

Cosumnes Groundwater Authority
Meeting of the Board of Directors
Agenda

When: 9:00 am – 11:30 am, Wednesday, October 4, 2023

Where: Galt Police Department Community Room
455 Industrial Drive
Galt, CA 95632

Zoom: Via Zoom: <https://us02web.zoom.us/j/83206598644>
Meeting ID: 832 0659 8644
Call in Number: 1-669-444-9171

PUBLIC COMMENT – Any member of the public may address the Board concerning any matter on the agenda before or during its consideration of the matter. Public comment is limited to three (3) minutes per person. For good cause, the Board Chair may waive these limitations.

ACCESSIBILITY - If you have a disability and require a reasonable accommodation to fully participate in this event, please contact Austin Miller (CGA Secretary) before the day of the meeting via email [info@CosumnesGroundwater.org] or telephone [916-526-5447] to discuss your accessibility needs.

Call to Order

1. Introductions (*5 minutes*)
 - a. Determine if Quorum is Present

Consent Calendar

2. Consent Items (*5 minutes*)
 - a. Agenda – October 4, 2023
 - b. Minutes – September 18, 2023
 - c. Financial Report – October 2023

Informational Presentation (*30 minutes*)

3. Sacramento County Agriculture Commissioner, Chris Flores

Regular Business Action Items

4. Fiscal Year 2021-2022 Audit (*10 minutes*)
5. Member Contribution Agreements (*25 minutes*)
6. CGA Cost of Service Study Development Update (*25 minutes*)

7. November Public Outreach Events *(20 minutes)*

Informational Items *(30 minutes)*

8. Monitoring Network Update
9. Committee Reports
10. CGA Staff Report
11. CGA Counsel Report
12. DWR North Central Regional Office Update
13. Received Correspondence
14. Director/Member GSA Comments
15. Upcoming Agenda Items

Public Comment on Non-Agenda Items *(Limit of 3 minutes per speaker)*

16. Public Comment: *Comment will be received for items not on the agenda, but within the jurisdiction of the agency. The Board will hear comment but may not act on issues raised on non-agenda items.*

Adjourn Meeting

Please note starting in October regular meetings of CGA will be held on the 1st Wednesday of each month and the next meeting will be November 1, 2023 at 9:00am at the City of Galt Police Department Community Meeting Room.

**Cosumnes Groundwater Authority
Board of Directors Meeting**

Meeting Minutes
September 18, 2023 - 9:00am

Call to Order: 9:07am

1) Introductions / Determine if Quorum is Present

Directors in Attendance: Gary Thomas, Mike Selling , Leo VanWarmerdam , Mark Stretars , Pat Hume, Chris Hunley, John Mulrooney, Herb Garms, Gary Silva, Jay Vandenburg

Regular Business Action Items

2) Consent Items

- a. Agenda – September 18, 2023
- b. Minutes – August 21,, 2023
- c. Financial Report – September 2023

Director Thomas moved to approve the Agenda and Minutes.

Director Stretars seconded the motion.

The motion passed with all in favor.

Staff discussed the financials which included the Budgets to Actuals statement, breaking down our spending and remaining budget for the '23-'24 Fiscal Year. The current actuals reflect different invoice periods, noting that some invoices are still to come for past work completed. The Board voiced some concerns over the actual budget numbers as well as the cash flow projection for the fiscal year.

Director Thomas moved to approve the Financial Report.

Director Garms seconded the motion.

The motion passed with all in favor.

Regular Business Action Items

3) Fiscal Year 2021-2022 Audit

Richardson & Company, LLP conducted and completed CGA's FY 2021-2022 Audit. They are also working on closing out our FY 2022-2023 Audit. Brian Nash came to the meeting as their representative to present the information regarding the FY 21-22 Audit. Items presented to the Board included an Independent Auditor's Report, Management Letter, and Governance Letter. Brian suggested some Accounting assistance via a consultant that he could recommend to aid staff with balancing the financials. The Board also looked at the Statement of Net Position, Statement of Revenue and Expenses, Statement of Cash Flows, and Notes to Basic Financial Statements.

Drafted on:
September 18, 2023

The Board discussed the cash flow projections for the coming years, in particular, noting that it is based off of approved contracts at this time. Brian made several recommendations to the Board including ensuring bank reconciliations are completed and accurate, to create and approve policies such as an Expense Reimbursement Policy, an Anti-Fraud Policy, and a Whistleblower Policy, and to ensure that all documents/contracts are properly signed. Documenting everything to a tee and having a review on bank reconciliations and statements by a Board member to ensure accounting procedures are being followed correctly was also discussed. CGA has a 3 year contract with Richardson & Company, LLP starting in fiscal year 21-22 and extending to the current fiscal year 23-24.

4) CGA Board Roles

The Board discussed the recommended roles to keep in line with the 23-24 Fiscal Year CGA Work Plan. CGA Staff Member Brittany Friedman was recommended as the Board Secretary and CGA Board Member Rick Ferriera was recommended as the Board Treasurer. There will be further discussion between staff and the Treasurer what exactly the role entails in terms of responsibilities.

Director Silva Jr. made a motion to approve both the Treasurer and Secretary roles.

Director VanWarmerdam seconded the motion.

The motion passed with all in favor.

5) Cash Flow Projection

Staff provided an overview on the Cash Flow Projection of the Fiscal Year 2023-2024, noting that there is an estimated \$103, 584 cash flow shortfall for February and March 2024. Staff provided three options for the Board to consider to address the projected shortfall. The cashflow issue is most notably due to Member Contributions not coming in until April of the Fiscal Year ending in June. The staff recommendation on the options was to open a line of credit with Five Star Bank or to ask GSA's to make their full or partial member contributions early in order to continue the work CGA is doing without limiting ourselves and our efforts.

The Board discussed the upcoming outreach and workshops taking place in November as well as staff time involved in preparing for the meetings and the cost associated with those. It was suggested that EKI be pushed back a bit in their involvement with CGA in order to reduce costs and instead, turn to Ryan at SCI to assist with further work or to answer questions. Timing and financial structure was also discussed by Supervisor Pat Hume and a suggestion was made to reduce or push back certain procedures, such as state comments, this year, noting that the same issues may still arise in the next fiscal year. Another recommendation was made to adjust the timing on our public outreach workshops this Fall, either to push them back or to cancel them entirely. Staff recommended that the CGA December meeting be canceled in order to save on funds, since it is a slow time of year.

No action was taken at this time.

6) Groundwater Sustainability Fee Study Development Update

Staff provided an update on the Groundwater Sustainability Fee including a current draft of the yearly budget included in the draft fee study. The draft fee study will be prepared by SCI Consulting and presented at the CGA October Board Meeting. At the September 12th Projects and Management Actions Committee (PMA) Meeting the committee reviewed the draft budget and recommended exploring a conservation program to reach the demand reduction goals identified in the Cosumnes Subbasin GSP. A Fee Study Timeline for 2024 Implementation was also presented with a Final Fee Report scheduled to be presented to the Board in April 2024.

The Outreach and Engagement budget was adjusted from \$30,000 to \$10,000 bringing the total of the CGA Administrative costs to \$328,000. The drafted total yearly costs of \$445,000 was broken down into categories of Incentives, Administrative and Weather Stations. There was a discussion on the Summary of all Fees by Sources and the Parcel Fee charged to all groundwater-using parcels. There were also some questions in regards to the details of the Conservation programs and their components as cost is an issue for CGA at this time.

7) Monitoring Network Update

EKI provided a complete overlook of our monitoring network and Fall 2023 monitoring event. There are 25 sites that CGA is responsible for gathering water elevation data at, twice yearly. There are also 8 sites (some overlap with the 25 elevation sites) where water quality samples need to be gathered once a year (Fall). EKl provided the Fall 2023 Monitoring Checklist for the Board to review. The New Hope Road Monitoring Installation is happening this week and CGA staff and EKl will be there to check-in. Brittany is putting together a Monitoring Network Binder to capture all notes, coordination efforts, well information, contact information, field notes, etc. that will be utilized during the Fall Monitoring. Brittany is also handling the coordination of the monitoring to take place in October. If the Board or members of the public/committees want to visit a well during a monitoring visit they will need to follow the already set dates and times allotted.

Informational Items

8) Committee Reports

The Citizen Advisory Committee will be meeting this Wednesday, September 20 from 5:30 - 7:30pm. Outreach and Engagement Committee Chair Teresa Flewellyn provided a report on upcoming events including the Workshops on November 1 and 4, the BBQ Luncheon on November 9, and the next O & E meeting which will be held on December 7. There are several special meetings to take place in smaller Ad Hoc Committees to handle the content of the workshops, Farmer's Survey and BBQ Luncheon. A Newsletter has been created for CGA that will go before the Board at the October 4 meeting and sent out in October 2023. The next Newsletter is scheduled to go out in January 2024 and be quarterly from that point forward. The content for the posters at the workshops will also be shared to the Board at the October 4 meeting.

The next PMA Committee meeting is scheduled for November 14, 2023 where they will continue their conversation on conservation programs. The Financial Ad Hoc Committee does not have any updates or future meetings scheduled at this time. However, staff is working with Rick Wood from CSDA to advise on financials.

9) CGA Staff Reports

CGA Staff shared an written report of updates and resources.

10) CGA Counsel Reports

None.

11) DWR North Central Regional Office Update

CGA Staff provided a written report/update sent in by the DWR North Central Regional Office.

12) Received Correspondence

None.

13) Director/Member GSA Comments

None.

14) Upcoming Agenda Items

The following items were identified: None.

Public Comment on Non-Agenda Items

15) Public Comment

Jay Schneider made a comment on the State Water Control Board and reserved water in the basin that is being wasted. He suggested that someone from the State Board should come and speak to the CGA Board on these water waste issues.

Adjourn Meeting

Chair Hunley adjourned the meeting by consensus at 12:06pm.

PLEASE NOTE STARTING IN OCTOBER, REGULAR MEETINGS OF CGA WILL BE HELD ON THE 1ST WEDNESDAY EACH MONTH. THE NEXT MEETING WILL BE HELD ON OCTOBER 4, 2023.

Cosumnes Groundwater Authority

Balance Sheet

As of September 28, 2023

	TOTAL
ASSETS	
Current Assets	
Bank Accounts	
Public Checking (4246) - 1	272,272.07
Total Bank Accounts	\$272,272.07
Accounts Receivable	
Accounts Receivable (A/R)	7,690.72
Total Accounts Receivable	\$7,690.72
Total Current Assets	\$279,962.79
TOTAL ASSETS	\$279,962.79
LIABILITIES AND EQUITY	
Liabilities	
Current Liabilities	
Accounts Payable	\$23,100.39
Total Current Liabilities	\$23,100.39
Total Liabilities	\$23,100.39
Equity	\$256,862.40
TOTAL LIABILITIES AND EQUITY	\$279,962.79

Cosumnes Groundwater Authority

Accounts Receivable

As of September 28, 2023

	CURRENT	1 AND OVER	TOTAL
Galt Irrigation District (GID)	7,690.72		\$7,690.72
TOTAL	\$7,690.72	\$0.00	\$7,690.72

Cosumnes Groundwater Authority

Accounts Payable

As of September 28, 2023

VENDOR	MEMO/DESCRIPTION	AMOUNT	DATE
Current			
EKI Environment & Water	Professional Services - through August 2023	5,568.27	09/18/2023
Downey Brand	Legal Services through August 2023	4,357.12	09/25/2023
Sloughhouse Resource Conservation District	SRCD Staff Services - September 2023	13,175.00	09/28/2023
Total for Current		\$23,100.39	
TOTAL		\$23,100.39	

Cosumnes Groundwater Authority

Budget vs. Actuals: FY 23 - 24 Budget - FY24 P&L

July 2023 - June 2024

	TOTAL			
	ACTUAL	BUDGET	OVER BUDGET	REMAINING
Income				
4100 Member Contributions	7,690.72	425,730.00	-418,039.28	418,039.28
Total Income	\$7,690.72	\$425,730.00	\$ -418,039.28	\$418,039.28
GROSS PROFIT	\$7,690.72	\$425,730.00	\$ -418,039.28	\$418,039.28
Expenses				
5000 Staff Personnel Expenses (Contract)				
Personnel - SRCD	45,150.00	161,000.00	-115,850.00	115,850.00
Personnel - SSCAWA	6,380.00		6,380.00	-6,380.00
Total 5000 Staff Personnel Expenses (Contract)	51,530.00	161,000.00	-109,470.00	109,470.00
5100 Legal Services	10,077.12	30,000.00	-19,922.88	19,922.88
5200 Public Outreach		5,000.00	-5,000.00	5,000.00
5400 Annual Report Technical Support		33,000.00	-33,000.00	33,000.00
5410 Data Management System	735.28	10,000.00	-9,264.72	9,264.72
5420 Other Technical Support	15,638.07	125,000.00	-109,361.93	109,361.93
5430 Monitoring		15,000.00	-15,000.00	15,000.00
5500 Miscellaneous. Expenses	533.20	3,000.00	-2,466.80	2,466.80
5600 Financial Audit and Accounting Services		12,500.00	-12,500.00	12,500.00
5640 Funding Exploration		20,000.00	-20,000.00	20,000.00
5650 Funding Study Development		65,000.00	-65,000.00	65,000.00
5700 Data Gaps		45,000.00	-45,000.00	45,000.00
Unapplied Cash Bill Payment Expense		10,000.00	-10,000.00	10,000.00
Total Expenses	\$78,513.67	\$534,500.00	\$ -455,986.33	\$455,986.33
NET OPERATING INCOME	\$ -70,822.95	\$ -108,770.00	\$37,947.05	\$ -37,947.05
NET INCOME	\$ -70,822.95	\$ -108,770.00	\$37,947.05	\$ -37,947.05

Cosumnes Groundwater Authority - DRAFT Cash Flow Projection 2023-2024

Budget Item	Total Budget	Total Cash Flow Estimate	Jul.	Aug.	Sep.	Oct.	Nov.	Dec.	Jan.	Feb.	Mar.	Apr.	May	Jun.2024
EXPENSES														
Personnel	\$ 161,000	\$ 142,000	\$ 13,200	\$ 13,200	\$ 13,200	\$ 13,200	\$ 13,200	\$ 10,000	\$ 13,200	\$ 13,200	\$ 13,200	\$ 13,200	\$ 13,200	\$ 13,200
Legal	\$ 30,000	\$ 29,000	\$ 3,300	\$ 4,000	\$ 3,000	\$ 2,000	\$ 2,000	\$ 2,000	\$ 4,000	\$ 4,000	\$ 2,000	\$ 2,000	\$ 2,000	\$ 2,000
Public Outreach Supplies	\$ 5,000	\$ 5,000				\$ 2,500			\$ 2,500					
Annual Report	\$ 33,000	\$ 33,000								\$ 5,000	\$ 13,000	\$ 13,000	\$ 2,000	
Data Management System	\$ 10,000	\$ 4,000								\$ 4,000				
Other Technical Services	\$ 75,000	\$ 65,804		\$ 10,804	\$ 5,500	\$ 5,500	\$ 5,500	\$ 5,500	\$ 5,500	\$ 5,500	\$ 5,500	\$ 5,500	\$ 5,500	\$ 5,500
Monitoring	\$ 15,000	\$ 18,000					\$ 10,000				\$ 8,000			
Miscellaneous	\$ 3,000	\$ 2,200	\$ 200	\$ 200	\$ 200	\$ 200	\$ 200	\$ 200	\$ 200	\$ 200	\$ 200	\$ 200	\$ 200	\$ 200
Financial Audit	\$ 12,500	\$ 20,000					\$ 10,000			\$ 10,000				
Grant Funding Exploration	\$ 20,000	\$ -												
Post-GSP Fee Establishment	\$ 65,000	\$ 65,000			\$ 5,000	\$ 10,000			\$ 15,000	\$ 15,000	\$ 15,000	\$ 5,000		
Other PMAs + Data Gaps (New Hope Road Monitoring Well)	\$ 45,000	\$ 30,000					\$ 30,000							
Responding to State Comments	\$ 50,000	\$ 50,000										\$ 12,500	\$ 12,500	\$ 25,000
Grant Development	\$ -	\$ -												
Contingency	\$ 10,000	\$ -												
EXPENSES Total	\$ 534,500	\$ 464,004	\$ 16,700	\$ 28,204	\$ 26,900	\$ 33,400	\$ 70,900	\$ 17,700	\$ 40,400	\$ 56,900	\$ 56,900	\$ 51,400	\$ 35,400	\$ 45,900
REVENUE (Member Contributions)														
Sloughhouse RCD	\$ 148,402	\$ 148,402										\$ 90,000		\$ 58,402
City of Galt	\$ 15,000	\$ 15,000						\$ 15,000						
Amador CGMA	\$ 5,000	\$ 5,000						\$ 5,000						
Galt Irrigation District	\$ 156,749	\$ 156,749										\$ 96,749		\$ 60,000
Clay Water District	\$ 21,737	\$ 21,737										\$ 21,737		
OH Water District	\$ 23,241	\$ 23,241										\$ 23,241		
County of Sacramento	\$ 55,601	\$ 55,601						\$ 55,601						
REVENUE Total	\$ 425,730	\$ 425,730	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 75,601	\$ -	\$ -	\$ -	\$ 231,727	\$ -	\$ 118,402
Difference	\$ (108,770)	\$ (38,274)		\$ (28,204)	\$ (26,900)	\$ (33,400)	\$ (70,900)	\$ 57,901	\$ (40,400)	\$ (56,900)	\$ (56,900)	\$ 180,327	\$ (35,400)	\$ 72,502
August 1, 2023 Account Total	\$	278,186	\$ 249,982	\$ 223,082	\$ 189,682	\$ 118,782	\$ 176,683	\$ 136,283	\$ 79,383	\$ 22,483	\$ 202,810	\$ 167,410	\$ 239,912	
Estimated End Total	\$ 169,416	\$ 239,912												
Projected Year End														

