AGENDA
SACRAMENTO CENTRAL GROUNDWATER AUTHORITY
BUDGET SUB-COMMITTEE
(Teleconference-Video)

THURSDAY JULY 16, 2020 2:30 PM

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SCGA SUBCOMMITTE BOARD MEMBERS: City of Folsom –Chair **Todd Eising**, City of Sacramento **Brett Ewart**, County of Sacramento/ Sacramento County Water Agency-**Forrest Williams** Jr, Agricultural Interests **Tom Mahon** (Alternate – Lindsey Liebig), Agricultural-Residential **Carl Werder** (Alternate – Suzanne Pecci), Conservation Landowners **Ted Rauh** (Alternate – Barbara Evoy), California-American Water Company **Evan Jacobs** (Alternate - S. Audie Foster), Sacramento Regional County Sanitation District **Dave Ocenosak** (Alternate - Jose Ramirez)

PUBLIC COMMENT PROCEDURES

In compliance with directives of the County, State, and Centers for Disease Control and Prevention (CDC), this meeting is live stream and closed to public attendance. Meeting procedures are subject to change pursuant to guidelines related to social distancing and minimizing person-to-person contact.

<u>Live meeting comment</u>
Sign up to make a public comment during a live meeting. Registration opens when the agenda is posted 72-hours prior to the meeting date. Dial (916) 875-2500 to provide contact information. On the day of the meeting, callers will be contacted by phone and transferred to the meeting to make a comment on a specific agenda item or off-agenda item. Callers may sign up until public comments are closed for a specific item, respectively.

<u>Written comment</u>
- Send an email comment to BoardClerk@saccounty.net.
- Make a comment online at http://bospublicmeetings.saccounty.net.
- Mail a comment to 700 H Street, Suite 2450, Sacramento, CA 95814.
- Written comments are distributed to members, filed in the record, and will not be read aloud.

<u>VIEW MEETING</u>

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- Video/Audio from a PC: https://primetime.bluejeans.com/a2m/live-event/jcuhkbcj

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- Teleconference (audio only) dial: (415) 466-7000 (Enter PIN Code: **8524779#**

MEETING MATERIAL

The on-line version of the agenda and associated material is available at https://scgah2o.saccounty.net (click "Meeting Notices"). Some documents may not be posted on-line because of size or format (maps, site plans, renderings). Contact the Clerk's Office at (916) 874-5411 to obtain copies of documents.

ACCOMODATION

Requests for accommodations pursuant to the Americans with Disabilities Act (ADA) should be made with the Clerk of the Board by telephone at (916) 874-5411 (voice) and CA Relay Services 711 (for the hearing impaired) or BoardClerk@saccounty.net prior to the meeting.

AGENDA ITEMS

1. CALL TO ORDER AND ROLL CALL

2. PUBLIC COMMENT

3. SACRAMENTO COUNTY RATE STUDY PRESENTATION

- Discussion of the rate setting process underway for the County GSA areas of the South American and Cosumnes Subbasins

Information Presentation: Kerry Schmitz, Sacramento County Water Agency

4. SCGA RATE STUDY DISCUSSION

- Discussion on the schedule and actions necessary to establish rates for Groundwater Sustainability Plan implementation.

Recommended action: Recommend for rate setting actions and schedule to the Board of Directors

5. BUDGET COMMITTEE COMMENTS

ADJOURNMENT

4.

