000	\$10,000	\$10,000
Data Management System Maintenance	\$5,000	\$5,000	\$5,000	\$5,000	\$5,000
Long Term Financial Planning/Fees	\$10,000	\$10,000	\$10,000	\$10,000	\$10,000
Grant Procurement	\$10,000	\$10,000	\$10,000	\$10,000	\$10,000
Contingency (8%)	\$9,300	\$9,300	\$9,300	\$9,300	\$8,600
SGMA Compliance Sub-Total	\$125,550	\$125,550	\$125,550	\$125,550	\$116,100
TOTAL WDCGSA Administration (w/inflation adjustment)	\$97,625	\$100,554	\$106,587	\$118,312	\$137,241
TOTAL WDCGSA SGMA Compliance (w/inflation adjustment)	\$125,550	\$129,317	\$137,075	\$152,154	\$176,498
TOTAL WDCGSA Operational Budget	\$223,175	\$229,870	\$243,662	\$270,465	\$313,740

Wyandotte Creek GSA - Long Term Funding Strategy					
Five-Year GSA Operational Budget - GSP Implementation and SGMA Compliance Costs (With DWR SGMA GSA Implementation Grant Funds Approved)					
5-Year GSP Implementation Inflation Adjustment	0%	3%	3%	5%	5%
Proposed	Year 1	Year 2	Year 3	Year 4	Year 5
Cost Category-GSA Admin.	FY23-24	FY24-25	FY25-26	FY26-27	FY27-28
Professional Services - Admin.					
Auditor	\$5,000	\$5,000	\$5,000	\$5,000	\$5,000
Financial Services	\$2,500	\$2,500	\$2,500	\$2,500	\$2,500
Legal Services	\$10,000	\$5,000	\$5,000	\$5,000	\$5,000
Program Manager (w/County management)	\$50,000	\$50,000	\$50,000	\$50,000	\$50,000
Professional Services - Admin. Sub-total	\$67,500	\$62,500	\$62,500	\$62,500	\$62,500
Office Expense					
Bank Fees	\$250	\$250	\$250	\$250	\$250
Insurance	\$2,000	\$2,000	\$2,000	\$2,000	\$2,000
Outreach (education and outreach)	\$2,500	\$2,500	\$2,500	\$2,500	\$2,500
Website	\$1,500	\$1,500	\$1,500	\$1,500	\$1,500
Supplies	\$1,000	\$500	\$500	\$500	\$500
Office Expense Sub-total	\$7,250	\$6,750	\$6,750	\$6,750	\$6,750
Professional Services - GSP Implementation	\$10,000	\$10,000	\$10,000	\$10,000	\$10,000
Legal Defense Reserve (no balance recommended)	\$0	\$0	\$0	\$0	\$0
County Tax Roll Fee Support	\$4,000	\$4,000	\$4,000	\$4,000	\$4,000
Contingency (10%)	\$8,875	\$8,325	\$8,325	\$8,325	\$8,325
GSA Admin. Sub-total	\$97,625	\$91,575	\$91,575	\$91,575	\$91,575
5-Year GSP Implementation Inflation Adjustment	0%	3%	3%	5%	5%
Cost Category-SGMA Compliance	FY23-24	FY24-25	FY25-26	FY26-27	FY27-28
Annual Reporting (with continued DWR Monitoring)	\$0	\$0	\$0	\$30,000	\$30,000
Five Year GSP Update w/Modeling Calibrations	\$0	\$0	\$0	\$43,750	\$35,000
Surface-GW Interaction Modeling	\$0	\$0	\$0	\$7,500	\$7,500
GSA Coordination & Outreach (w/in and between GSAs)	\$10,000	\$10,000	\$10,000	\$10,000	\$10,000
Data Management System Maintenance	\$0	\$0	\$0	\$5,000	\$5,000
Long Term Financial Planning/Fees	\$0	\$0	\$0	\$20,000	\$20,000
Grant Procurement	\$10,000	\$10,000	\$10,000	\$10,000	\$10,000
Contingency (8%)	\$1,600	\$1,600	\$1,600	\$10,100	\$9,400
SGMA Compliance Sub-Total	\$21,600	\$21,600	\$21,600	\$136,350	\$126,900
TOTAL WDCGSA Administration (w/inflation adjustment)	\$97,625	\$100,554	\$106,587	\$118,312	\$137,241
TOTAL WDCGSA SGMA Compliance (w/inflation adjustment)	\$21,600	\$22,248	\$23,583	\$26,177	\$30,365
TOTAL WDCGSA Operational Budget	\$119,225	\$122,802	\$130,170	\$144,489	\$167,607