Drafted September 28, 2023 by A. Miller for Board Discussion

**Cosumnes Groundwater Authority
Board of Directors Meeting**

Agenda Date: October 4, 2023

Agenda Item #: 4

Agenda Item Subject: Fiscal Year 2021-2022 Audit

To: CGA Board of Directors

From: CGA Staff

Background

Richardson & Company, LLP conducted and completed CGA's FY 2021-2022 Audit and draft documents were presented to the Board on September 18, 2023. The final audit documents are attached.

Several recommendations were included and discussed. Those recommendations, and Staff's proposed plan to implement each recommendation, are included here:

It is important for the Authority to ensure bank reconciliations are complete and accurate in the future.

A bank reconciliation process will be established with support from the Treasurer.

The Authority should consider approving accounting policies and procedures, an employee expense reimbursement policy, an anti-fraud policy and a whistleblower policy.

Staff and Treasurer have drafted written processes/procedures based on examples from Amador Water Agency, Sloughhouse RCD, and the California Special District Association. The following draft policies are attached and will be presented to the Board for consideration in November:

- Reimbursement Policy
- Anti-Fraud Policy
- Whistleblower Policy
- Procurement and Contracting Policy

Additionally, Treasurer Responsibilities and Process and a Reserve and Investment of Authority Funds Policy will be developed.

Develop a closing checklist(s) to use on a monthly, quarterly, and annual basis.

Staff and Treasurer will develop these checklists.

When extending a contract, include a thorough description, the term, and contract limit of approved contracts should be included in the Boards minutes to make it easier to identify

contract commitments for disclosure. Additionally, an extension letter, or formal agreement, should be executed and signed by all parties to document the rate per hour, contract limit, and term of extensions.

Added recommendation to draft Procurement and Contracting Policy and internal process checklists.

Request that regular billing cycles and established with consultants performing reoccurring work.

Staff will discuss with contractors and will aim to develop consistency.

Contract with a professional accountant to assist Staff and Treasurer in establishing and maintaining accounting processes and reporting.

Prepare an accounting services Request for Qualifications to explore costs associated with bringing on additional accounting support.

Recommendations

- Accept the Fiscal Year 2021-2022 audit documents provided by Richardson & Company, LLP.

COSUMNES GROUNDWATER AUTHORITY

Audited Financial Statements

June 30, 2022

COSUMNES GROUNDWATER AUTHORITY

Audited Financial Statements

June 30, 2022

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Cosumnes Groundwater Authority
Elk Grove, California

Opinion

We have audited the accompanying financial statements of the Cosumnes Groundwater Authority (the Authority), as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise Authority's basic financial statements, as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Authority as of June 30, 2022, and the changes in its financial position and cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America as well as accounting systems prescribed by the State Controller's Office and state regulations governing special districts.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the State Controller's Minimum Audit Requirements for California Special Districts. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Authority, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Authority's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that

includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Authority's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Authority's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

The Authority has omitted management's discussion and analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. Our opinion on the basic financial statements is not affected by this missing information.

Richardson & Company, LLP

September 18, 2023

COSUMNES GROUNDWATER AUTHORITY

STATEMENT OF NET POSITION

June 30, 2022

ASSETS

Current Assets

Cash and investments	\$ 149,490
Due from other governments	<u>156,982</u>

	TOTAL ASSETS <u><u>\$ 306,472</u></u>
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LIABILITIES

Current Liabilities

Accounts payable	\$ 15,287
Due to other governments	<u>25,560</u>

	TOTAL LIABILITIES <u>40,847</u>
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NET POSITION

Restricted for groundwater sustainability activities	<u>265,625</u>
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	TOTAL NET POSITION <u><u>265,625</u></u>
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	TOTAL LIABILITIES AND NET POSITION <u><u>\$ 306,472</u></u>
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The accompanying notes are an integral part of these financial statements.

CONSUMNES GROUNDWATER AUTHORITY

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION

For the Period Ended December 1, 2021 (Date of Inception) through June 30, 2022

OPERATING REVENUES	
Member contributions	\$ 425,730
OPERATING EXPENSES	
Administration	89,020
Annual report	47,919
Legal	17,322
Groundwater monitoring	5,367
Miscellaneous	477
TOTAL OPERATING EXPENSES	<u>160,105</u>
CHANGE IN NET POSITION	265,625
Net position at date of inception	<u> </u>
NET POSITION AT END OF YEAR	<u><u>\$ 265,625</u></u>

The accompanying notes are an integral part of these financial statements.

CONSUMNES GROUNDWATER AUTHORITY

STATEMENT OF CASH FLOWS

For the Period Ended December 1, 2021 (Date of Inception) through June 30, 2022

CASH FLOWS FROM OPERATING ACTIVITIES

Cash receipts from customers	\$ 268,748
Cash paid to suppliers for goods and services	<u>(119,258)</u>
NET CASH PROVIDED BY OPERATING ACTIVITIES	149,490

INCREASE IN CASH AND CASH EQUIVALENTS 149,490

Cash and cash equivalents at date of inception

CASH AND CASH EQUIVALENTS AT END OF YEAR \$ 149,490

RECONCILIATION OF NET INCOME FROM OPERATIONS TO
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES:

Net income from operations	\$ 265,625
Changes in operating assets and liabilities:	
Due from other governments	(156,982)
Accounts payable	15,287
Due to other governments	<u>25,560</u>

NET CASH PROVIDED BY OPERATING ACTIVITIES \$ 149,490

The accompanying notes are an integral part of these financial statements.

COSUMNES GROUNDWATER AUTHORITY
NOTES TO THE BASIC FINANCIAL STATEMENTS

June 30, 2022

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Cosumnes Groundwater Authority (the Authority) have been prepared in conformity with accounting principles generally accepted in the United States of America as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles. The most significant accounting policies of the Authority are described below.

Reporting Entity: The Authority was formed under a Joint Exercise of Powers Agreement on November 22, 2021 pursuant to the Joint Powers Act of the State of California (Government Code §§ 6500 et seq) between the Galt Irrigation District, Omochumne-Hartnell Water District, Clay Water District, the City of Galt, Sloughhouse Resource Conservation District, Amador County Groundwater Management Authority and the Sacramento County Groundwater Sustainability Agency (collectively “member agencies”) for the purpose of acting as the Groundwater Sustainability Agency (GSA) for the San Joaquin Valley, Consumnes Subbasin. The California State Legislature enacted the 2014 Sustainable Groundwater Management Act (SGMA) requiring the formation of a GSA to develop, implement and enforce a groundwater sustainability plan (GSP) for the each of the state’s groundwater basins of medium or high priority.

The Authority is governed by a Board of Directors comprised of one appointed member from each of the seven member agencies. The Authority had no employees or capital assets as of June 30, 2022. The Sloughhouse Resource Conservation District, a member agency, and the Southeast Sacramento County Agricultural Water Authority, a JPA comprised of member agencies, provide administration and technical support to the Authority.

Member agencies provide member contributions to the Authority assessed in equal installments in January and May each year that fund their respective share of Authority operating, administrative and other costs per section 5.2 of the Joint Exercise of Powers Agreement. Five of seven member agencies have established groundwater sustainability fees under California Water Code Section 10730 for this purpose, with the remaining two members funding the Authority’s contributions from existing funds. Section 10730 of the California Water Code allows groundwater sustainability agencies to impose fees, including, but not limited to, permit fees and fees on groundwater extraction or other regulated activity, to fund the Authority’s costs, including, but not limited to, preparation, adoption, and amendment of a groundwater sustainability plan, and investigations, inspections, compliance assistance, enforcement, and program administration, including a prudent reserve.

Basis of Presentation: The Authority’s resources are accounted for in these financial statements as an enterprise fund type of the proprietary fund group. The enterprise fund is used to account for operations that are financed and operated in a manner similar to private business enterprises, where the intent of the governing body is that the costs (expenses, including depreciation) of providing goods or services to stakeholders on a continuing basis be financed or recovered primarily through user charges, or where the governing body has decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability, or other policies. Net position represents the amount available for future operations.

Basis of Accounting: The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. Enterprise funds are accounted for using the economic resources measurement focus. With this measurement focus, all assets, deferred outflows of resources, liabilities and deferred inflows of resources associated with the operation of this fund are included on the statement of net

COSUMNES GROUNDWATER AUTHORITY

NOTES TO THE BASIC FINANCIAL STATEMENTS (continued)

June 30, 2022

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

position. Net position is segregated into the net investment in capital assets, amounts restricted and amounts unrestricted. Enterprise fund-type operating statements present increases (i.e., revenue) and decreases (i.e., expenses) in net position.

The Authority uses the accrual basis of accounting. Under the accrual basis of accounting, revenues are recorded when earned and expenses are recorded at the time liabilities are incurred. Nonexchange revenues are recognized when all eligibility requirements have been met. Cost reimbursement grant revenues are recognized when program expenditures are incurred in accordance with program guidelines. When such funds are received before eligibility requirements are met they are recorded as unearned revenues until earned.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the Authority are from member contributions comprised of groundwater sustainability fees. Operating expenses include professional services and administration. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

When both restricted and unrestricted resources are available for use, it is the Authority's policy to use restricted resources first, then unrestricted resources as they are needed.

Net Position: Net position is categorized at the net investment of capital assets, restricted and unrestricted.

Net Investment in Capital Assets – This category groups all capital assets into one component of net position. Accumulated depreciation and amortization and any capital related payables, such as debt, reduces the balance in this category. The Authority had no capital assets at year-end.

Restricted – This category presents external restrictions imposed by creditors, grantors, contributors, laws or regulations of other governments and restrictions imposed by law through constitutional provisions or enabling legislation. The Authority's net position is restricted for groundwater sustainability activities.

Unrestricted – This category represents net position of the Agency not restricted for any project or other purpose.

Use of Estimates: The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts. Actual results could differ from those estimates.

New Pronouncements: In May 2020, the GASB issued Statement No. 96, *Subscription-Based Information Technology Arrangements* (SBITA). This Statement 1) defines the term SBITA; 2) establishes that a SBITA results in a right-to-use subscription asset – an intangible asset – and a corresponding subscription liability; 3) provides the capitalization criteria for outlays other than subscription payments, including implementation costs to a SBITA; and 4) requires note disclosures regarding a SBITA. To the extent relevant, the standards for SBITA are based on the standards established in Statement No. 87, *Leases*, as amended. This statement is effective for fiscal years beginning after June 15, 2022.

COSUMNES GROUNDWATER AUTHORITY

NOTES TO THE BASIC FINANCIAL STATEMENTS (continued)

June 30, 2022

NOTE B – CASH AND CASH EQUIVALENTS

The District's cash and cash equivalents consisted of bank deposits in the amount of \$149,490 at June 30, 2022.

Investment Policy: The Authority may invest assets in accordance with Government Code, Section 53600, Chapter 4 – Financial Affairs. The Authority has no investment policy and the Board of Directors has only approved the use of bank deposits.

Interest rate risk: Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. The Authority had no investments at year-end.

Credit Risk: Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. The Authority had no investments at year-end.

Custodial Credit Risk for Deposits: Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. The custodial credit risk for investments is the risk that, in the event of the failure of the counterparty (e.g., broker-dealer) to a transaction, a government will not be able to recover the value of this investment or collateral securities that are in the possession of another party. The California Government Code and the Authority's investment policy do not contain legal or policy requirements that would limit the exposure to custodial credit risk for deposits, other than the following provision for deposits: the California Government Code requires that a financial institution secure deposits made by state or local governmental units by pledging securities in an undivided collateral pool held by a depository regulated under state law (unless so waived by the governmental unit). The market value of the pledged securities in the collateral pool must equal at least 110% of the total amount deposited by the public agencies. California law also allows financial institutions to secure public agency deposits by pledging first trust deed mortgage notes having a value of 150% of the secured public deposits.

At June 30, 2022, the carrying amount of the Authority's deposits and balance in the financial institution was \$149,490, all of which was covered by federal depository insurance.

NOTE C – RELATED PARTY TRANSACTIONS

As discussed in Note A, the Authority is composed of seven member agencies that share common Board Members. The Sloughhouse Resource Conservation District is a member agency and the Southeast Sacramento County Agricultural Water Authority is a joint powers authority that is made up of member agencies. Both entities provided various administrative and technical services to the Authority under administrative services agreements. For the year ended June 30, 2022, the Authority reimbursed the Sloughhouse Resource Conservation District and the Southeast Sacramento County Agricultural Water Authority \$44,800 and \$44,220, respectively, for administration and technical support, of which \$25,560 was reported as due to other governments from these entities at June 30, 2022.

COSUMNES GROUNDWATER AUTHORITY

NOTES TO THE BASIC FINANCIAL STATEMENTS (continued)

June 30, 2022

NOTE D – COMMITMENTS AND CONTINGENCIES

The Authority had the following contractual commitments outstanding as of June 30, 2022:

Administrative services:	
Sloughhouse Resource Conservation District	\$ 44,800
Southeast Sacramento County Agricultural Water Authority	44,660
Groundwater monitoring	<u>21,633</u>
	<u><u>\$ 111,093</u></u>

Concentrations: The Authority is funded solely by member contributions due in equal installments in January and May each year. A reduction of this revenue source, should it occur, would have a significant impact on the Authority's operations. The Authority currently maintains reserve funds to pay expenses prior to the first installment of member contributions being received in January.

NOTE E – SUBSEQUENT EVENTS

The Board of Directors approved consulting contracts for the purposes and not to exceed amounts below after June 30, 2022:

	<u>2023</u>	<u>2024</u>	<u>2025</u>	<u>2026</u>
Technical support - annual report, DMS and GSP support, outreach and grant support	\$ 190,000	\$ 160,000	\$ 150,000	\$ 150,000
Administrative services:				
Sloughhouse Resource Conservation District	44,800	161,200		
Southeast Sacramento County Agricultural Water Authority	44,660			
Fee study		<u>75,722</u>		
	<u>\$ 279,460</u>	<u>\$ 396,922</u>	<u>\$ 150,000</u>	<u>\$ 150,000</u>



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GOVERNANCE LETTER

To the Board of Directors
Cosumnes Groundwater Authority
Elk Grove, California

We have audited the financial statements of the Cosumnes Groundwater Authority (the Authority) for the year ended June 30, 2022, and have issued our report thereon dated September 18, 2023. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards, as well as certain information related to the planned scope and timing of our audit. We communicated such information to you in our engagement letter dated February 28, 2023. Professional standards also require that we communicate to you the following information related to our audit.