SACRAMENTO CENTRAL GROUNDWATER AUTHORITY

Budget Sub-Committee – Rate Study Discussion

July 16, 2020

HDR

PURPOSE OF THE PRESENTATION

- Cost allocation approach overview and comparison
- Committee recommendation on preferred allocation approach
- Review of next steps

COST ALLOCATION OVERVIEW

- Analysis and example rates include a minimum GSP implementation cost not exceeding ~$200,000
  - recharge/banking projects require member agency or state grant funding
- Reflects total minimum budget (i.e., Admin, Recurring, SGMA) of ~$580,000
- Developed three allocation approaches
  - Basin prioritization
  - Historical budget
  - Combined

BASIN PRIORITIZATION APPROACH

Ranking Component	Score	GW Users	All Users	Comment
C1 - Population	3	0	3	Not dependent on GW
C2 – Pop. Growth	4	0	4	Not dependent on GW
C3 – Public Supply Wells	4	4	0	Directly related to GW use
C4 – Total Wells	4	4	0	Directly related to GW use
C5 – Irrigated Acres	3	1	2	Somewhat dependent on GW use, but many other factors
C6 – Groundwater Reliance	3.5	3.5	0	Directly related to GW use
C7 - Impacts	2	1.76	0.24	Declining water levels (GW), water quality (all)
C8 – Habitat and Other	2	0	2	GW independent
Total	25.5 - High	14.26	11.24	
		56%	44%	

ALLOCATION APPROACH SUMMARY

		Basin Priorization		Historical Budget		Combined	
		All	GW	All	GW	All	GW
GENERAL BUSINESS							
	Administrative, Accounting, IT	44.00%	56.00%	80.00%	20.00%	80.00%	20.00%
	Fixed Assets (Equipment, Building, Computers, etc.)	44.00%	56.00%	100.00%	0.00%	100.00%	0.00%
	Legal Counsel (non-project related)	44.00%	56.00%	100.00%	0.00%	100.00%	0.00%
	Consultant/Contract Management	44.00%	56.00%	80.00%	20.00%	80.00%	20.00%
RECURRING ADMIN/MONITORING TASKS							
	SCGA Staff/Board Activities/Audits	44.00%	56.00%	70.00%	30.00%	70.00%	30.00%
	Implement Real-Time Monitoring	44.00%	56.00%	100.00%	0.00%	100.00%	0.00%
	CASGEM Monitoring and Related Coordination	44.00%	56.00%	100.00%	0.00%	100.00%	0.00%
	Support of Banking and Recharge Projects	44.00%	56.00%	20.00%	80.00%	44.00%	56.00%
REGULATORY REQUIREMENTS							
	SGMA Report Activities (Data Management and Annual Report)	44.00%	56.00%	100.00%	0.00%	44.00%	56.00%
	SCGA Rate Study	44.00%	56.00%	100.00%	0.00%	44.00%	56.00%
	Groundwater Sustainability Plan Development	44.00%	56.00%	100.00%	0.00%	44.00%	56.00%
	GDE and Interbasin Coordination, and Agreements	44.00%	56.00%	100.00%	0.00%	44.00%	56.00%
	SCGA GSA Implementation Plan Development	44.00%	56.00%	100.00%	0.00%	44.00%	56.00%
	GSP Implementation	44.00%	56.00%	100.00%	0.00%	44.00%	56.00%
	GW Modeling	44.00%	56.00%	50.00%	50.00%	44.00%	56.00%

AGRICULTURAL GROUNDWATER USE ADJUSTMENT

Factor	Urban Use	Ag Use
Precipitation	Urban runoff	Natural recharge
Non-consumptive use	Wastewater collection and treatment	Deep percolation
Groundwater Law	Appropriator	Overlying User

