



SANTA CRUZ MID-COUNTY GROUNDWATER AGENCY

## BOARD OF DIRECTORS

### AGENCY FUNDING OPTIONS ASSESSMENT

SEPTEMBER 18, 2025

**GROUNDWATER**  
**IS A VITAL RESOURCE** TOGETHER - LET'S PROTECT IT!

# BOARD MEETING OUTLINE

1. Follow up to Board Questions from June
2. Summary of Approaches by Other Groundwater Sustainability Agencies (GSAs)
3. Specific GSA Funding Examples
4. Funding Options Assessment Memorandum Content
5. Next Steps/Discussion

# BOARD QUESTIONS (I)

What have the member agencies been discussing about cost apportionment?

- Report out from Executive Staff.

Is it legal to assess non-de minimis users while excluding de minimis users (or other minimal extraction amounts)?

- Yes. Must establish that de minimis users are not receiving a service or benefit from Agency costs.
- Alternatively, the cost of providing a benefit to these users can be paid for with funding separate from the fee.

Is it legal to charge de minimis users?

- Yes – as long as de minimis users are regulated under the GSP.

## BOARD QUESTIONS (2)

What is the cost of placing charges on County tax rolls?

- 1% of the total direct charge amount. Few hours MGA staff time for annual update to County.

Can development impact fees be used to fund MGA SGMA compliance?

- Funding from development impact fees is limited in use to improvements of public facilities needed to serve new development (*GOV Code 66000 – “Mitigation Fee Act”*).
- Funding must be used to for necessary expansion of a service system brought about by development and cannot fund “existing deficiencies” (*GOV Code 66001*).
- Eligible facilities include public buildings, parks, water systems, sewer systems, transportation infrastructure, and electrical infrastructure (*GOV Code 66002*).
- MGA likely does not have the authority to impose a development impact fee – it would have to be imposed by the County.
- In reviewing funding approaches by other GSAs, no development impact fees were identified.

# HOW ARE OTHER GSAS FUNDING GSP IMPLEMENTATION?

## GSA Funding Examples

- Review of 32 funding mechanisms used by GSAs across the State.
- These examples provide a broad range of legal frameworks, methodologies, and approaches across a diverse array of Groundwater basins.

## Key Funding Characteristics

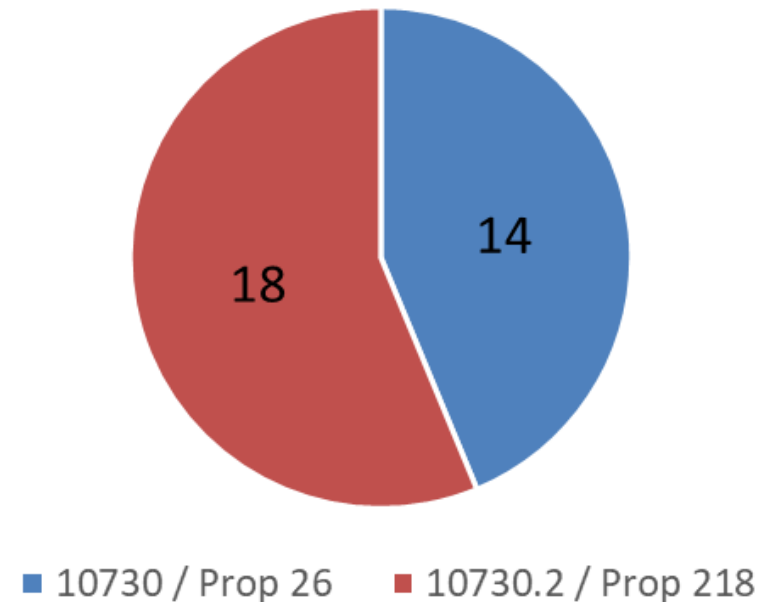
- Legal frameworks: 10730/Prop 26 and 10730.2 Prop 218.
- Approach to de minimis users: charged or exempt.
- Methodologies: volumetric, irrigated acreage, gross acreage, parcels, and hybrid.