Significant Audit Matters

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the Authority are described in Note A to the financial statements. No new accounting policies were adopted by the Authority that affected the financial statements. We noted no transactions entered into by the Authority during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive accounting estimate affecting the financial statements is the collectability of outstanding receivables. We evaluated the key factors and assumptions used to develop the estimate in determining that it was reasonable in relation to the financial statements taken as a whole.

Certain financial statement disclosures are particularly sensitive because of their significance to financial statement users. The most sensitive disclosures affecting the financial statements were the disclosures related to the related party transactions and commitments and contingencies disclosed in Notes C and D to the financial statements.

The financial statement disclosures are neutral, consistent, and clear.

Difficulties Encountered in Performing the Audit

We encountered no significant difficulties in dealing with management in performing and completing our audit.

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are clearly trivial, and communicate them to the appropriate level of management. We proposed one audit adjustment during the audit, to reclassify amounts due from other governments, accounts payable and due to other governments that were included in the cash account.

Disagreements with Management

For purposes of this letter, a disagreement with management is a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

Management Representations

We have requested certain representations from management that are included in the management representation letter dated September 18, 2023.

Management Consultations with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the Authority's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Other Audit findings or Issues

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the Authority's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

* * * * *

Restriction on Use

This information is intended solely for the use of the Board of Directors and management of the Authority and is not intended to be, and should not be, used by anyone other than these specified parties.

Richardson & Company, LLP

September 18, 2023

MANAGEMENT LETTER

To the Board of Directors and Management
Cosumnes Groundwater Authority
Elk Grove, CA

In planning and performing our audit of the financial statements of the Cosumnes Groundwater Authority (the Authority) as of and for the year ended June 30, 2022, in accordance with auditing standards generally accepted in the United States of America, we considered the Authority's system of internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Authority's internal control. Accordingly, we do not express an opinion on the effectiveness of the Authority's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and, therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as discussed below, we identified a deficiency in internal control that we consider to be a significant deficiency.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. We did not identify any deficiencies in internal control that we consider to be material weaknesses.

A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the following deficiency in internal control to be a significant deficiency.

Bank Reconciliation

We noted the Authority did not have a bank reconciliation that reconciled the Authority's cash in the QuickBooks general ledger to the bank statement at year-end, resulting in an audit adjustment being necessary. Bank reconciliations are important to determine whether all transactions that cleared the bank were appropriate and to identify reconciling items, including outstanding deposits and checks, that should be reflected in the general ledger for financial reporting purposes even though they did not clear the bank. Consequently, it is important for the Authority to ensure bank reconciliations are complete and accurate in the future.

During our audit, we also became aware of the following matters that have been included for your consideration:

Policies and Procedures

We noted the Authority does not have all typical policies and procedures that local governments normally have in place, including accounting policies and procedures, an employee expense reimbursement policy, an anti-fraud policy and a whistleblower policy. We recommend the Authority consider approving these policies, possibly by using policies of member agencies as a starting point.

We recommend the Authority develop a closing checklist to use on a monthly basis and recommend including a section for year-end items completed for the annual audit, such as reclassifications of amounts due to and from other governments for reporting purposes.

The Authority has a small number of contract staff performing accounting functions. We recommend the handling of cash receipts and cash disbursements be separated from the preparation of bank reconciliations to the extent possible. We recommend a member of the Board review the bank reconciliation if the person handling cash receipts and payments also reconciles the bank statement. We recommend a list of checks cut/electronic payments made be printed directly from QuickBooks software and be attached to the list of disbursements reviewed by the Board at each Board meeting so completeness of the list may be determined by the Board.

It would be helpful if the Authority included a thorough description, the term and contract limit of approved contracts in the Board minutes to make it easier to identify contract commitments for disclosure. We also noted the administration contracts with the Sloughhouse Resource Conservation District and Southeast Sacramento Agricultural Water Authority were extended without a formal document being signed by the Authority and these agencies. The board minutes documented the approval of the extension and the budget indicated amounts expected to be incurred, but the lack of a signed document created uncertainty as to the terms of the agreement for disclosure. We recommend at least an extension letter be executed and signed by the parties to document the rate per hour, contract limit and term of the extensions.

Form 700's

We noted the Authority was unable to verify all board members filed their Form 700's with their respective member agency. It is the Authority's responsibility to ensure all Form 700's were filed by Board members so we recommend each board member submit their form 700 to the Authority when they are filed.

* * * * *

This communication is intended solely for the information and use of the Board of Directors, management, and others within the Authority, and is not intended to be, and should not be, used by anyone other than these specified parties.

Richardson & Company, LLP

September 18, 2023

**Cosumnes Groundwater Authority
Board of Directors Meeting**

Agenda Date: October 4, 2023

Agenda Item #: 5

Agenda Item Subject: Member Contributions

To: CGA Board of Directors

From: CGA Counsel; SCI Consultants

At the October 4, 2023 CGA Board meeting, SCI will present a draft fee proposal for feedback and discussion by the CGA Board. These materials are intended as a resource for all members: CGA will not be directly implementing or adopting any fee.

Rather, under the current governance structure, CGA is responsible for: (1) Identifying an annual budget; (2) facilitating and funding the underlying work for the fee study; and (3) collecting member contributions. Members are responsible for: (1) Participating and providing feedback on budget discussions and the fee study; (2) remitting annual member contributions to CGA; and (3) developing and implementing a mechanism to fund their member contributions.

This memorandum contains recommendations intended to facilitate those efforts. Three key recommendations are summarized below.

Member Contribution Commitments & CGA Budgeting

Recommendation #1: Confirm each member agency's contributions during the 5-year period of the Draft Fee Proposal. Is each member willing to commit its identified "slice" of the pie?

- If yes, proceed to ***Recommendation #2.***
- If no, provide direction to staff/SCI for modifications.

CGA's joint powers agreement anticipates that each member entity will contribute to the agency's expenses based on CGA's annual budget, but does not specify a methodology to assign those contributions. Members currently rely on annual funding agreements that set out their respective contributions. For the 2023-2024 Fiscal Year, member contributions are as follows:

GSA	FY 23-23 Contributions
City of Galt	\$15,000
Amador CGMA	\$5,000
Galt Irrigation District	\$156,749
Clay Water District	\$21,737
OH Water District	\$23,241
Sloughhouse RCD	\$148,402
County of Sacramento	\$55,601

Total	\$425,730¹
--------------	------------------------------

For the 5-year term of the draft fee proposal, CGA identified an anticipated annual budget of \$805,476. This increased expense is associated with increased costs of general administration, the need to further fund SGMA implementation measures, and a recognition that CGA's existing expenses already outpace annual member contributions. This planning assumption was informed by significant member agency feedback and Board discussion, recognizing both the significant need in the basin for CGA's services, and the associated desire to minimize the fiscal impact on the basin.

Because CGA did not receive a SGMA implementation grant, and does not levy direct fees on users or landowners, **CGA will continue to rely on member contributions to fund its budget.**

Those member contributions have not been finalized past the current fiscal year. In the absence of a longer-term funding agreement, CGA lacks certainty about whether the amounts budgeted in the draft fee study will in fact be collected and remitted to the agency. **It would be in the best interests of CGA and its members to clarify and memorialize these expectations for the 5-year term of the draft fee study.**

If each member's contribution was calculated based on anticipated revenue generated from the proposed fee in that member's service area, budgeted member contributions would be divided according to the table below (Refer to Table 13, October 4 2023 Draft Fee Implementation Memo).

Total Revenue By GSA, All Sources					
GSA	Base Charge Revenue	Irrigated Acre Revenue	PWS Revenue	Total Revenue	% of Total Revenue
Amador GSA	\$11,584.04	\$46,540.46	\$2,571.05	\$60,695.56	8%
City of Galt	\$724.88	\$0.00	\$32,712.76	\$33,437.64	4%
Clay WD	\$1,495.00	\$24,946.65	\$0.00	\$26,441.65	3%
Galt ID	\$97,121.44	\$195,806.25	\$2.00	\$292,929.69	36%
Omochumne Hartnell WD	\$15,783.56	\$32,253.75	\$69.20	\$48,106.51	6%
Sacramento County GSA	\$10,756.72	\$76,601.25	\$243.63	\$87,601.60	11%
Sloughhouse RCD	\$86,102.64	\$170,055.00	\$105.81	\$256,263.45	32%
Totals:	\$223,568	\$546,203	\$35,704	\$805,476	100%

Although no member is required to use the draft fee study to fund its member contributions, **all members should agree on what their net contributions will be.** Without that consensus, CGA and its members lack the certainty necessary to carry out the objectives identified in their budget and GSP. The allocation in the draft fee proposal is one such division; if members

¹ Note that the 2023-2024 budgeted member contributions reflect a deficit budget, as anticipated expenses are significantly lower than anticipated expenses.

intend a different division of contributions, this should be clarified and memorialized so that staff can appropriately support the fee development effort.

Recommendation #2: Execute an updated funding agreement, memorializing each member's expected contributions for the 5 year term of the proposed fee study and identifying a path forward if actual contributions are less than budgeted.

CGA lacks predictability in its long-term budget in part because it is reliant on member contributions that are set on a year-to-year basis. As to the 2023-2029 fiscal years, this uncertainty is exacerbated by the fact that each of its members must implement its own mechanism to fund that member's annual contributions---those mechanisms are still in development.

We recommend an updated funding agreement that explicitly defines member contributions over a 5 year period. This agreement should be finalized no later than March 2024, so that all members may rely on a defined contribution amount as they work toward fee implementation and 2024-2025 budgeting in their respective agencies.

We additionally recommend that this funding agreement memorialize how the group will handle a situation in which member contributions are less than originally budgeted. While CGA requires certainty in its planning, it must also recognize that members may not have finality about their funding streams until the early part of fiscal year 2024-2025. Given that, we suggest that the group discuss and memorialize how it intends to handle a circumstance in which one or more members' contributions are less than originally budgeted.

As with the allocation of contributions, discussed above, there is no perfect answer here: rather, members should come to the table with a shared understanding to avoid conflicts and/or uncertainty in the future.

Member Implementation of Fees

Recommendation #3: If members have consensus on contribution amounts, each member should consult with counsel to confirm (1) the total amount of revenue required by that member from fee collection, based on CGA participation and any other revenue needs (e.g., member-specific projects and costs); and (2) the appropriate mechanism for collecting that revenue.

By design, CGA does not dictate how members collect contribution amounts, and it does not impose any fees directly on CGA constituents. Each member entity has provided input to CGA and SCI in the development of the draft fee proposal, and each will be responsible for determining whether and how to implement that proposal in its own jurisdiction.

Members have asked whether CGA's draft fee proposal will be implemented under Proposition 26 or Proposition 218. **Ultimately, that decision is left to the implementing agency:** the draft fee proposal offers up data and supporting information that any member may use in explaining how its own fee was calculated. It is intended to be a tool and a framework, but is not prescriptive. As members continue to discuss this with their own governing boards and counsel, a few points of clarification may be helpful.

First, public agencies are constrained in the charges that they levy. These constraints come in two general forms:

1. Statutes/Authorizing Legislation: An agency must have the legal authority to collect a particular charge. That authority is typically spelled out in statutes, and varies from agency to agency. One authority that *all* members of CGA share the authority to levy charges as a GSA under Water Code 10730 and 10730.2. Each of these sections sets out specific requirements for the nature of the charge and the process for adopting it, which an implementing agency must incorporate in its process if it intends to levy charges under that authority.
2. Constitutional Limits on Taxes, Fees, and Charges: Separately, the California Constitution places specific procedural and substantive limits on charges imposed by public agencies. Proposition 26 and Proposition 218 are two such limits.

It is important to understand that Proposition 218 and Proposition 26 are not mutually exclusive, and neither is an independent authorization for an agency to impose charges. Instead, each defines part of the universe of government-imposed fees and charges that are not "taxes", and therefore not subject to the California Constitution's requirement of majority-approval vote for general taxes or the 2/3-approval vote for special taxes.

Proposition 26 identifies seven different kinds of charges that are not "taxes" under the constitutional requirements, and therefore do not fall into the default majority-vote rules. Four particular exemptions are relevant here:

- A charge imposed for a specific benefit conferred or privilege that is not provided to those not charged, and which does not exceed the reasonable costs to the local government of conferring the benefit or granting the privilege; **or**
- A charge imposed for a specific government service or product that is not provided to those not charged, and which does not exceed the reasonable costs to the local government of providing the service or product; **or**
- A charge imposed for the reasonable regulatory costs to a local government for issuing licenses and permits, performing investigations, inspections, and audits, enforcing agricultural marketing orders, and the administrative enforcement and adjudication thereof; **or**
- Assessments and property-related fees imposed in accordance with the provisions of Article XIII D [Proposition 218].

Proposition 26 does not build in any additional procedural requirements for these exempt charges, which may make them easier to implement for some agencies. Courts have recognized

the legitimacy of charges for groundwater management as a charge for government services or a charge for specific benefits conferred. The agency imposing the charge will bear the burden of demonstrating that the charge does not exceed its reasonable costs, and that it bears a fair or reasonable relationship to the payor's burdens on, or benefits received from, the governmental activity it funds. **But, that determination is extremely fact-intensive: there is no universal rule for what is "reasonable."** In recognition of that fact, the draft fee study is data-intensive, to maximize the information available to member agencies as they demonstrate how their own fees meet this threshold.

Property-related fees levied under Proposition 218 are one of the 7 exemptions identified in Proposition 26. Unlike Proposition 26, Proposition 218 imposes additional procedural requirements. These include:

- Written notice to the parcel owner, including the amount of the fee, the basis for calculating the fee, and the time, date, and location of the public hearing on the fee.
- A public hearing on the proposed fee, including an opportunity for opponents to protest the proposed fee.
- The limitation that if written protests "are presented by a majority of owners of the identified parcels, the agency shall not impose the fee." (Cal. Const. art. XIII D § 6.)

Like other fees levied under Prop 26's exemption, land-based charges under Prop 218 come with substantive limitations. These largely parallel Prop 26's reasonableness requirements, and include the following:

- Revenues derived from the fee or charge shall not exceed the funds required to provide the property-related service.
- Revenues derived from the fee or charge shall not be used for any purpose other than that for which the fee or charge was imposed.
- The amount of a fee or charge imposed upon any parcel or person as an incident of property ownership shall not exceed the proportional cost of the service attributable to the parcel.
- No fee or charge may be imposed for a service unless that service is actually used by, or immediately available to, the owner of the property in question.
- No fee or charge may be imposed for general governmental services (e.g. fire, policy, ambulance).

Given the additional procedural hurdles, these sorts of charges may be more complicated or expensive to implement. At the same time, the nature of Prop 218's procedural requirements allows an agency to flesh out and adapt in response to potential challenges before the fee's final implementation, and funds collected under these sections have greater flexibility in what they can be used for. Finally, the statutory authorization that an agency relies upon in levying the fee may inform this choice: Water Code 10730.2, for example, requires an agency to proceed through the Prop 218 notice and hearing requirements before adopting a fee.

CGA members evaluating how to structure their fund recovery mechanism will need to consider:

- The agency's statutory authority to levy fees and charges (whether through SGMA or some other statute), including whether there are specific procedural or substantive requirements in that statute.
- What the proposed fee will fund, including whether the fee will fund only the agency's CGA member contributions or will include other SGMA/administration costs within the agency.
- Whether other considerations (ease of implementation, political climate, desires of board or stakeholders) make a certain structure more preferable.

Again, we strongly recommend that each CGA member consult with its counsel to identify the most appropriate path forward for that member agency.