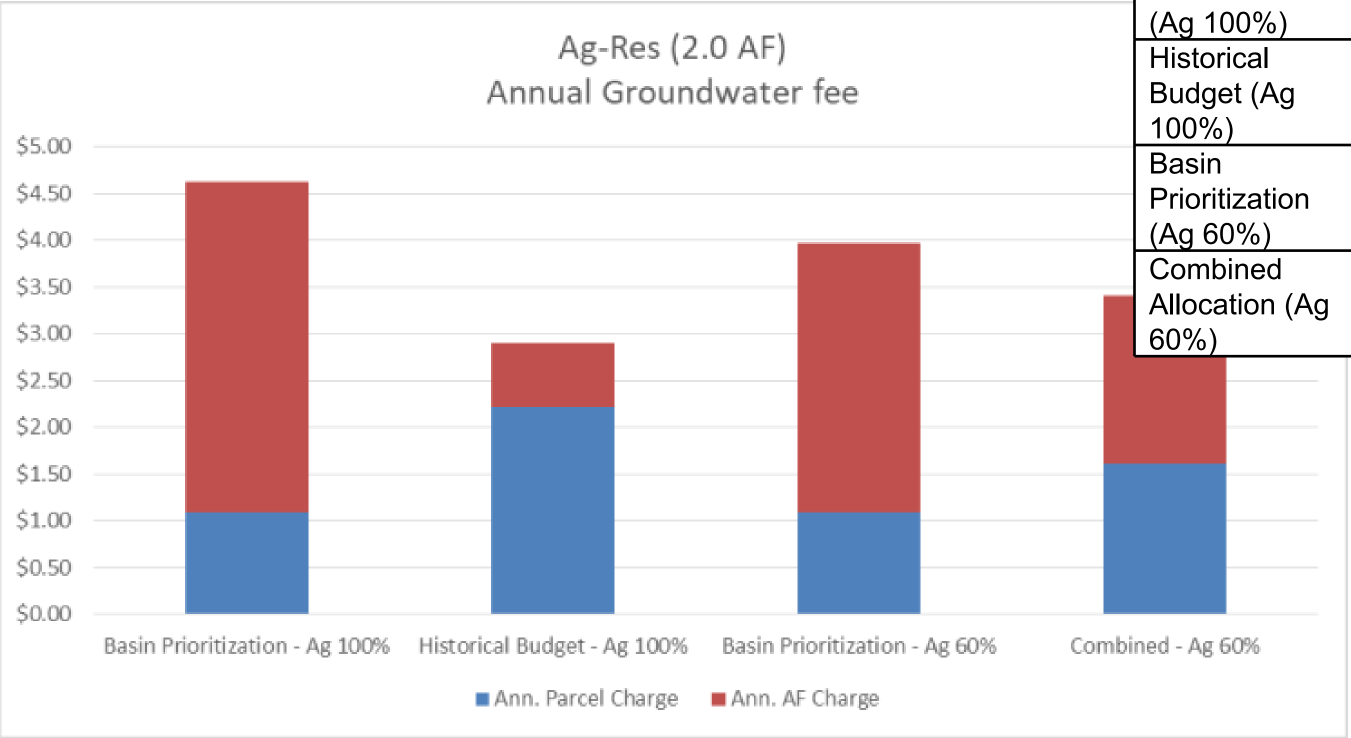
DEVELOPMENT OF EXAMPLE RATES

- Examined two Ag-Interests groundwater assumptions
  - 100% pumping and 60% net pumping
- Developed four (4) example rate summaries
  - Basin prioritization – Ag-Interest 100% net pumping
  - Historical budget – Ag-Interest 100% net pumping
  - Basin prioritization – Ag-Interest 60% net pumping
  - Combined – Ag-Interest 60% net pumping

DEVELOPMENT OF EXAMPLE RATES (CONT'D)