# LEGAL FRAMEWORK

## Legal Framework

- 14 used 10730 / Prop 26.
- 18 used 10730.2 / Prop 218.
- Notes:
  - Use of Prop 218 is often necessary to fund the cost of capital projects.
  - Some GSAs used both: Prop 26 for admin costs and Prop 218 for project costs.

## Legal Framework

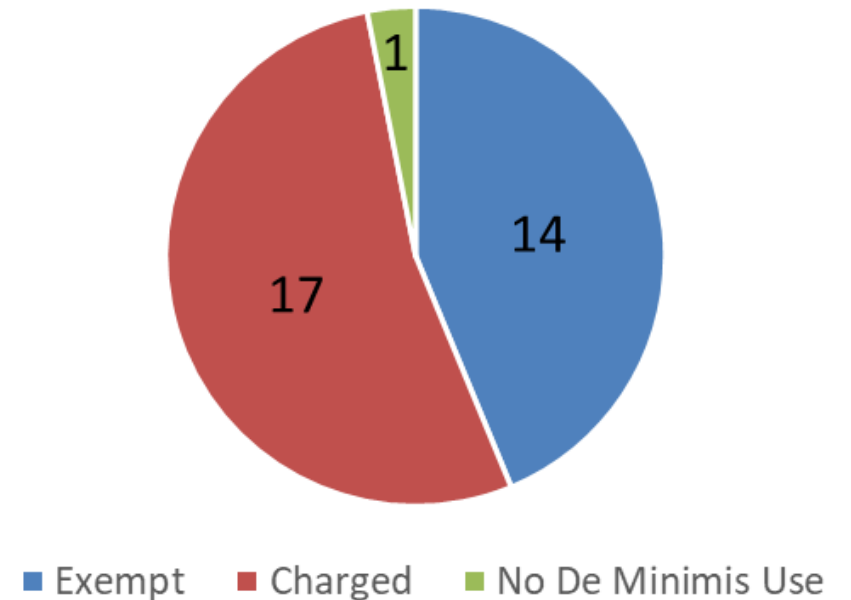


# APPROACH TO DE MINIMIS USERS

## Approach to De Minimis Users

- 14 exempted de minimis users.
- 17 charged de minimis users.
- I did not have any de minimis users.
- Notes:
  - Some GSAs charged de minimis for administrative / SGMA compliance costs, but not for projects.
  - De minimis charges are often based on estimated extraction, acreage, or parcels.