**Cosumnes Groundwater Authority
Board of Directors Meeting**

Agenda Date: October 4, 2023

Agenda Item #: 6

Agenda Item Subject: Cost of Service Study Development Update

To: CGA Board of Directors

From: CGA Staff

Background

SCI Consulting has drafted the attached memo recapping the status of our developing an updated cost of service study. This will serve as the foundations of outreach efforts this fall and winter.

On September 26th, we received written public comment from Barbara Washburn (also attached).



Cosumnes Groundwater Authority

Draft Fee Implementation Memo

October 2023

DRAFT



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I. Executive Summary

Background

The California Legislature enacted the Sustainable Groundwater Management Act (“SGMA”) in 2014, marking the first Statewide effort to manage its groundwater basins. The goal of this historical legislation is to ensure that groundwater is sustainably managed and protected for all beneficial users, both now and in the future. Although it was enacted at the State level, SGMA was envisioned to be carried out locally. As such, it mandates that local Groundwater Sustainability Agencies (“GSAs”) be formed in medium and high-priority basins in order to develop and implement Groundwater Sustainability Plans (“GSPs”).

The Cosumnes Groundwater Authority (“CGA” or “Authority”) was formed in November 2021 for the purpose of implementing the GSP for the Cosumnes Subbasin (“Subbasin”). The Authority is comprised of seven GSAs (“the GSAs” or “member GSAs”) that respectively manage the entirety of the Subbasin: Omoichumne-Hartnell Water District (“OHWD”) GSA, Sloughhouse Resource Conservation District (“SRCD”) GSA, Galt Irrigation District (“GID”) GSA, Clay Water District (“CWD”) GSA, City of Galt GSA, Amador County Groundwater Management Authority (“Amador County GSA”), and Sacramento County GSA. The Authority submitted the Cosumnes Subbasin GSP to the Department of Water Resources (“DWR”) in January of 2022. While the State may take up to two years to assess the GSP and determine if it complies with SGMA, the Agency is tasked with implementing the tasks laid out by the GSP immediately.

In the Summer of 2022, the Authority engaged a consultant team led by SCI Consulting Group (“SCI Team”) to develop a Rate and Fee Study for the Subbasin. This effort has included comprehensive data analysis, review of funding options, evaluation of rate structure alternatives, and the development of rate and fee schedules. Input is being provided by the Board and staff of the Authority, as well as members of the public. The scope of work also includes community meetings, to be held in late 2023 or early 2024, in order to incorporate community perspective and engagement into the Rate and Fee Study. If successfully implemented, the fee program that is being considered would replace the current fee program.

This Memorandum summarizes the work that has been done thus far, providing an overview of the rate structure and budget currently being considered. It also outlines a path forward for fee implementation in 2024. It should be noted that this document does not represent a final calculation of fees, but rather it is meant to document the evaluation of rate and fee options currently being conducted by the Authority. The summary of data and associated fee structures and rates included here are preliminary estimates.

Objectives

The objectives of this Memorandum include the following:

- To review the fee structure currently being considered for the Cosumnes Subbasin, including preliminary rates and budget.
- To provide an overview of the fee implementation process being considered for calendar year 2024, for placement of charges on fiscal year 2024-25 tax bills.
- To outline the preliminary allocation of costs across the Authority's member agency GSAs.
- To provide information in support of the Authority's planned outreach and engagement efforts in the Winter of 2023-24.

Context

In 2021, the Authority established a fee program to fund the cost of administration. Along with member agency contributions and grant awards, this program has funded the continued operations of the Authority to date. It is worth noting that the current fee program does not provide any funding for projects and management actions described in the GSP.

Development of the GSP was largely funded by a grant award from DWR's Sustainable Groundwater Management ("SGM") Program in the amount of \$1.75 million. The Authority applied for the most recent SGM grant round but was not awarded any funding.

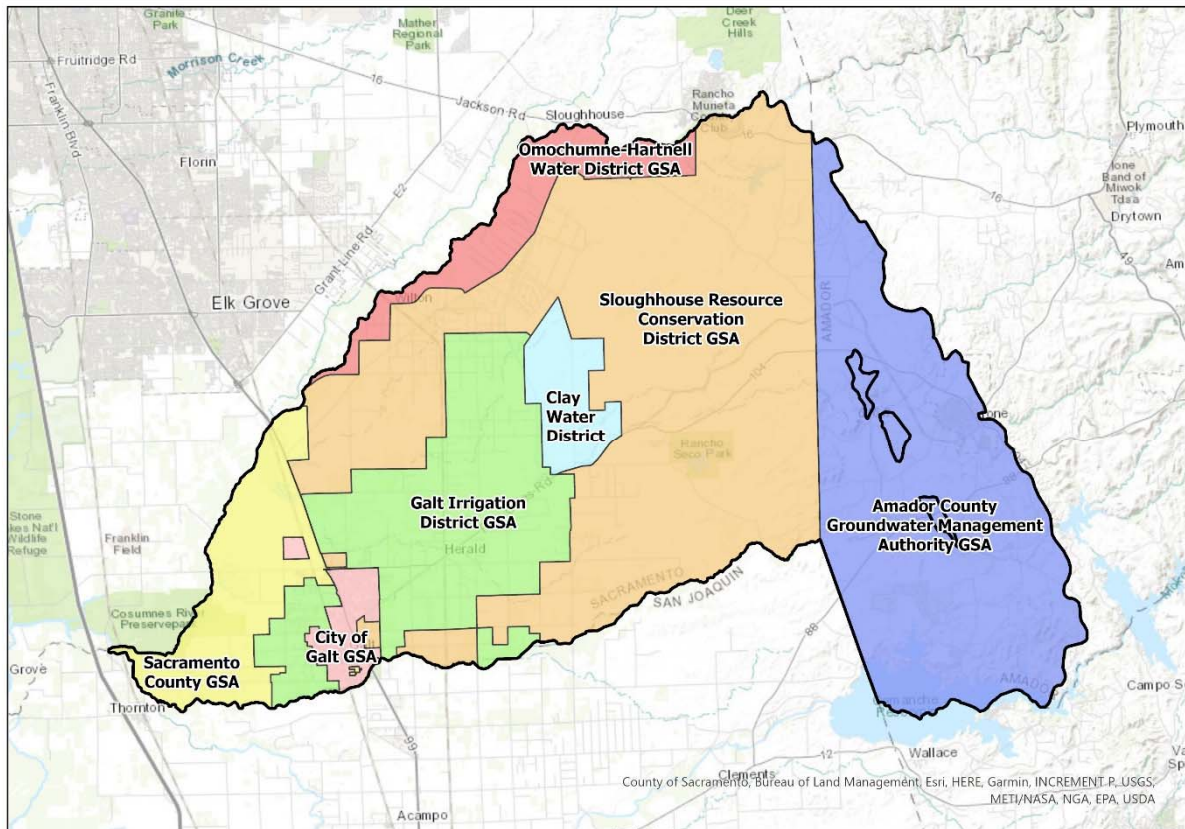
Implementation of the Cosumnes GSP will require more resources, and as such, the Authority will see an increased need for revenue in the coming years. While the Agency has received grant funding in the past, and will actively pursue future grant solicitations, the need for independent revenue is apparent.

Just as SGMA envisions groundwater basins being locally governed, it also envisions GSAs to be locally funded. The intent of the Fee Study process is to update the rate and fee schedule for the Cosumnes Subbasin, providing a reliable stand-alone revenue source to ensure the Agency's ability to implement its GSP.

As noted above, The Authority is comprised of seven GSAs within the Cosumnes Subbasin. Each GSA is jointly tasked with implementing the Cosumnes Subbasin GSP. This relates to fee implementation in that each GSA will implement separate fee programs utilizing the Fee Study as

the legal and methodological basis for any charges imposed on groundwater users. The boundaries of each GSA within the Subbasin is show below for reference.

Figure 1 – Cosumnes Subbasin and Member GSA Boundaries



Basin Prioritization

The Department of Water Resources assigns each of California's 515 groundwater basins a prioritization rating. The Basin Prioritization rating dictates whether a basin is designated very low, low, medium, or high priority as shown below.

Table 1 – SGMA Priority Ranking Criteria

Priority	Total Priority Point Ranges			
Very Low	over	zero	up to	7
Low	over	7	up to	14
Medium	over	14	up to	21
High	over	21	up to	42

Medium and high priority basins are required to establish a groundwater sustainability agency and develop a groundwater sustainability plan. With a priority ranking score of 19.5, the Cosumnes Subbasin is classified by DWR as a medium-priority basin. The Subbasin's priority point allocation is illustrated in Table 2.

Table 2 - Cosumnes Subbasin Priority Points

Criteria	SRP Priority Points
1 Population	1
2 Population Growth	2
3 Public Supply Wells	2
4 Total Wells	3
5 Irrigated Acres	3
6 Groundwater Reliance	4.5
7 Impacts	2
8 Habitat and Other Information	2
Total Priority Points	19.5

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II. Revenue Requirements

The revenue requirements of the Authority stem from the cost of implementing the Cosumnes Subbasin GSP. This budget is split into two primary categories: the administrative budget and the Project and Management Action (“PMA”) Budget. The annual budget to be funded by the fee program will be projected out for a five-year period from Fiscal year 2024-25 through fiscal year 2028-29. At this time, no fluctuation in annual costs is expected, though this may change prior to the implementation of the fee program. These cost projections are preliminary and may shift as the Authority finalizes the Fee Study process.

Table 3 - Annual Costs and Revenue Requirement

Cosumnes Groundwater Authority Projected Five-Year Budget					
Budget Category / Task	Year 1	Year 2	Year 3	Year 4	Year 5
	2024-25	2025-26	2026-27	2027-28	2028-29
Operational Budget					
Legal	\$ 30,000	\$ 30,000	\$ 30,000	\$ 30,000	\$ 30,000
Financial Audit	\$ 15,000	\$ 15,000	\$ 15,000	\$ 15,000	\$ 15,000
Personnel	\$ 175,000	\$ 175,000	\$ 175,000	\$ 175,000	\$ 175,000
Outreach and Engagement	\$ 10,000	\$ 10,000	\$ 10,000	\$ 10,000	\$ 10,000
Miscellaneous	\$ 3,000	\$ 3,000	\$ 3,000	\$ 3,000	\$ 3,000
Appeals	\$ 20,000	\$ 20,000	\$ 20,000	\$ 20,000	\$ 20,000
Contingency	\$ 10,000	\$ 10,000	\$ 10,000	\$ 10,000	\$ 10,000
Annual Report	\$ 35,000	\$ 35,000	\$ 35,000	\$ 35,000	\$ 35,000
Monitoring	\$ 20,000	\$ 20,000	\$ 20,000	\$ 20,000	\$ 20,000
Data Management System (DMS)	\$ 10,000	\$ 10,000	\$ 10,000	\$ 10,000	\$ 10,000
<i>Administrative Subtotal</i>	\$ 328,000	\$ 328,000	\$ 328,000	\$ 328,000	\$ 328,000
Project and Management Action (PMA) Budget					
Project Management	\$ 20,000	\$ 20,000	\$ 20,000	\$ 20,000	\$ 20,000
GSP Update	\$ 50,000	\$ 50,000	\$ 50,000	\$ 50,000	\$ 50,000
Conservation Program	\$ 272,000	\$ 272,000	\$ 272,000	\$ 272,000	\$ 272,000
ET Weather Stations	\$ 135,000	\$ 135,000	\$ 135,000	\$ 135,000	\$ 135,000
<i>PMA Subtotal</i>	\$ 477,000	\$ 477,000	\$ 477,000	\$ 477,000	\$ 477,000
Total Expenses	\$ 805,000	\$ 805,000	\$ 805,000	\$ 805,000	\$ 805,000

The administrative budget is clearly defined, as the Authority has an understanding of the costs related to maintaining operational capacity. These costs, including those related to personnel, legal counsel, outreach, and State-mandated annual requirements are relatively established and planned for accordingly.

Items included in the PMA budget are currently being reviewed by the Authority's PMA Committee and will be approved by the Board prior to inclusion in the projected budget. Evaluation of desired projects to target a reduction in groundwater pumping in the Subbasin have led to discussion of two primary options: a voluntary conservation program and the installation of evapotranspiration ("ET") weather stations. These efforts will be refined in the coming months.

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III. Fee Structure and Methodology

Funding mechanism methodology is the basis by which beneficiaries are charged a fee. The methodology and associated proportionality of a funding mechanism are key aspects of its character and hold implications for its implementation, annual administration, corresponding outreach, and other aspects of how a funding program is rolled out.

Essentially, a funding program's rate is determined by a simple equation. However, the work that goes into developing the inputs to this equation can be quite complex. The revenue requirement, informed by the budget, is divided by the methodological unit (irrigated acres, acre feet extracted etc.) which produces the rate. A general rate determination equation is shown below for reference:

Figure 2 - Rate Determination Equation

$$\frac{\text{Revenue Requirement (\$)}}{\text{Methodology Unit (Parcels, AF, Acreage, etc.)}} = \text{Rate}$$

Depending upon the entity in question, a charge per acre foot ("AF"), charge per irrigated acre, or charge per groundwater-using parcel can be produced by this equation.

Cosumnes Subbasin Fee Methodology

After months of discussion, a multi-faceted approach to fee structure was deemed appropriate for the Cosumnes Subbasin. Several factors contributed to this determination. The Authority's current fee program primarily accounts for one type of groundwater user: agricultural irrigators. As entities that include public water systems, the City of Galt and Amador County GSA also contribute funding through the Authority's revenue sharing agreement.

Over the course of the last year, a fee structure has been developed that utilizes three types of charges: a "Base Charge" that charges all groundwater-using parcels and generates a portion of the Authority's operational revenue needs; a Public Water System Fee that charges public water systems based on groundwater extraction, and an Irrigated Acreage Fee that charges agricultural irrigators based on the number of irrigated acres they maintain. This structure allows for consideration of several different types of groundwater users.

Groundwater User Classes

In order to optimally structure groundwater fees, groundwater users are grouped into four user classes in the Subbasin. Different approaches were used to charge each user type.

Agricultural and other Irrigation Groundwater Users

Crop irrigation use represents a substantial portion of the total groundwater extraction in the Subbasin. Data from the best available crop map (From the California Department of Water Resources, 2019)¹ has been used to assign crop-specific acreage to each parcel. Prior to the final Fee Study, this data will be updated to either the 2020 or 2021 DWR dataset, depending on which is the most recent non-provisional data available at that time.

Residential and Commercial Groundwater Users

Residential and commercial groundwater users includes all parcels that utilize groundwater for residential or commercial purposes. While there is limited data available to support parcel-scale understanding of groundwater use in these instances, these parcels are charged the Base Charge, which acknowledges that they are provided a service by, and benefit from, the costs of sustainably managing the Subbasin.

Municipal and Other Public Service Providers Using Groundwater

Public water supply systems are the only user class in the Subbasin for which reported data is available regarding groundwater extraction. The Division of Drinking Water (“DDW”) collects and reports annual surface and groundwater extraction for public water systems, which is made available through the California State Water Resources Control Board (“SWRCB”)². This data, summarized in Table 4, was obtained and analyzed to obtain groundwater extraction from the period from 2018-2022 per water system.

Base Charge Fee

The Base Charge Fee is a parcel-based fee charged only to groundwater-using parcels. This fee brings residential and commercial groundwater users into the fee structure, incorporating all parcels that directly utilize groundwater throughout the Subbasin. This includes residential parcels, commercial parcels, and agricultural parcels.

As the methodology was developed, the development of the Base Charge was influenced by discussions surrounding the idea of fixed costs that are not tied to relative water use. This concept

¹ <https://data.cnra.ca.gov/dataset/statewide-crop-mapping>

² <https://ear.waterboards.ca.gov/>

relates to the idea that some degree of costs related to the Authority's operational budget are fixed and are not tied to variation in water use across groundwater user classes.