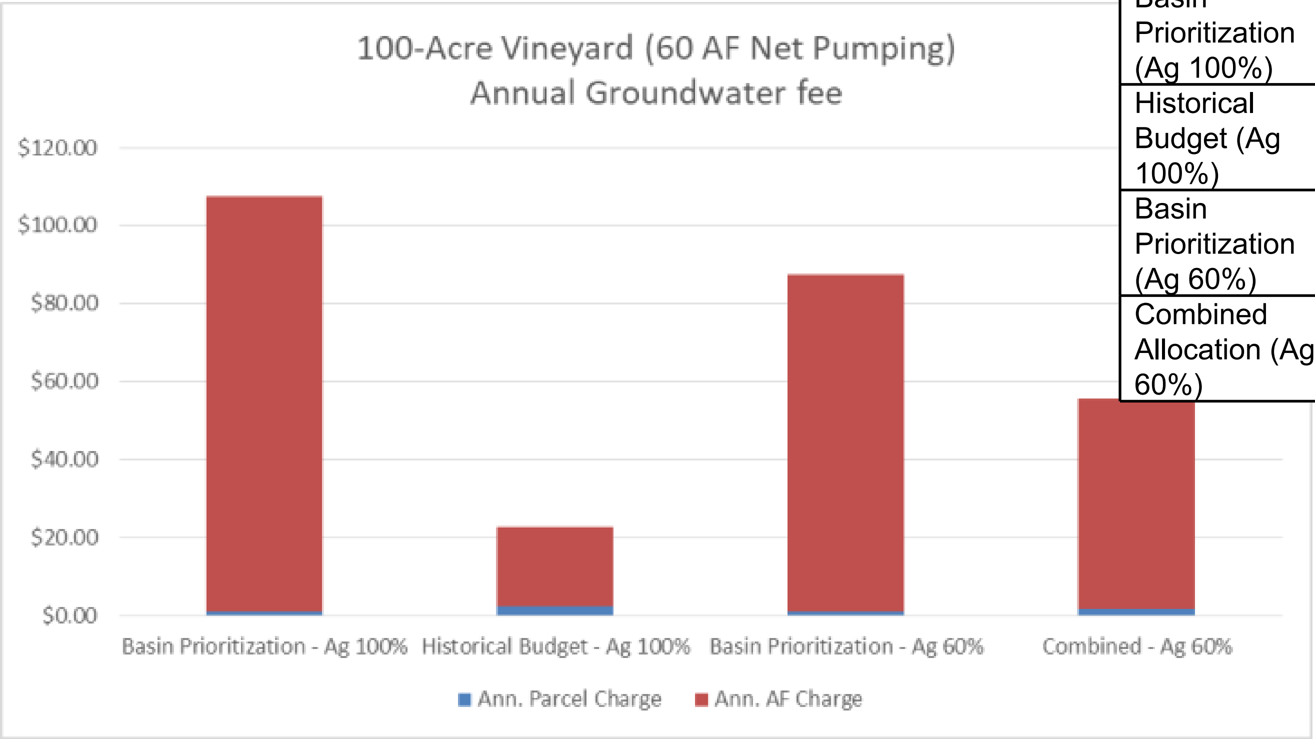
	Annual Parcel Rate ($/Parcel)	GW Pumping Charge ($/AF)
Basin Prioritization (Ag 100%)	$ 1.09	$ 1.77
Historical Budget (Ag 100%)	$ 2.21	$ 0.34
Basin Prioritization (Ag 60%)	$ 1.09	$ 2.40
Combined Allocation (Ag 60%)	$ 1.61	$ 1.50

AG-RES (2.0 AF) EXAMPLE RATE COMPARISON



	Annual Parcel Charge	Incremental GW Charge
Basin Prioritization (Ag 100%)	$ 1.09	$ 3.54
Historical Budget (Ag 100%)	$ 2.21	$ 0.69
Basin Prioritization (Ag 60%)	$ 1.09	$ 2.88
Combined Allocation (Ag 60%)	$ 1.61	$ 1.80