Wyandotte Creek Subbasin Groundwater Sustainability Plan Long-Term Funding for GSP Implementation



Who is the Wyandotte Creek Groundwater Sustainability Agency?

The Wyandotte Creek Groundwater Sustainability Agency (WC GSA) is the Groundwater Sustainability Agency (GSA) responsible for developing and implementing the Groundwater Sustainability Plan (GSP) for the Wyandotte Creek Subbasin. The WC GSA works cooperatively with the other GSAs in Butte County to cost-effectively achieve groundwater sustainability goals and objectives in its adopted GSP.

GSP Implementation Funding for Years 2024-2028

Now that the Wyandotte Creek Subbasin GSP has been submitted to the California Department of Water Resources (DWR), the WC GSA is working to implement the GSP in a cost-effective manner. To fund GSP implementation and Sustainable Groundwater Management Act (SGMA) compliance activities, revenue requirements have been developed by the GSA, which are proposed to be funded through long-term fees that will support the work to achieve groundwater sustainability. GSAs must implement groundwater sustainability monitoring and management actions to bring the entire Subbasin into compliance with SGMA requirements by 2042. Working together as a Subbasin and throughout the County will help keep future fees as low as possible.

What Fee Options are Being Considered by the GSAs for Covering GSP Implementation Costs?

The WC GSA is considering Proposition 218 or 26 fee methodologies to cover long-term GSP implementation and SGMA compliance costs. The Proposition 218 fee process is considered to be the most transparent and equitable method for establishing fees to cover GSP implementation costs, based on broad application of this approach by many other GSAs across California. The WC GSA will consider using the Proposition 26 fee approach if feasible. Doing nothing on SGMA compliance would lead to State intervention in the Wyandotte Creek Subbasin groundwater management activities. The WC GSA has determined that local cost sharing arrangements would not be adequate to cover GSP implementation and SGMA compliance costs and concluded that the cost for State Water Resources Control Board intervention would be higher and unacceptable compared to local control of watershed resources. The WC GSA will follow any legal and regulatory requirements for the selected fee methodology including following the process that allows for a landowner protest vote as part of the approval process, as applicable.

How were GSP Implementation Costs Developed for the Proposed Fees?

The Wyandotte Creek GSA is working collaboratively to develop the most efficient manner to implement the GSP and comply with SGMA regulations by 2042. The WC GSA is responsible for their GSA administration and SGMA compliance costs with updated revenue requirements to implement its GSP while keeping future fees as low as possible. The proposed GSP implementation and SGMA compliance costs reflect the minimum revenue requirements to comply with SGMA and meet Wyandotte Creek Subbasin sustainability goals and objectives based on known information and data about the Wyandotte Creek Subbasin and GSA operational costs.

What Happens if We Fail?

Maintaining local control over our groundwater resources is a top priority for the WC GSA. Implementing the GSP and complying with SGMA will keep the State from

intervening in the local groundwater management and decision-making processes and keep our fees as low as possible. If State intervention were to occur due to SGMA non-compliance landowners would be subject to State fees approved by the State Water Resources Control Board.

The local GSAs are working hard to avoid State intervention and higher GSP implementation costs.

Fee Methodologies

The WC GSA Board is considering establishing long-term fees in accordance with Water Code Section 10730 to cover the administrative and operational costs of GSP implementation and SGMA compliance. Under Proposition 218 valid protests received in a timely manner by the WC GSA from landowners for which the fee would be levied would be counted before adopting the proposed fee. If a majority protest is not received, the WC GSA may adopt the fee. A majority protest would prevent imposition of the fee. State intervention could occur if local GSAs are unable to fund implementation of a plan that meets the state requirements.