For this reason, the Base Charge methodology establishes a baseline rate per groundwater-using parcel relative to the total amount of projected fixed costs. The administrative budget was analyzed, and costs were identified as those that either would or would not decrease if less groundwater was used in the Subbasin. It should be noted that this analysis is preliminary, and changes to this calculation of fixed costs may be necessary. Because the total amount of fixed costs feeds into the calculation of the Base Charge Fees, any change to this number would affect the Base Charge rates. Consequently, changes to this amount could require changing the overall revenue need established by the projected budget or changing the Irrigated Acreage Fee rate. A summary of this analysis is shown below in Table 4.

Table 4 - Summary of Projected Fixed Costs

	Total Costs	Fixed Costs
Administrative Budget		
Legal	\$ 30,000	\$ 25,000
Financial Audit	\$ 15,000	\$ 15,000
Personnel	\$ 175,000	\$ 112,000
Outreach and Engagement	\$ 10,000	\$ 6,000
Miscellaneous	\$ 3,000	\$ 3,000
Appeals	\$ 20,000	\$ 7,000
Contingency	\$ 10,000	\$ 8,575
Annual Report	\$ 35,000	\$ 35,000
Monitoring	\$ 20,000	\$ 10,000
Data Management System (DMS)	\$ 10,000	\$ 2,000
<i>Administrative Subtotal</i>	\$ 328,000	\$ 223,575

One of the assumptions of this evaluation is that the Project and Management Action ("PMA") budget is not fixed, and it was left out of this analysis for this reason. Projects in support of achieving Subbasin sustainability are considered to be tied to groundwater use and are assigned less broadly to agricultural irrigators and public water systems. The PMA budget was not incorporated into the Base Charge Calculation. The total amount of costs identified as fixed is \$223,575. This represents 68% of the administrative budget (\$328,000), and 28% of the overall budget (\$805,000).

In order to determine which parcels within the Subbasin utilize groundwater directly, parcels served by public water systems were removed from the Base Charge calculation. This has initially been completed using spatial analysis of the DDW database on water system boundaries, though further analysis is underway that includes obtaining data directly from water purveyors.

Identification of vacant parcels, open space parcels, or other parcels that do utilize water was also necessary. Using a combination of County use codes and aerial imagery, these parcels were removed from the Base Charge calculation. Further analysis is being conducted to solidify this data. The total number of parcels identified as using groundwater directly is 5,282.

By utilizing the total projected amount of fixed costs and the total number of groundwater-using parcels, a rate per parcel can be calculated. This calculation is shown below for reference.

Figure 3 - Base Charge Calculation

$\frac{\$223,575}{5,282 \text{ Parcels}} = \42.33	<i>Parcels Charged Based on Allocated AF</i>
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While this equation provides the essential basis of the Base Charge, a slight variability was introduced to the rates based on parcel type. Parcels that have a residence are charged a small additional amount based on residential groundwater use. This additional charge is based roughly on the idea that a residence uses close to 0.5 AF annually. Parcels with commercial groundwater use are also charged slightly more for this same reason, based roughly on the idea that commercial use may require as much as 2.0 AF annually. This acknowledges the slight variation in relative service provided to, or benefit received from, the cost of managing groundwater in the Subbasin. Agricultural parcels were not charged any increase based on agricultural groundwater use, as they are charged both the Base Charge and the Irrigated Acreage Fee. However, agricultural parcels that include a residence are also charged according to this additional use. Aquaculture parcels are currently included in the commercial category, though the approach to these parcels may be refined in the coming months. A summary of Base Charges is provided below in Table 5.

Table 5 - Base Charge Summary

Base Charge - All GW-Using Parcels				
Property Type	Rates Per Parcel	Total GW-Using Parcels	% of Parcels	Total Revenue
Residential Parcels		4,287	81%	\$182,798
Base Charge:	\$42.64			
Commercial / Industrial Parcels		78	1%	\$4,178
Base Charge:	\$53.56			
Agricultural Parcels		689	17%	\$36,593
Base Charge	\$39.00			
Base Charge With Residence	\$42.64			
Total Agricultural Parcels:		917		
Totals, All GW-Using Parcels:		5,282	100%	\$223,568

Public Water System Charges

The Public Water System Fee assigns a charge per AF to water purveyors who extract groundwater within the Subbasin. Because extraction data is available for this user class, a charge per AF was determined to be the optimal method of charging these systems.

By utilizing the total annual revenue requirement and the total estimated annual groundwater extraction in the Subbasin, we can determine the appropriate rate for public water systems. The equation below provides the calculation for the charge assigned to water purveyors, based on the amount of AF extracted.

Figure 4 - Public Water System Charge Calculation

$\frac{\$805,000}{110,625 \text{ AF}} = \7.28	=	\$7.28	<i>Water Systems Charged Based on AF Extracted</i>
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In determining how to charge water systems for their groundwater extraction, a five-year average was selected as the optimal method for allocating charges. There are two primary benefits to this approach. First, using an average smooths out charges so that public water service suppliers do not incur large charges relative to previous years. Second, this contributes to revenue stability for the GSA, as changes in the cost allocation for this user class would not change as drastically from year to year as they would if a shorter range was used. As of September 2023, the five-year period being used ranges from 2018-2022. If appropriate, this may be updated to reflect years 2019-2023 prior to completion of the Fee Study. A summary of the average groundwater extraction and associated charges by public water systems on the Subbasin is provided below.

Table 6 - Groundwater Extraction and Revenue of Public Water Systems

Groundwater Extraction of Public Water Systems in the Cosumnes Subbasin										
As Provided by Electronic Annual Reports (SWRCB)								Average Extraction (AF)	Revenue	
Name	PWS ID	Estimated Population	Reported Annual GW Extraction (AF)					5-Year Rolling	Rate Per AF	Revenue
			2018	2019	2020	2021	2022			
Hope Foundation/Moriah Heights	CA0300062	30	27.46		47.60	27.51	33.99	34.14	\$7.28	\$248.53
Ione Band of Miwok Indians	CA0300078	62	5.90		5.93	7.49	7.78	6.77	\$7.28	\$49.32
MP Associates, Inc.	CA0300524	170	0.15	0.14	0.06	0.08	0.12	0.11	\$7.28	\$0.79
Camanche North Shore Inc	CA0310008	255	51.33	52.24	59.18	58.93	52.72	54.88	\$7.28	\$399.52
AWA - Camanche Village	CA0310021	2,384	239.89	244.06	262.31	258.69	244.06	249.80	\$7.28	\$1,818.565
Laguna Del Sol Inc	CA3400181	470	0.00	0.00	0.00	23.92	23.61	9.51	\$7.28	\$69.20
Rancho Seco NGS (SMUD)	CA3400232	27.00	1.00	0.35	0.39	0.23	0.61	0.51	\$7.28	\$3.75
Dillard Elementary School	CA3400254	350	1.74	1.67	1.30	12.83	14.54	6.42	\$7.28	\$46.71
Arcohe Elem School - Main Campus	CA3400271	465	0.00	0.94	0.10	0.00		0.26	\$7.28	\$1.89
Wilton Bible Church	CA3400273	125	0.13	0.13	0.09	0.12	0.12	0.12	\$7.28	\$0.85
Rancho Seco Park	CA3400302	40	4.88	7.18	7.11	8.88	9.39	7.49	\$7.28	\$54.51
Cosumnes River Preserve Visitor	CA3400432	300	0.36	0.31	0.21	0.13	0.22	0.25	\$7.28	\$1.81
Church of Latter Day Saints, Galt	CA3400460	800			0.03	1.14	1.14	0.77	\$7.28	\$5.59
River City Recovery Center, Inc	CA3400464	60			0.01	0.02	0.01	0.01	\$7.28	\$0.10
City of Galt	CA3410011	26,536	4,500.91	4,266.45	4,780.04	4,602.85	4,313.46	4,492.74	\$7.28	\$32,707.17
RANCHO DEL ORO MHP	CA0300053	44	8.50	8.69	7.63	6.84	5.65	7.46	\$7.28	\$54.33
Richard A. McGee Training Center	CA3410802	300	42.55	39.54	31.69	33.10	19.21	33.22	\$7.28	\$241.82
Totals:								4,904		\$35,704

Note: Cells in grey indicate years in which a water system did not report any data.

Throughout the fee development process, the possibility of directly charging parcels served by public water systems that utilize groundwater was discussed. Questions surrounding the legal process for implementing such charges remain an issue with this approach. Should this type of charge be considered, there are both policy and legal questions that would need further exploration. At this time, this approach has not been deemed viable. Consideration is also being given to charging public water systems an additional amount based on the number of parcels they serve. This would also require further discussion.

Irrigated Acreage Fee

The Irrigated Acreage Fee assigns a charge per irrigated acre to all irrigated lands within the Cosumnes Subbasin. This portion of the fee methodology currently being considered is quite similar to the Authority's current fee program, implemented in 2021.

DWR crop maps from 2019 were used to establish irrigated acreage totals and assign those irrigated acres to specific parcels. This data will be updated in the coming months based on the 2020 or 2021 crop maps, depending on which is the most recent non-provisional dataset. Extensive analysis has been conducted to identify potential inaccuracies in this data, largely utilizing aerial imagery and County use codes. Modifications to irrigated acreage that have been incorporated into the Authority's current fee program were also carried over into this analysis.

A key element of this process is currently under review relating to questions about groundwater use. There is a degree of uncertainty regarding a number of irrigated acres within the Amador County portion of the Subbasin and whether these parcels use groundwater or are served solely by surface water. This analysis, being conducted in conjunction with Amador Water Agency, will inform potential changes to the irrigated acreage rate. The current estimate of irrigated acreage within the Subbasin is approximately 48,500 irrigated acres. This spans across both Amador and Sacramento Counties.

It is also worth noting that as the fee approach is refined, additional consideration may be given to aquaculture parcels. These parcels are currently included only in the Base Charge commercial category but are not charged in any other way due to a limited understanding of their water use. If this understanding can be improved in the coming months, it may bring about additional charges. The ability to reasonably quantify water use on a parcel basis would be necessary to inform this approach.

By subtracting the total revenue estimated to be collected from the Base Charge and the Public Water System Fees, we can determine the total revenue requirement to be assigned to the Irrigated Acreage Fee.

Table 7 - Determination of Irrigated Acreage Revenue Need

Total Budget:	\$ 805,000
Base Charge Revenue:	\$223,568
Public Water System Fee Revenue:	\$35,701
Revenue Assigned to Irrigated Acreage Fee:	\$ 545,731

By utilizing the total annual revenue requirement assigned to the Irrigated Acreage Fee and the total estimated irrigated acreage in the Subbasin, we can determine the appropriate rate per irrigated acre. The equation below provides the calculation for the charge assigned to irrigators.

Figure 5 - Irrigated Acreage Charge Calculation

$$\frac{\$545,731}{48,551 \text{ Irrigated Acres}} = \$11.25 \quad \text{Parcels Charged Based on Irrigated Acres}$$

The total revenue derived from the Irrigated Acreage Fee is shown below in Table 8.

Table 8 - Irrigated Acreage Fee

Irrigated Acreage Fee			
Revenue Type	Rate Per Irrigated Acre	Total Irrigated Acres (Both Counties)	Revenue
Irrigated Acreage Fee	\$11.25	48,551	\$546,199

Revenue Summary

There are several primary summaries of the proposed fee structure for the Cosumnes Subbasin. First, it is helpful to understand the revenue breakdown by charge type, including the Base Charge Fee, Public Water System Fee, and Irrigated Acreage Fee. Second, a summary of revenue derived from different groundwater user classes is helpful to place the charges within the context of who will be paying. Third, a preliminary summary of costs allocated to each member GSA will help to inform a cost allocation agreement and help to prepare the GSAs for implementation.

Fee Structure Revenue

A summary of the three elements to the fee structure being considered is provided below in Table 9 in order to allow for consideration of them as a whole.

Table 9 - Summary, Fee Structure Revenue

Base Charge - All GW-Using Parcels				
Property Type	Rates Per Parcel	Total GW-Using Parcels	% of Parcels	Total Revenue
Residential Parcels		4,287	81%	\$182,798
Base Charge:	\$42.64			
Commercial / Industrial Parcels		78	1%	\$4,178
Base Charge:	\$53.56			
Agricultural Parcels		689 228	17%	\$36,593
Base Charge	\$39.00			
Base Charge With Residence	\$42.64			
Total Agricultural Parcels:		917		
Totals, All GW-Using Parcels:		5,282	100%	\$223,568

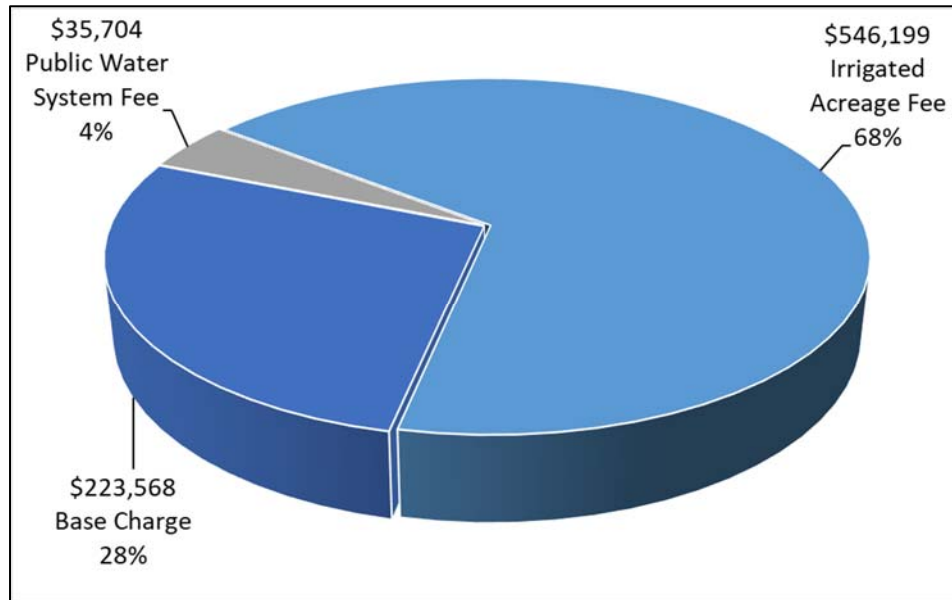
Public Water Systems - Extraction Rate			
Revenue Type	Rate Per AF Extracted	Average AF Extracted Annually	Revenue
Public Water Systems	\$7.28	4,904	\$35,704

Irrigated Acreage Fee			
Revenue Type	Rate Per Irrigated Acre	Total Irrigated Acres (Both Counties)	Revenue
Irrigated Acreage Fee	\$11.25	48,551	\$546,199

Total Revenue, All Sources:		\$805,471
Administrative Revenue:		\$328,000
Project Revenue:		\$477,471

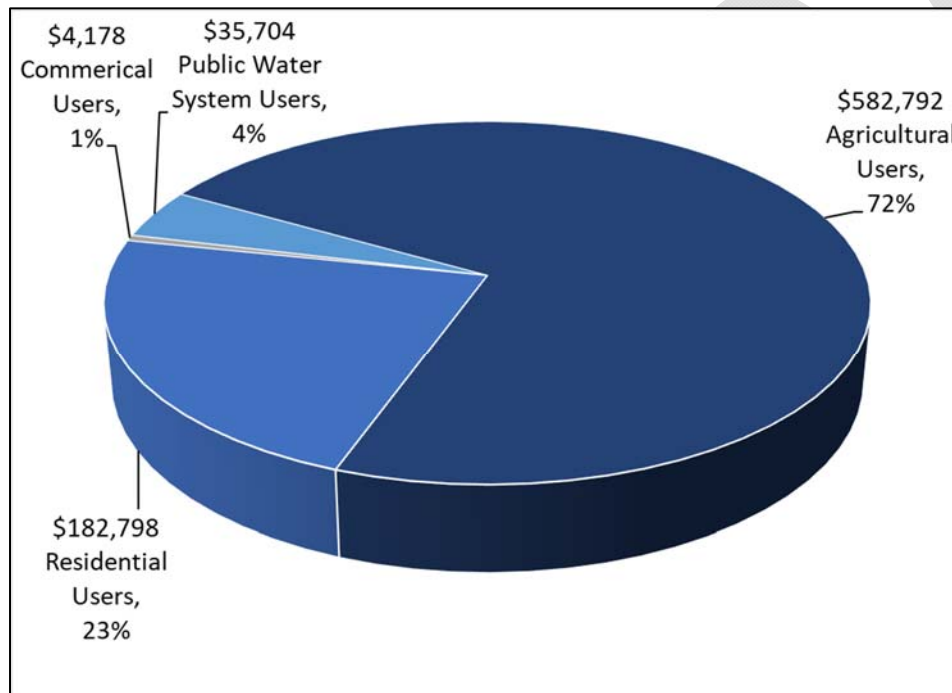
The percentage of each charge type is shown below, taken from the total revenue of \$805,000.