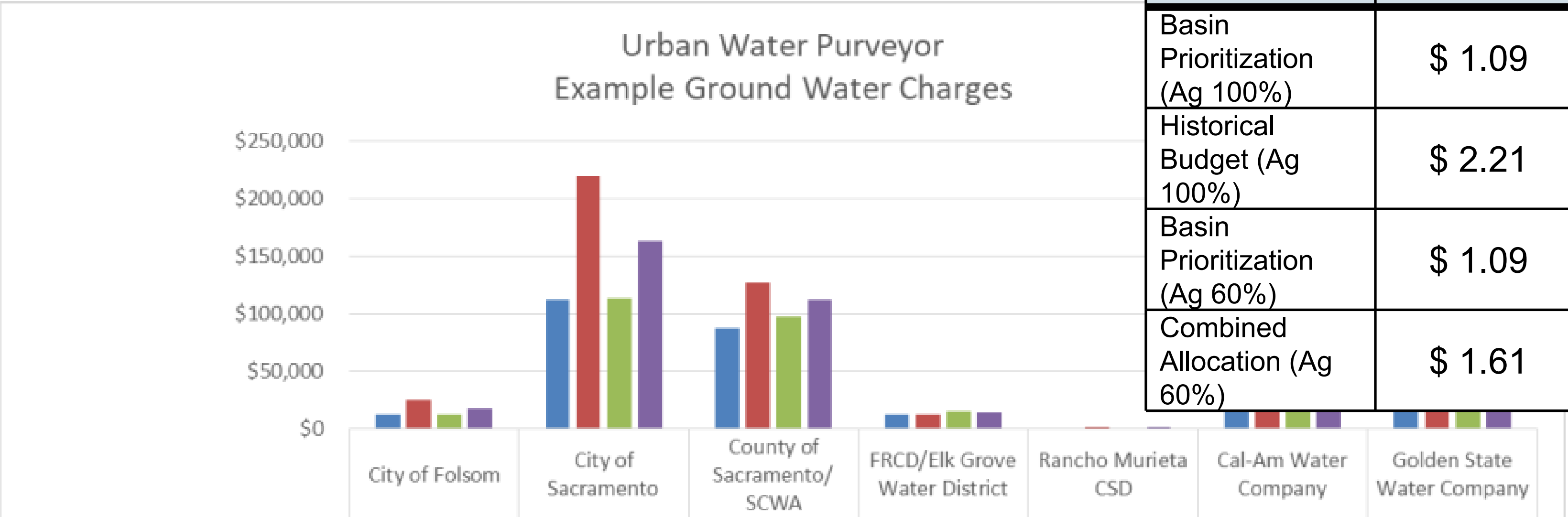
100-ACRE VINEYARD (60 AF PUMPING) EXAMPLE RATE COMPARISON



	Annual Parcel Charge	Incremental GW Charge
Basin Prioritization (Ag 100%)	$ 1.09	$ 106.35
Historical Budget (Ag 100%)	$ 2.21	$ 20.62
Basin Prioritization (Ag 60%)	$ 1.09	$ 86.38
Combined Allocation (Ag 60%)	$ 1.61	$ 54.06

URBAN PURVEYOR EXAMPLE CHARGES

	Annual Parcel Charge	GW Charge $/AF
Basin Prioritization (Ag 100%)	$ 1.09	$ 1.77
Historical Budget (Ag 100%)	$ 2.21	$ 0.34
Basin Prioritization (Ag 60%)	$ 1.09	$ 2.40
Combined Allocation (Ag 60%)	$ 1.61	$ 1.50



	City of Folsom	City of Sacramento	County of Sacramento/ SCWA	FRCD/Elk Grove Water District	Rancho Murieta CSD	Cal-Am Water Company	Golden State Water Company
Basin Prioritization - Ag 100%	$12,267	$112,270	$88,101	$12,806	$1,019	$58,238	$22,436
Historical Budget - Ag 100%	$24,852	$219,290	$127,660	$13,039	$2,064	$73,094	$32,212
Basin Prioritization - Ag 60%	$12,267	$113,847	$97,913	$15,297	$1,019	$66,904	$24,992
Combined - Ag 60%	$18,107	$162,923	$112,601	$14,473	$1,504	$70,557	$28,573