Approach to De Minimis Users

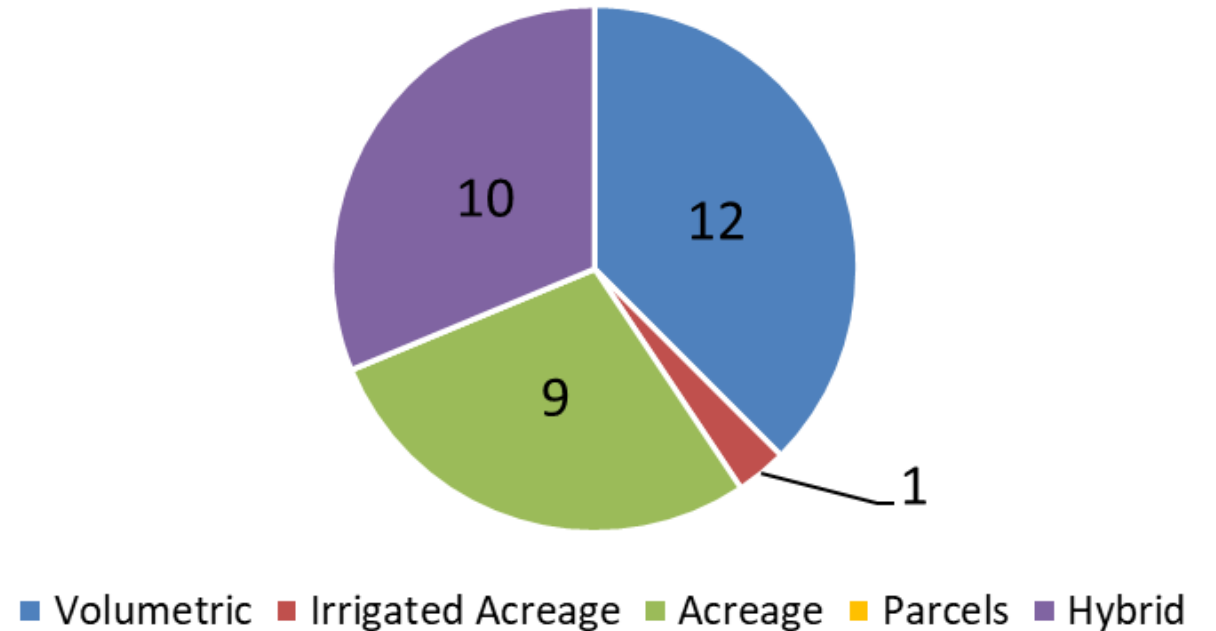


# METHODOLOGY

## Methodology

- 12 used volumetric charges exclusively.
- 1 used irrigated acreage charges exclusively.
- 9 used acreage charges exclusively.
- 0 used parcel charges exclusively.
- 10 used hybrid charges.
- Notes:
  - Parcel and acreage charges are often used as part of a hybrid methodology to capture small GW users.

## Methodology





# METHODOLOGY

## Hybrid Types

- I used Volumetric / Acreage.
- I used Volumetric / Parcels.
- I used Volumetric / Wellheads.
- I used Volumetric / Irrigated Acreage / Acreage.
- I used Volumetric / Irrigated Acreage / Parcels.
- I used Irrigated Acreage / Water Connections.
- 3 used Irrigated Acreage / Acreage.
- I used Irrigated Acreage / Parcels.

## Notes

- Hybrid methodologies often rely on a cost apportionment that splits costs between different charge types.
- For example:
  - Some degree of 'base costs' might be applied to a parcel or acreage fee.
  - Some degree of 'heightened costs' might then be applied to an extraction fee.

# SANTA ROSA PLAIN GSA (I)

## Fee Type

- Water Code 10730 / Prop 26.
- De minimis users charged based on estimated extraction.

## Methodology

- Estimated extraction:
  - Rate: \$44.70 per AF.
  - De minimis users charged for 0.5 AF - \$22.35.

# SANTA ROSA PLAIN GSA (2)

## Cost Apportionment

- Broad apportionment: all costs applied to total extraction to produce a consistent rate for all groundwater users.

## Revenue Generation

- Total revenue: ~\$830,000

## User Classes

- De minimis: ~\$164,000
- Agriculture: ~\$228,000
- Commercial: ~\$40,000
- Water systems: ~\$310,000
- Other: ~\$90,000

# UKIAH VALLEY BASIN GSA (I)

## Fee Type

- Water Code 10730 / Prop 26.
- De minimis users charged based on acreage.

## Methodology

- Hybrid:
  - \$4.07 per acre for all properties.
  - \$0.13 per 1,000 gallons for water systems.
  - \$32.75 per cropped acre for agriculture.
  - \$34.67 per acre of improved properties (residential properties capped at 0.5 acres).
  - De minimis user charged ~\$20 per parcel depending on acreage.

# UKIAH VALLEY BASIN GSA (2)

## Cost Apportionment

- Variable: core administrative costs allocated to a “Base Fee” – all other costs allocated to a “Customer Group Fee,” apportioned based on variable benefit.

## Revenue Generation

- Total revenue: ~\$600,000

## User Classes

- Base fee (all properties): ~\$138,000
- Group 1 Fee (water systems): \$143,000
- Group 2 Fee (agriculture): \$310,000
- Group 3 Fee (improved properties): \$9,000

# SACRAMENTO CENTRAL GROUNDWATER AUTHORITY (I)

## Fee Type:

- Water Code 10730.2 / Prop 218.
- De minimis users charged per parcel *and* based on estimated extraction.