Figure 6 - Fee Revenue Summary



In order to illustrate the breakdown of charges allocated across the different groundwater user classes, a breakdown of revenue by user class across all charge types is provided below.

Figure 7 - User Class Revenue Summary



Summary of Allocation of Costs Across Member GSAs

As noted above, this fee program is being developed by the Authority, yet each member agency GSA will implement fee programs separately. As such, a key element of this process is the allocation of costs across the seven GSAs that operate with the Subbasin. A summary of these preliminary allocations is also provided below for consideration.

Table 10 - Base Charge Summary

Groundwater Using Parcels By GSA						
GSA	Residential Parcels	Commercial Parcels	Agricultural Parcels	Agricultural Parcels with a Residence	Total Parcels	Total Revenue
Amador GSA	169	11	72	23	275	\$11,584
City of Galt	17	0	0	0	17	\$725
Clay WD	11	2	17	6	36	\$1,495
Galt ID	1,845	32	322	98	2,297	\$97,121
Omochochumne Hartnell WD	291	3	54	26	374	\$15,784
Sacramento County GSA	167	8	56	24	255	\$10,757
Sloughhouse RCD	1,787	22	168	51	2028	\$86,103
Totals:	4,287	78	689	228	5,282	\$223,568

Table 11 - Public Water System Fee Summary

Public Water System Fees By GSA	
GSA	Total Charge For Public Water Systems
Amador County GSA	\$2,571
City of Galt GSA	\$32,713
Clay Water District GSA	\$0
Galt Irrigation District GSA	\$2
Omochochumne Hartnell Water District GSA	\$69
Sacramento County GSA	\$244
Sloughhouse Resource Conservation District GSA	\$106
Totals:	\$35,704

Table 12 - Irrigated Acreage Fee Summary

Irrigated Acreage Fee By GSA				
GSA	Number of Parcels with	Irrigated Acreage	Rate	Revenue
Amador GA	107	4,137	\$11.25	\$46,540.46
City of Galt	0	0	\$11.25	\$0.00
Clay WD	28	2,217	\$11.25	\$24,946.65
Galt ID	689	17,405	\$11.25	\$195,806.25
Omochochumne Hartnell WD	149	2,867	\$11.25	\$32,253.75
Sacramento County GSA	94	6,809	\$11.25	\$76,601.25
Sloughhouse RCD	327	15,116	\$11.25	\$170,055.00
Totals:	1,394	48,551		\$546,203

Table 13 - Summary, Total Revenue By GSA

Total Revenue By GSA, All Sources					
GSA	Base Charge Revenue	Irrigated Acre Revenue	PWS Revenue	Total Revenue	% of Total Revenue
Amador GSA	\$11,584.04	\$46,540.46	\$2,571.05	\$60,695.56	8%
City of Galt	\$724.88	\$0.00	\$32,712.76	\$33,437.64	4%
Clay WD	\$1,495.00	\$24,946.65	\$0.00	\$26,441.65	3%
Galt ID	\$97,121.44	\$195,806.25	\$2.00	\$292,929.69	36%
Omochochumne Hartnell WD	\$15,783.56	\$32,253.75	\$69.20	\$48,106.51	6%
Sacramento County GSA	\$10,756.72	\$76,601.25	\$243.63	\$87,601.60	11%
Sloughhouse RCD	\$86,102.64	\$170,055.00	\$105.81	\$256,263.45	32%
Totals:	\$223,568	\$546,203	\$35,704	\$805,476	100%

Data Sources

The process of evaluating rate and fee options and developing the preliminary methodology has relied on data from the State, technical studies, and available local data. At this time, using the best available sources to guide allocation of costs is the most optimal path forward for funding the Authority's efforts to implement its GSP.

A variety of data sources were used to develop the preliminary methodology. Below is a complete list of data used, followed by the source of the data in parenthesis, and a short description of the data.

- Sacramento County parcel spatial database (Sacramento County): GIS-based spatial database of polygons that delineate parcel boundaries in Sacramento County as of March 2023. The most recent available database will be utilized for the final Fee Study.
- Amador County parcel spatial database (Amador County): GIS-based spatial database of polygons that delineate parcel boundaries in Amador County as of 2012. The most recent available database will be utilized for the final Fee Study.
- Cosumnes Subbasin boundaries (Bulletin 118 Groundwater Basin Boundary Assessment Tool): Basin boundary spatial polygons that delineate boundaries of the Cosumnes Subbasin as of September 2023.
- Crop mapping (CA-DWR): Crop layer polygons from the Department of Water Resources as of 2019. The most recent non-provisional layer will be utilized for the final fee study (either 2020 or 2021).
- Water system boundary information (State Water Resources Control Board): spatial polygons that delineate water system service boundaries as of September 2023.
- Public Water System Use (CA Division of Drinking Water): reported groundwater extraction per PWSID, between 2018-2022.

IV. Fee Implementation

The implementation of a new fee program for the Cosumnes Subbasin will be unique in that no fees will be imposed by the Authority itself; rather, individual GSA member agencies will impose fees according to their respective preferences. Alternatively, they may contribute their cost allocation in other ways. The intent of the Fee Study currently being developed is to provide the foundational methodology and cost allocation across different GSA jurisdictions and across different groundwater user classes.

Cost Allocation

One of the primary considerations that has informed the evaluation of rate and fee options thus far is the allocation of costs among the Authority's member GSAs. While each member agency maintains its own distinct jurisdiction and governing board, the costs associated with implementing the Cosumnes Subbasin GSP are meant to be shared by all supporting GSAs.

Consideration of the cost allocation detailed in this Memorandum will be a key part of successfully funding the Authority's efforts going forward. The intent is that this cost allocation will be refined in the coming months in a way that satisfies all member GSAs' perspective regarding an equitable allocation of costs across the Subbasin. A clear commitment to the final cost allocation will be necessary in order to move forward.

Potential Addendums to Fee Study

During the process of developing the Authority's projected budget and preliminary rates, there have been discussions related to revenue needs of the individual member GSAs. While the fee structure currently being developed is intended to fund the cost of the Authority's GSP implementation efforts, member agencies also incur costs related to administration and GSP implementation. Due to the envisioned dynamic of fee implementation, in which CGA procures the Fee Study while the GSAs implement fee programs based on the Study's methodology, the GSAs may consider incorporating some of their own costs into the fee calculation.

Should the GSAs consider adding additional revenue needs to the projected budget, thereby increasing the rates charged to their constituents, an addendum to the Fee Study that incorporates these additional costs into the methodology and fee structure described therein would serve as a practical means to justify a reasonable increase in rates. However, this justification would need to align with the stated goals and structure provided by the Fee Study itself, and additional revenue would need to be used for the purpose of implementing the Cosumnes Subbasin GSP.

Legislative and Legal Understanding

The Fee Study will serve as the legal basis for the establishment of fee programs by the Authority's member GSAs. Because each GSA may choose to implement different fee types, procedural requirements and other considerations are provided below for the two primary fee options described by SGMA, each with their respective legal and procedural requirements. These requirements are discussed below in detail.

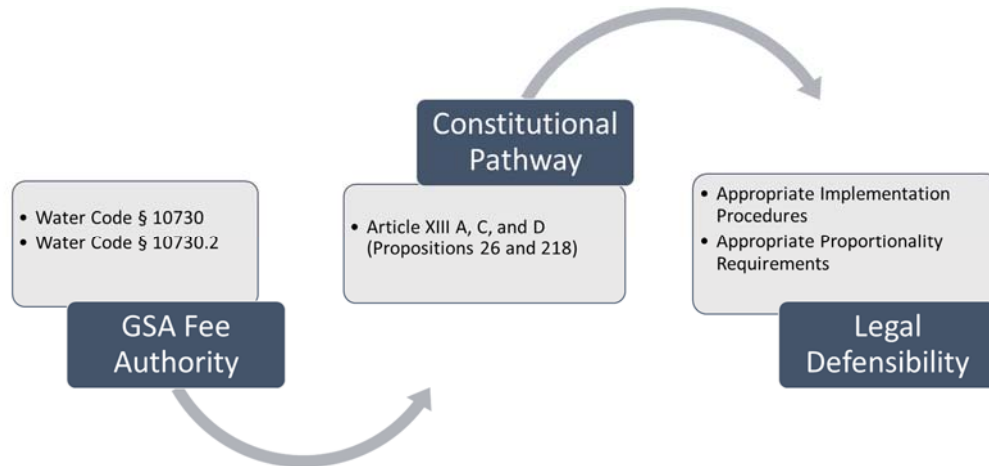
While this Memorandum is intended to provide guidance on fee implementation, it is imperative that each member GSA discuss these fee options with their respective legal counsel in order to determine the appropriate approach to various aspects of fee implementation.

Within SGMA, two revenue paths are specifically described to fund a groundwater sustainability agency: Water Code § 10730 describes fees that align with general GSA management and GSP implementation excluding major capital investments for improvements; and Water Code § 10730.2 describes fees at the full spectrum of GSA costs including major capital investments and facility operations and requires more rigorous and lengthy adoption procedures. These code sections are the legal apparatus that provide GSAs with the authority to charge fees, and they detail specific requirements related to fee structure and implementation. The descriptions of fees in each of these two sections provide guidance for the constitutional "pathways" that are applicable for their respective fee types. While these code sections do not explicitly state that the fees they describe are regulatory fees (§ 10730) or property related fees (§ 10730.2), they are generally interpreted as such due to shared characteristics between their descriptions.

An essential aspect of understanding the legal requirements of fee programs in support of groundwater management is the way in which various legal obligations interplay with one another. Appropriate sections of the California Water Code provide guidance for GSAs in establishing funding mechanisms, but all charges imposed by government agencies must adhere to the requirements set forth in the California Constitution. Both the appropriate Water Code Section and the appropriate Constitutional Articles must be identified and complied with.

The primary constitutional articles relevant for groundwater management fees are included in Article XIII of the California Constitution. Article XIII A and XIII C include Proposition 26 language and set forth general requirements for charges imposed by government agencies. Article XIII C and XIII D were initially added to codify Proposition 218, and they set forth requirements for property related fees and benefit assessments. The relationship between these constitutional articles and their associated Water Code Sections are shown in the figure below.

Figure 8 - GSA Funding Mechanism Legal Pathways



Water Code § 10730 Regulatory Fees

Water Code § 10730 provides the following description of groundwater sustainability fees:

A groundwater sustainability agency may impose fees, including, but not limited to, permit fees and fees on groundwater extraction or other regulated activity, to fund the costs of a groundwater sustainability program, including, but not limited to, preparation, adoption, and amendment of a groundwater sustainability plan, and investigations, inspections, compliance assistance, enforcement, and program administration, including a prudent reserve.

It should be noted that the cost of program administration is included here as a viable funding purpose. This aligns with the funding needs of a GSA's regulatory program. However, this description does not provide for the purchasing of property or water and does not include reference to capital costs such as those required for infrastructure projects. This is perhaps the primary shortcoming of these fees. While the Authority's preliminary budget does not include costs related to capital projects, the flexibility provided by Water Code § 10730.2 Property Related Fees may be desirable. Another consideration is that § 10730 regulatory fees have more streamlined implementation procedures, while § 10730.2 Property Related Fees require a mailed notice and protest hearing that have the potential to halt the implementation process.

Outreach Requirements

Water Code § 10730 provides requirements regarding a public meeting prior to imposing a fee program:

Prior to imposing or increasing a fee, a groundwater sustainability agency shall hold at least one public meeting, at which oral or written presentations may be made as part of

the meeting. Notice of the time and place of the meeting shall include a general explanation of the matter to be considered and a statement that the data required by this section is available. The notice shall be provided by publication pursuant to Section 6066 of the Government Code, by posting notice on the Internet Web site of the groundwater sustainability agency.

At least 20 days prior to the meeting, the groundwater sustainability agency shall make available to the public data upon which the proposed fee is based.

De Minimis Extractors

Another relevant consideration regarding Water Code § 10730 fees is whether how member GSAs will implement the Base Charges, which include de minimis groundwater extractors. De minimis extractors are defined by Water Code § 10721 (a) as those who extract, for domestic purposes, two acre feet or less of groundwater per year. An important distinction is made by § 10730 regarding de minimis extractors:

A groundwater sustainability agency shall not impose a fee pursuant to this subdivision on a de minimis extractor unless the agency has regulated the users pursuant to this part.

This indicates that in order to charge de minimis extractors, a GSA must have regulated these users according to their GSP. This requirement is relatively vague, and there are differing opinions on what constitutes the regulation of de minimis users pursuant to a GSA's GSP. In some cases, registration of these users through ordinance has been used by GSAs to fulfil this requirement. Requesting data from these extractors regarding their groundwater use can also be used to comply with this code section.

Fee Collection

Another stipulation of Water Code § 10730 authorizes a GSA to collect fees pursuant to this section of the Water Code on the property tax bills furnished by the County in which its jurisdiction lies. It is recommended that The Authority utilize the tax bill method of collection to the extent possible. Charges assigned to public water systems, however, are not tied to parcels and will likely be billed directly to these entities.

Proposition 26

Proposition 26 was passed by voters in 2010, providing a broad constitutional definition of the term "tax", which was necessary in the wake of Proposition 218's limitations on local taxes.

Proposition 26, as included in Article XIII C of the California Constitution, defines a tax as "any levy, charge, or exaction of any kind imposed by a local government," with certain exceptions. Among these exceptions are:

- (1) *A charge imposed for a specific benefit conferred or privilege granted directly to the payor that is not provided to those not charged, and which does not exceed the reasonable costs to the local government of conferring the benefit or granting the privilege to the payor.*
- (2) *A charge imposed for a specific government service or product provided directly to the payor that is not provided to those not charged, and which does not exceed the reasonable costs to the local government of providing the service or product to the payor.*

Article XIII C goes on to stipulate that the governing agency must establish that any charges imposed by a government agency are not taxes:

The local government bears the burden of proving by a preponderance of the evidence that a levy, charge, or other exaction is not a tax, that the amount is no more than necessary to cover the reasonable costs of the governmental activity, and that the manner in which those costs are allocated to a payor bear a fair or reasonable relationship to the payor's burdens on, or benefits received from, the governmental activity.

One of the primary purposes of the Fee Study will be to establish compliance with Article XIII C, including that the fees are not a tax.

§ 10730 Fee (Regulatory Fee) Implementation Process

Neither a public noticing nor a balloting is required in order to adopt a Regulatory Fee; however, Water Code § 10730 provides the additional requirements of a 20-day posted notice and corresponding public meeting. Additionally, the need to regulate de minimis extractors pursuant to the Cosumnes GSP may require a mailing or similar direct outreach. The Fee Study will present findings to meet the procedural requirements of Proposition 26, which require analysis and support that the levy, charge, or other exaction is not a tax, that the amount is not more than necessary to cover the reasonable cost of the governmental activity, that the way those costs are allocated to a payor bears a fair or reasonable relationship to the payor's burden on or benefits received from the governmental activity, and that the governmental activity funded by the fee is not provided to those not charged.