The fees will fund GSA administration and SGMA compliance activities related to GSP implementation. Local and regional projects were included in the GSP to enhance groundwater sustainability and will be supported through other funding sources on an as-needed basis aimed at achieving State mandated and locally defined sustainability. Funding this effort is critical for maintaining local control over the implementation of sustainable groundwater management actions in the Wyandotte Creek Subbasin. The WC GSA is committed to retaining local control over SGMA implementation, utilizing landowner dollars efficiently and beneficially.

Fees would be collected with the Butte County tax roll from all parcel owners subject to the fee within the Wyandotte Creek Subbasin GSA boundaries, excluding federal/state/tribal lands. The fees would be based on total revenue requirements and acreage in the GSA service area. All parcels subject to the fee would receive a Proposition 218 notice (if that is the preferred fee method selected) before the WC GSA Board would consider approving the proposed fees.

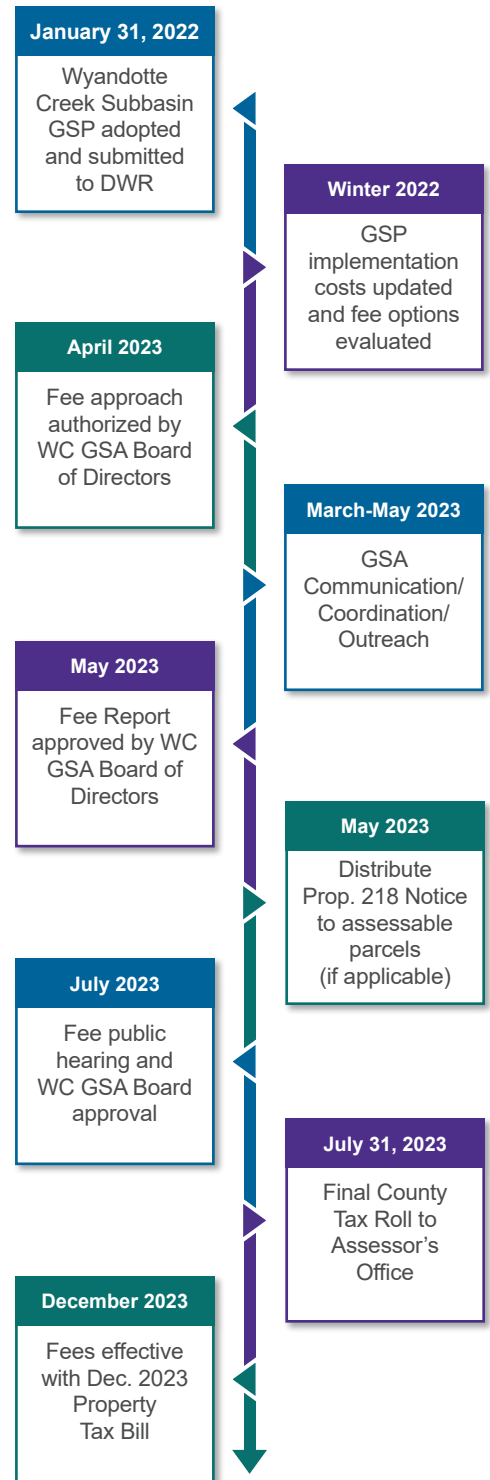
You can use the following WC GSA link (www.wyandotecreekgsa.org) to learn more about Wyandotte Creek Subbasin GSP implementation activities and follow updates on establishing a long-term funding strategy to cover the costs of WC GSA administration and SGMA compliance activities. We also have frequently asked questions available to address your questions or concerns. We welcome your comments and thoughts on how we can work together to maintain local control over our water resources.

2024-2028 Wyandotte Creek Subbasin GSP Implementation Summary of State SGMA Requirements



The WC GSA will be responsible for covering its GSA administration costs and GSP implementation SGMA compliance costs identified in the adopted GSP. The WC GSA will serve as the fiscal agent on behalf of parcels subject to fee in the WC GSA service area to manage the GSP implementation budget and report on the status of GSP implementation activities to stakeholders and those subject to the long-term fee.

PROJECT TIMELINE



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