OTHER CUSTOMER CLASSES

- Residential parcels – Unserved by Urban Purveyor
  - Parcel charge plus groundwater pumping estimate or,
  - Flat ag-res de minimis charge
- Commercial/Industrial
  - Parcel charge plus metered or estimated groundwater pumping
- GW remediation
  - Parcel charge plus net pumping groundwater charge
- Other
  - Parcel charge and metered or estimated groundwater pumping charge

COST ALLOCATION AND RATE SUMMARY

- Confirm final cost allocation between all customers and groundwater users
  - Basin Prioritization reflects why the cost is incurred
- Cost allocation results in the total costs to be collected from all customers (e.g., per parcel) and groundwater users (i.e., per AF)
- Costs are then distributed to each customer class (water purveyor, ag-res, Ag, etc.)
  - Based on each customer class number of parcels and groundwater use
- Provides the basis for the equitable allocation and distribution of costs for the Proposition 218 process

NEXT STEPS

- Confirm sub-committee recommendations:
  - cost allocation approach
  - Discuss budget levels to establish rate
  - County led vs. SCGA led rate setting approach
- Next subcommittee meeting
  - Focus on technical decisions to maintain project schedule
    - Summary of direction received on allocation approach
    - Ag-Res billing
    - Ag billing
- Other questions or discussions

DISCUSSION

INTRODUCTION TO AG AND AG-RES BILLING APPROACH

Ag-Res

- Various approaches have been discussed to estimate groundwater use:
  - Individual parcel size
  - Ranges of parcel size
- Final approach will need to be developed based on parcel size and “simplified” estimate of groundwater pumping

Ag

- Calculate bills based on average of historical estimated pumping per parcel?
  - Multi-year average (e.g., 3 year, 5 -year)
- Final approach will need to be developed based on parcel size and estimated groundwater pumping

OUTSTANDING RATE STUDY DECISIONS - TECHNICAL

	Rate Study Element	Decision/Action Needed	
1.	Establish a Final Timeline	Confirm Post-GSP development	✓
2.	Determination of cost allocation • All-Customer • Groundwater User Only	Review and provide final direction on approved cost allocation approach	
3.	Ag-Res billing approach	What will the billing approach be based on? • Individual parcel size • Average parcel sizes • Ranges of parcel size?	
4.	Ag billing approach	Calculate bills based on average of historical estimated pumping per parcel? • Multi-year average (e.g., 3 year, 5-year) • Parcel or acre charge	

OUTSTANDING RATE STUDY DECISIONS - IMPLEMENTATION

	Rate Study Element	Decision/Action Needed	
5.	Establish Billing Approach for Remediation pumping and reclamation customers	Should these customers fund SCGA expenses? If so, how are they billed?	
6.	Determine final billing approach management	Who will manage the billing; Property tax administrator, managing agency, etc.?	
7.	Billing approach for non-contributing agencies	Determine final billing approach of hybrid or direct bill	
8.	Land Use Agency Only and Sanitation District contribution • City of Rancho Cordova • City of Elk Grove • Regional San	Coordinate with each agency to determine if they will contribute and at what level?	
9.	Water Purveyor Opt-Out Approach	Determine if water purveyors can opt out of hybrid approach	

OUTSTANDING RATE STUDY DECISIONS - METHODOLOGY

	Rate Study Element	Decision/Action Needed	
10.	Legal review of rate setting approach	Confirm direction for legal review and approach for post-GSP rates	
11.	Public outreach approach	Review and discuss preferred public outreach approach and plan	
12.	Coordination with Agencies and Partners	As part of the GSP coordinate with the working group and agencies	
13.	Policy discussion, methodology, and approach	Review and discuss the final rate setting approach and methodology	
14.	GSP Coordination	Sub Committee/Board review and approval of costs and financial plan.	

TIMELINE

- Once the Board approves the cost allocation and rate setting approach, the 6-month (Prop 218) process to adopt rates with FY2021/22 budget can begin.
- Rates for the subsequent year (2022) need to be to the Assessor's Office by August 2021