§ 10730 Fee Implementation Procedures

- Ensure regulation of de minimis users.
- Provide notice of public meeting (20 days prior to meeting).
- Hold public meeting; provide overview of the Fee Study and data supporting the fee structure and amount.
- Fees imposed by ordinance or resolution.

Water Code § 10730.2 Property Related Fees

Water Code § 10730.2 provides the following description of groundwater sustainability fees:

A groundwater sustainability agency that adopts a groundwater sustainability plan pursuant to this part may impose fees on the extraction of groundwater from the basin to fund costs of groundwater management, including, but not limited to, the costs of the following:

- (1) Administration, operation, and maintenance, including a prudent reserve.*
- (2) Acquisition of lands or other property, facilities, and services.*
- (3) Supply, production, treatment, or distribution of water.*
- (4) Other activities necessary or convenient to implement the plan.*

This description provides a more comprehensive list of eligible funding purposes, including a “catch-all” of all activities necessary or convenient to implement the GSP. This flexibility is a key consideration for member GSAs as they plan to implement fee programs. However, § 10730.2 fees require a more challenging implantation process, in which property owners have the opportunity to protest. If more than 50% of property owners submit a protest, the fee program cannot be implemented.

Outreach Requirements

Related to required outreach, Water Code, § 10730.2 (c) states:

“Fees imposed pursuant to this section shall be adopted in accordance with subdivisions (a) and (b) of Section 6 of Article XIII D of the California Constitution.”

This refers to the procedural requirements related to property related fees, which entail a mailed notice and protest hearing. More detail related to these requirements is provided below.

De Minimis Extractors

Unlike § 10730, Water Code § 10730.2 does not establish any additional requirements related to de minimis users. For this reason, the extra consideration of these users required by § 10730 does not apply to these fees.

Proposition 218

Proposition 218 was passed by California voters in 1996, adding Articles XIII C and XIII D to the State Constitution. Proposition 218 outlined substantive and procedural guidelines for the imposition of taxes, benefit assessments, and property related fees, the latter of which applies to § 10730.2 Fees. Proposition 218 provides several notable requirements related to fee implementation, including that:

- The levy, charge, or other exaction is not a tax; and
- Revenues derived from the fee or charge shall not exceed the funds required to provide the property related service.
- Revenues derived from the fee or charge shall not be used for any purpose other than that for which the fee or charge was imposed.
- The amount of a fee or charge imposed upon any parcel or person as an incident of property ownership shall not exceed the proportional cost of the service attributable to the parcel.
- No fee or charge may be imposed for a service unless that service is actually used by, or immediately available to, the owner of the property in question. Fees or charges based on potential or future use of a service are not permitted.

One of the primary purposes of the Fee Study will establish compliance with these proportionality requirements.

§ 10730.2 Fee (Property Related Fee) Implementation Process

As noted above, property related fees require more stringent implementation procedures. Water Code § 10730.2 provides specific reference to Proposition 218 procedures:

Fees imposed pursuant to this section shall be adopted in accordance with subdivisions (a) and (b) of Section 6 of Article XIII D of the California Constitution

Section 6 of Article XIII of the California Constitution, codified by the passage of Proposition 218, describes the specific requirements of the implementation of a property related fee, and most importantly, refers to subdivision (a) as the noticing requirement, (b) as the limitations on fees and services, and subdivision (c) as the balloting requirement. Because the legislature did not include subdivision (c) as a requirement of SGMA, it seems they intended GSA activities to fit the "water, sewer, and refuse collection exemption." This would mean that balloting is not required for property related fees in support of groundwater sustainability.

In the case of a water-related service, there are two distinct steps: a mailed noticing of all affected property owners and a protest hearing to provide all affected property owners the opportunity to submit written protest. Adoption of the fee program requires less than 50% protest for adoption.

§ 10730.2 Fee Implementation Procedures

- Mail notice to all property owners who will be charged the fee (45 days prior to protest hearing).
- Hold protest hearing; provide overview of the Fee Study and data supporting the fee structure and amount.
- Tabulate written protests submitted by property owners.

- If the amount of submitted written protests do not exceed 50% of the total affected property owners, fees are imposed by ordinance or resolution.

DRAFT

Dear Chris and members of the CGA Board,

Do you have about 10 minutes to consider an alternative approach for the fee structure. I am writing as an individual who has been involved in the effort to address our groundwater deficit for many years, as a domestic well owner, and not as a representative of SRCD. I believe the current proposed structure gives a break to commercial fish farmers at the expense of rural residents and fails to incentivize conservation of the water used for agricultural irrigation. We will not achieve the stated goal in our GSP of saving 3600 AFY (2700 net savings) in the first five years unless we can provide a strong incentive to farmers to conserve. I hope you will take a few minutes out of your busy day to review and consider the suggestions. I have spent considerable time weighing a variety of options, talking to a variety of people, in an effort to provide *constructive solutions* to the Board and CGA staff.

The principles on which this alternative proposal is based are the following:

- Increase the contribution of commercial fish farmers (aquaculture) to reflect their proportionate share of groundwater use.
- Use the increased contribution from aquaculture to reduce the contribution of rural residents to better reflect their proportionate share of groundwater use.
- Implement a split fee structure for agricultural irrigators that incentivizes the highest water users to reduce their water use while reducing the fee burden on all irrigators.

Table 1 illustrates the best estimate I can make of the proportional use of groundwater by the different user groups in the basin assuming aquaculture is treated as a commercial industrial user. **Table 2** shows the total contribution each user group is making under the proposed SCI fee structure. The apparent under charge on the commercial/industrial group results from lumping the water used by commercial fish farmers with the water used by agricultural irrigators (see SCI's summary table on p. 31 of Sept. CGA agenda) . This under charge of the aquaculture group shifts an unreasonably heavy burden onto rural residences way beyond their proportionate water use. **Table 3** contains a modified fee structure under which commercial fish farmers, like the urban user group served by public wells, contribute in accordance with their proportionate use of water. This proportionality is achieved by dividing the estimated budget need (\$805,000) by the estimated total water used (110,586AFY), which equals \$7.28. This approach was used by SCI to calculate the contribution of the urban user group. I think it is fair to apply it also to the commercial/industrial user group, in which aquaculture belongs. As shown in Table 3, the resulting increase in aquaculture's total contribution is used to reduce the total contribution of the rural residential group. This contribution still remains higher than their proportionate water use, but at a much more reasonable level than under the proposed SCI structure.

Table 1.	Estimated GW U	
User Group	Applied Groundwater (AFY)	Groundwater Used or ET (AFY)
Rural Res	8000	6,000
Comm/Indus.	11,000	8,250
Urban	4,926	4,926
Agriculture	121,880	91,410
Total	145,806	110,586

Table 2.		
User Group	Total Contribution (\$)	Fee/AFY Used (dollars)
Rural Res	188,456	\$31.41
Comm/Indus.	3815	Unclear*
Urban	35,861	7.28
Agriculture	576,936	Unclear*
Total	805,068	

*unclear because of the way aquaculture was treated in the proposed structure.

Table 3.		
User Group	Total Contribution (\$)	Fee/AFY Used (dollars)
Rural Res	\$132,211	\$22.04
Comm/Indus.	\$60,060	\$7.28
Urban	35,861	7.28
Agriculture	576,936	6.31
Total	805,068	

The other important principle I believe is worthwhile for the Board to re-examine is the notion of a split or tiered fee structure. If we are going to seriously address our deficit, an incentive needs to be included in the fee structure to encourage conservation of groundwater. As noted above, even with the proposed modifications suggested in Table 3, rural residences will be paying more than their 5-6% proportionate share of the water used in the basin. At the same time, because their wells are among the shallowest in the basin, they are the most exposed to the consequences of declining groundwater levels. It is reasonable for them to expect that in return for the fee burden imposed on them, CGA should takes steps now to slow and eventually halt the groundwater decline. An important first step in this direction is to include an incentive program in the fee structure that rewards the highest water users for using a little less by compensating them for any lost revenue that this might cause.

Table 4 and 5 show how a split fee structure might work. Pasture lands would be in the high water use category, all others in the lower water use category. The high users would contribute \$16.00 per irrigated acre each year. The low users would contribute about \$10.90. But the incentive payment would reduce the net payment for those that graze livestock on pasture to \$10.55/acre and save 2600 AFY. Here's how:

The proposed budget provides \$252,000 for incentive payments to the high users. Based on the calculations reviewed below, this would allow half of all the pasture land in the basin to participate in deficit irrigation each year. Assuming all of the land is enrolled, each operator would reduce the water applied every other year.

Table 4. Split Irrigated Acreage Fee Structure					
	Irrigated Acres	Irrigated Acreage Fee (per Acre)	Parcel Fee (per Acre)	Total Fees (per Acre)	Total Contribution (dollars)
Pastureland/ High	10,980	15.86	0.14	16.00	\$175,680
Other/Lower Use	36,870	10.74	0.14	10.88	401,256
Total	47,850				576,936

Table 5. Incentive Program for Conserving Groundwater Used on Pastures					
Participating Pastureland Acres	Acres Eligible for Incentive Payment Each Year	Incentive Payment (Per Acre)	Incentive Payment (Cumulative)	Lost Revenue (Per Acre)	Net Fee (Per Acre)
10,980	5,490	\$45.90	\$252,000	\$35	\$10.90

I consulted with the UC Ag Extension Livestock Specialist regarding the amount of water savings that might be obtained from deficit irrigation (his estimate – 15%) and the loss of productivity that would result in holding back the last irrigation of the season (his estimate - \$35/acre). A \$45.90/acre incentive payment would offset this loss. The remaining \$10.90 of the incentive could be applied to the fee, reducing the 2 year cost from about \$32/acre to \$21.10/acre, or an average yearly fee of \$10.55 per acre. This would serve as a clear incentive that could result in a net water savings of 2,650 AFY. This is consistent with the GSP, and stays within the proposed budget.

These suggested changes to the fee structure would incentivize conservation among the heaviest water users, be fair to farmers and domestic well owners alike, and would be a credible attempt to address our groundwater deficit.

Thank you for your time reading and considering the suggested modifications to the fee structure.



Barbara Washburn

cc: Austin Miller, CGA Administrator
 Brittany Friedman, CGA Coordinator
 Stephen Julian, Cosumnes Watershed Coordinator

**Cosumnes Groundwater Authority
Board of Directors Meeting**

Agenda Date: October 4, 2023

Agenda Item #: 7

Agenda Item Subject: O&E Committee Report Out: November Public Outreach Events

To: CGA Board of Directors

From: CGA Staff

Background – Workshops

CGA is preparing to hold another round of workshops in November.

- Wednesday, November 1, 2023 from 5:30 – 7:30pm – Herald Fire Hall (Hendricks Halls)
- Saturday, November 4, 2023 from 10am - 12pm – Wilton Community Center

The O&E Committee has drafted the attached Poster Outlines for Board review.

The following partners have been invited to participate:

- CA Dept. of Water Resources
- Sacramento County Farm Bureau
- Sacramento Valley Conservancy
- Sacramento County Ag. Commissioner
- USDA Natural Resource Conservation Services and Farm Service Agency
- Sacramento County Office of Emergency Services
- Sacramento County Environmental Management Department

Background – Farmer Luncheon

Supervisor Hume has graciously donated up to \$1,000 to support a Farmer Luncheon. The main focus of this event will be to engage local irrigators in discussions regarding groundwater sustainability and to encourage them to complete the CGA Farmer Survey. Dennis Johnson has offered to prepare the food for the event, but additional help is still needed.

- Thursday, November 9, 2023 from Noon – 2:00pm – Herald Fire Hall

Background – Farmer Survey

View updated Farmer Survey here: [Farmer's Survey](#)

Background – Newsletter and Outreach Materials

Staff have developed the attached newsletter and other outreach materials. Please consider taking these to your GSAs and sharing with your communities.

Recommendations

- Provide feedback on the Poster Outlines developed by the O&E Committee.
- Promote the Farmer Survey and Luncheon.

Cosumnes Groundwater Authority
Fall Public Workshops
Cosumnes 101 Poster Outline

1. History of the Groundwater Authority:

- SGMA became law in 2014, requiring formation of Groundwater Sustainability Agencies (GSAs) within the identified Subbasins that reside in the major Watersheds throughout the State of California.
- Shortly after SGMA became law, work began in the Cosumnes Subbasin to build our Groundwater Sustainability Plan (GSP). A group of dedicated volunteers along with consultants and specialists developed the framework of the Cosumnes Subbasin GSP.
- In January 2022, the Cosumnes Subbasin Groundwater Sustainability Plan (GSP) was adopted by the Cosumnes Subbasin Working Group and presented to the newly formed Cosumnes Groundwater Authority (CGA), a JPA consisting of the 7 Cosumnes Subbasin GSAs.
- The California Department of Water Resources (DWR) is now in the process of reviewing our GSP. It is expected we will receive notice of Final Review of the Cosumnes GSP by the end of 2023.
 - VISUAL: Timeline of GSA and CGA formations
- The 7 GSA's that make up the CGA are:
 - Amador County Groundwater Management Authority (AWA)
 - Sloughhouse Resource Conservation District (SRCD)
 - Omochumne-Hartnell Water District (OHWD)
 - Clay Water District
 - Galt Irrigation District (GID)
 - City of Galt
 - Sacramento County
- The Cosumnes Groundwater Authority (CGA) Board is made up of 2 representatives from each of the 7 GSA's within the Subbasin, each GSA nominates a Representative and an Alternate from this GSA governing Boards. The Board of Directors meets in open session the First Wednesday of every month. The agenda for each meeting is posted at www.cosumnegroundwater.org
 - VISUAL: Map of GSAs in the Cosumnes Subbasin

2. Information about the Subbasin:

- The Cosumnes Subbasin, located in the southeast portion of Sacramento County, incorporates part of eastern Amador County, with the Cosumnes River as the northern and eastern boundaries, Dry Creek/San Joaquin County Line as the southern boundary, and part of Sacramento County just east of Interstate 5 as the western boundary.

3. The Cosumnes River:

- The Cosumnes River originates on the western slope of the Sierra Nevada Mountains, and flows approximately 52.2 miles into the Central Valley, eventually dumping into the Mokelumne River in the Sacramento-San Joaquin delta.

- The Cosumnes River is thought to have been named as the Mokelumne and Tuolumne rivers were, using the "-umne" suffix meaning "people of". The prefix is derived from the Miwok word "kosum" meaning "salmon".
- Cosumnes River College, a two-year community college located in the southern part of Sacramento County is named after the river being located only a few miles off campus. CRC's mascot is the Hawk due to the number of hawks that inhabit the river area.
- As one of the last rivers flowing from the west slope of the Sierra without a major dam, the Cosumnes is a vital example of a healthy watershed. However, its salmon and steelhead populations have been harmed by invasive fish species and pollution from illegal mining activity, as well as the two irrigation diversion structures near Rancho Murieta. There are plans to re-introduce salmon spawning into the river.
- The Cosumnes River flows almost year-round and has traditionally been a source of surface water irrigation for local farmers and ranchers in the Spring and early Summer.
- VISUALS: Map of Cosumnes River with blurbs from above.

4. Water Systems (Pipelines and Wells):

- Historically, because the basin has only one major source of water, the Cosumnes River, and even that source did not flow throughout most summers, much of the land was dry farmed until the advent of the turbine pump. The turbine pump allowed water diverters to dig individual wells to reach depths below the pervasive clays in the basin and pump sufficient water supplies for the domestic, irrigation, and urban needs of the growing population. The only actual distribution systems in the basin include the domestic water service systems in Amador County, Jackson Valley Irrigation District, and the City of Galt. The Folsom South Canal runs through the basin, but the US Bureau of Reclamation withdrew all interim supply contracts during the 1990's ?? and no longer supplies water in the basin.
- Since the 1960's, OHWD has installed 4 summer diversion dams in the Cosumnes River. The dams originally provided for surface diversion to lands adjacent to the river. With the more recent changes in agricultural practices and the predominate use of wells, the dams now provide a source of recharge for the groundwater that these wells draw from.
 - VISUAL: Pic of flashboard dams

5. What the water issues mean for local flora/fauna - the fish and water levels and how it affects local communities:

- Inter-connect surface water(s): This refers to the connection between surface water bodies (such as streams, rivers, lakes, and wetlands) and below-the-surface groundwater bodies. ((VISUAL: Interconnected surface water/groundwater))This connection can occur in 3 ways:
 - Surface-water bodies gain water from the inflow of groundwater through their bed.
 - Surface-water bodies lose water to groundwater by outflowing through the bed.
 - Surface-water bodies both gain and lose water in different reaches.