## Methodology:

- Hybrid:
  - \$2.51 per parcel (all parcels, including those that do not use groundwater).
  - \$3.44 per AF for all groundwater users (extraction is estimated).
  - Note: SCGA member agencies pay the fee on behalf of their customers; parcels outside of member agencies are charged directly.

# SACRAMENTO CENTRAL GROUNDWATER AUTHORITY (2)

## Member Agency Direct Contributions

Member Contributions FY 2025/26

	Pumping - Acre Feet*	Rate	
SCWA	16,281	\$3.44	\$56,007
Cal-Am	17,219	\$3.44	\$59,233
GSWC	7,558	\$3.44	\$26,000
EGWD	4,154	\$3.44	\$14,290
City of Sac	1,450	\$3.44	\$4,988
<b>Total</b>	<b>46,662</b>	<b>\$3.44</b>	<b>\$160,518</b>

\* Three-year average

	Number of Connections	Rate	
SCWA	60,629	\$2.51	\$152,179
Cal-Am	36,245	\$2.51	\$90,975
GSWC	15,471	\$2.51	\$38,832
EGWD	13,092	\$2.51	\$32,861
City of Sac	97,547	\$2.51	\$244,843
Folsom	9,685	\$2.51	\$24,309
<b>Total</b>	<b>232,669</b>		<b>\$583,999</b>

SCWA	\$208,186
Cal-Am	\$150,208
GSWC	\$64,832
EGWD	\$47,151
City of Sac	\$249,831
Folsom	\$24,309
<b>Total</b>	<b>\$744,517</b>

## Funds Collected on Tax Rolls

- Private Extraction ~48,000 acre-feet
- ~\$188,890 collected from ~8,900 parcels that are outside of member agency service areas
- ~\$166,550 of funds from groundwater extraction
- ~\$22,340 of funds from parcels

Assessor Parcels Number	Parcel Fee	Groundwater Fee	Total Fees
036-0010-018	\$ 2.51	\$ 6.88	\$ 9.39
036-0010-019	\$ 2.51	\$ 6.88	\$ 9.39
036-0010-020	\$ 2.51	\$ 6.88	\$ 9.39
036-0010-021	\$ 2.51	\$ 6.88	\$ 9.39
043-0022-020	\$ 2.51	\$ 6.88	\$ 9.39
043-0022-024	\$ 2.51	\$ 6.88	\$ 9.39
043-0022-025	\$ 2.51	\$ 6.88	\$ 9.39
043-0022-034	\$ 2.51	\$ 3.44	\$ 5.95
043-0022-035	\$ 2.51	\$ 6.88	\$ 9.39
043-0022-041	\$ 2.51	\$ 6.88	\$ 9.39
043-0022-042	\$ 2.51	\$ 6.88	\$ 9.39
043-0022-044	\$ 2.51	\$ 3.44	\$ 5.95
043-0022-045	\$ 2.51	\$ 3.44	\$ 5.95
043-0022-046	\$ 2.51	\$ 3.44	\$ 5.95
043-0022-047	\$ 2.51	\$ 3.44	\$ 5.95
043-0022-048	\$ 2.51	\$ 3.44	\$ 5.95

# WHAT WILL THE FUNDING OPTIONS ASSESSMENT MEMORANDUM INCLUDE?

- Description of Projected SGMA Compliance Costs.
- Discussion of Fee Methodologies (e.g., extraction, acreage, parcel) and Applicability to Local Conditions.
- Identification/Discussion of Key Local Considerations Needed for Making a Future Decision on Funding:
  - Considering what users to include
    - Member agencies only (current approach / default approach)
    - Member agencies + all other users
    - Member agencies + only non-de minimis
  - Considering what is “fair and equitable”
    - Impacts to Basin
    - Broad vs specific benefits
    - Total vs net pumping
  - Considering administrative and cost efficiency



## NEXT STEPS / DISCUSSION