- The interaction between groundwater and surface water is crucial for sustaining the flow in streams, as well as water levels in lakes and wetland areas, especially during dry periods.
- Groundwater and surface water are interconnected resources, and their exchange can affect water quality, and supply.
- Groundwater pumping can affect the natural flow of groundwater into surface-water bodies, leading to a decrease in surface water.
- According to the U.S. Fish & Wildlife Service, climate change is causing more damage than at any time in recorded human history.
 - Lowered surface water levels cause disruptions in fish migration and spawning, in some cases this disruption becomes permanent.
 - Low surface waters are warmer waters that contribute to high death rates in cool-water fish species like salmon, and toxic algae blooms that can kill fish, wildlife, pets, and humans by contact.
 - KEY WORDS/DEF: Groundwater Dependent Ecosystems (GDEs), Interconnected Surface Water

6. Agriculture

- Provide a brief history of agriculture in the region and current statistics on the Subbasin (from Ag Commissioner).

Current and Historic GW Conditions Poster Outline

1. Intro – Statistics of Subbasin
 - 210,000 acres in Subbasin
 - Boundaries of the Subbasin
 - % of area by sector
 - Ag, Res, Commercial, etc.
2. Monitoring Network
 - Describe wells number, types, frequency of monitoring, etc.
 - VISUAL: Maps of Monitoring Network
3. Who Uses Groundwater in the Cosumnes Subbasin
 - VISUAL: Table with total AF pumped and percent of total by sector with numbers from 2022 annual report
 - VISUAL: figure showing decline in precipitation for the last 30 years
5. Changes in GW Elevation since 2000
 - Brief discussion of overall condition – GW declining by a foot per year
 - VISUAL: Contour Map from GSP
6. How did the Wet Winter of 2022-23 affect GW levels?
 - Graph of changes to elevations in groundwater wells by sector
7. What are the key ground water quality concerns in the basin?
 - Graphs of arsenic, nitrate, and TDS levels over the past few years, including criteria values for reference
8. Conclusion
 - Current efforts to address the overdraft condition (directs to Projects Poster).

Cosumnes Groundwater Authority
Fall Public Workshops
Domestic Wells 101 Poster Outline

1. Overview of Domestic Wells in the Cosumnes Subbasin

- How many
- General locations
- Typical depth (range)

2. Maintaining a drinking water well

- Protecting water quality
 - Keep the area around your well clean and make sure it is always accessible.
 - Limit activities like using fertilizers or pesticides within 100 feet of the well.
 - Be aware of local activities that may impact your well water.
 - Complete a visual inspection of your well casing to detect any cracks, holes, or corrosion.
 - Replace a standard well cap with a sanitary well cap to keep out insects, small mammals, and other surface contamination.
 - Check the wiring for the pump to make sure it is secured in an electric conduit pipe.
 - If you have not taken measures to prevent backflow, contact a plumbing supplier to take advantage of inexpensive backflow prevention devices.
- Testing for contaminants
- Guidance on what to do if you find bacteria or other contaminants in your water
- Servicing recommendations – flushing with bleach, etc.
- CA DWR Be Well Prepared: <https://water.ca.gov/Programs/Groundwater-Management/Drinking-Water-Well/Be-Well-Prepared>
 - Know local groundwater conditions, including groundwater levels and water quality
 - Understand any potential risks to the well's water supply
 - Know well construction details, such as age, depth, condition, and pump details
 - Know how to maintain a drinking water well, and how to test and treat well water
 - Know where to get help if a well fails

3. How to maintain a safe and reliable water source.

- Guidelines for testing water levels and pumps
- Reporting a dry well (DWR website)
- Dry wells in the Subbasin based on reports from DWR website

INVITE??? RCAC: <https://www.rcac.org/environmental/individual-well-program/>

REQUEST MATERIALS: Sac County EMD:

<https://emd.saccounty.gov/EMDForms/Pages/EMDForms-Water.aspx>

Overview – Past and Current Funding

To comply with the Sustainable Groundwater Management Act (SGMA) and to implement the Cosumnes Groundwater Sustainability Plan (GSP), there is a cost. The GSP was developed (occurred from 2017-2021) through funding by state grant funds (over \$2 million!) and contributions from local agencies. In the initial years of GSP implementation, a groundwater sustainability fee of \$10 per irrigated acre was levied on agriculture (the Subbasin’s largest user of groundwater). City of Galt also contributes an amount roughly equivalent to their groundwater use.

- **VISUAL: Current Funding: \$10/ Irrigated Acre Charge on Agriculture**
- **VISUAL: Current CGA Expenses Pie Chart (SGMA Activities, Administrative Costs)**

Overview – Future Funding

The Cosumnes Groundwater Authority is currently developing a long-term funding plan for GSP implementation and will be holding a series of outreach events in early 2024. While the Cosumnes Groundwater Authority provides a venue for collaboration amongst the Groundwater Sustainability Agencies (GSAs) ****EXPAND****, it will be the responsibility of those GSAs to implement any funding mechanism agreed upon. ****Expand on public engagement process of adopting rates.**** Additionally, grants and other external funding is being pursued to lessen the burden on local groundwater users.

- **VISUAL: Funding Structure Adoption Timeline / “Make Your Voice Heard”**
- **VISUAL: Proposed CGA Expenses Pie Chart (SGMA Activities, Administrative Costs, Projects)**

*****NEED TO MAKE SURE THAT BOARD APPROVES WHAT THE CURRENT DRAFT NUMBERS*****

Parcel Type	Base Charge	Irrigated Acreage Fee
Residential (no irrigation)	\$42.64	\$0
Commercial/Industrial/Fish Farms	\$53.56	\$0
Agricultural	\$3	\$11.25/acre irrigated
Agricultural w/ Residence	\$42.64	\$11.25/acre irrigated
Public Water Systems	\$7.28/Acre Foot	

*****Expand on concept (parcel fee, irrigated fee, public supply rate, etc.)*****

Other Groundwater Projects Funding

- OHWD Recharge Project Funding

- SRCD Conservation Grant Funding

Cost of State Intervention

SGMA provides that if locals are unable or unwilling to sustainably manage their subbasin, the State Water Resources Control Board (State Board) can step in to protect groundwater using a process called state intervention. This would occur if the State Department of Water Resources determines the GSP is inadequate (determination expected to be made by the end of 2023) or if the Subbasin fails to make progress towards implementing their plan at the 5 year update milestone (2027).

If the State were to take over the Subbasin, the follow fees would likely apply to all groundwater users. Additionally, meters would be placed on agricultural and commercial wells.

Base Filling Fee	\$300 per Well	Excludes de minimis users (ex: domestic wells)
Unmanaged Area Rate	\$10 per Acre Foot	Excludes de minimis users
Probationary Rate	\$40 per Acre Foot	Excludes de minimis users
Interim Plan Rate	\$55 per Acre Foot	Excludes de minimis users
De Minimis Fee	\$100 per Well	
Automatic Late Fee	25% per month	Impacts extracts that do not file reports of groundwater use by annual due date.

- **REACHING THE SUSTAINABILTY GOALS OUTLINE IN THE COSUMNES GSP IS THE BEST WAY TO AVOID THIS SCENARIO AND KEEP FEES LOW.**

State Intervention Definitions:

Probationary Subbasin

If locals fail to form a GSA, fail to develop an adequate sustainability plan, or fail to implement the plan successfully, the State Board may designate the entire subbasin probationary. Anyone who extracts groundwater from a probationary subbasin must file an extraction report with the State Board unless they decides to exclude certain types of extractions. The State Board may require the use of a meter to measure extractions and reporting of additional information.

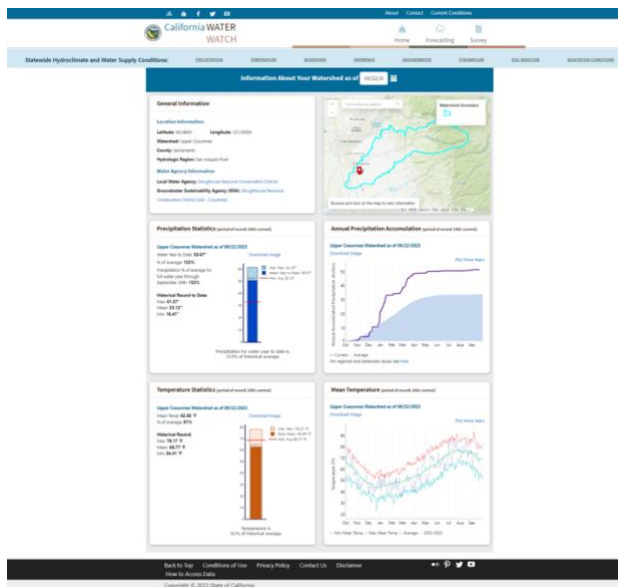
Interim Plan

The State Board will allow local agencies time to fix the issues in the basin that led to probation. If local agencies are unable to fix the deficiencies, the State Board will develop an interim plan to directly manage groundwater extractions. An interim plan will contain corrective actions, a timeline to make the basin sustainable, and a monitoring plan to ensure corrective actions are working.

Cosumnes Groundwater Authority
Fall Public Workshops
Recent Activities and Upcoming Projects Poster Outline

1. Understanding the Subbasin

- Pictures of Subbasin
- Electromagnetic/AEM Survey Flyover's -
 - Electronic equipment is towed behind a helicopter or small plane that sends a signal to the ground below, and then it bounces back to the equipment overhead – this has been called “an MRI of the ground’s subsurface”.
 - The continuous images data created by the AEM survey is used to help interpret the underground geology of an area or region. This data helps in understanding the water below the surface, where the aquifers are located, also revealing unknown features and conditions.
 - The surveys are performed by Department of Water Resources (DWR), and the cost is funded by voter-approved Proposition 68, Senate Bill 5, and the State General Fund.
- CA DWR Cosumnes River Pilot Project 2023
- CA Water Watch Online – <https://cwv/water.ca.gov>
 - User-friendly online portal that offers up-to-date current local and statewide water conditions that can be researched on a statewide or regional level, all the way down to your own neighborhood.
 - The many water-related topics available to research are in easy-to-understand graphics and text, and all information is updated regularly.



2. Current Projects:

○ OHWD Flood-MAR and Dry Well Recharge Projects

☑ In 2015 OHWD began a project to divert winter water from the Cosumnes River to recharge the groundwater aquifer to improve groundwater levels along the Cosumnes River and in the Cosumnes Subbasin and to provide conjunctive use in the region. A Grant from the Dept. of Water Resources was approved, and physical construction of the diversion system has been completed. Additionally, a surface water diversion permit was required from the State Water Resources Control Board. In 2023 the permit was approved and during the February storms of this year the first diversion of water to underground storage occurred using this system.

☑ VISUAL: Picture of OHWD Recharge Project

☑ Environmental Benefits of the Project: Over the years, groundwater pumping has lowered groundwater levels thus affecting the flow in the Cosumnes River. The river in the past has had a connection to groundwater, which helped improve the flow within the river for fish migration. By improving the groundwater, we improve the flow in the river which helps improve fish migration.

☑ Groundwater Level Benefits: By increasing water levels in the Cosumnes River basin, we reduce the pumping costs. The higher the water level, the less energy it takes to pump water and the more efficient pumping becomes. Instead of building new pipelines or canals to deliver 916-684-9359⁹ surface water, the district is using the underground water basin to transport and store water.

○ SRCD Conservation Programs

○ Harvest Water

3. Ideas for the future Projects - things we want to do or haven't been able to yet and why - what is needed and why:

- Recharge – Recharging the groundwater aquifers takes time to filtrate through the many layers underground. Increasing the number of locations that recharge can happen increases eventual recharge of water levels underground.
- Increased conservation practices on Agriculture, Ag-Res, and Domestic well parcels – Any well that provides water for domestic or agriculture use draws from the underground aquifers. All well users should employ conservation practices to help ensure our groundwater will be available now, and into the future. If we all work together, we can make a difference that will positively impact our Subbasin.
- City of Galt: Reuse Project
- Farmer Survey to get more information on how to best implement project
- VISUAL: How much savings from 15% savings by water use type (Ag, Ag Res, Urban)

**Cosumnes Groundwater Authority
Board of Directors Meeting**

Agenda Date: October 4, 2023
Agenda Item #: 8
Agenda Item Subject: Monitoring Network Update

To: CGA Board of Directors
From: CGA Staff

Background: Monitoring Network

Brittany Friedman has been working with our contract monitoring consultants to schedule groundwater elevation readings and water quality samplings for October 2nd and 3rd. Friedman will provide a verbal update on these efforts and a summary of findings will be provided at the November Board Meeting. GSAs collecting their own data should coordinate with Friedman/EKI to get final data to CGA by December 6, 2023.

Background: New 'New Hope Road' Monitoring Well Installation

The two monitoring wells located on New Hope Road have been installed! There were no major issues during install. EKI will have final invoicing completed within a month.



**Cosumnes Groundwater Authority
Board of Directors Meeting**

Agenda Date: October 4, 2023

Agenda Item #: 9

Agenda Item Subject: Committee Reports

To: CGA Board of Directors

From: CGA Staff

[Link: Committee Meeting Materials](#)

Citizen Advisory Committee (CAC)

The CAC will serve an advisory role to the CGA Board of Directors and aims to develop a mutual understanding of the Cosumnes Subbasin GSP so the group can make informed recommendations on implementation of the Cosumnes Subbasin GSP.

Next Meeting: December TBD, 2023 at 5:30pm (location: Galt + Zoom)

Upcoming Committee Activities/Discussion Topics:

- Annual Report
- Fall Monitoring Conditions

Outreach and Engagement (O&E) Committee

The O&E Committee will serve an advisory role to the CGA Board of Directors, to provide the Board feedback/recommendations and support in the implementation of the Cosumnes Subbasin GSP's Outreach and Engagement Plan and to support CGA Staff's outreach efforts.

Next Meeting: December 7, 2023 at 2:00pm (location: Galt City Hall + Zoom)

Upcoming Committee Activities/Discussion Topics:

- Workshop Follow-up Discussion
- Farmers Survey
- Spring Activities
- Spring Newsletter Topics

Projects and Management Actions (PMA) Committee

The PMA will serve an advisory role to the CGA Board of Directors, to inform the Board's implementation of the Cosumnes Subbasin GSP, provide recommendations/feedback on the development and implementation of PMAs, review available data regarding groundwater conditions, and identify data/information needs.

Next Meeting: November TBD, 2023 (location: Galt+ Zoom)

Upcoming Committee Activities/Discussion Topics:

- Conservation Program Development

Finance Ad Hoc Committee

The Finance Ad Hoc was created to assist CGA Staff in developing the Board's budget and other financial processes.

Next Meeting: TBD

Upcoming Committee Activities/Discussion Topics:

-

Staff Recommendations

- Identify which aspects of CGA work the Board would like the committee to provide recommendations/insight on ahead of our next CGA Board Meeting.

**Cosumnes Groundwater Authority
Board of Directors Meeting**

Agenda Date: October 4, 2023

Agenda Item #: 10

Agenda Item Subject: CGA Staff Report

To: CGA Board of Directors

From: CGA Staff



Managing Water + Farmland in the San Joaquin Valley

For the past seven years, the PPIC Water Policy Center has been researching how the San Joaquin Valley can adapt to a future with less water. On September 20, we held a special half-day event on the Fresno State campus that drew together an array of growers, water managers, agency staff, and others to discuss how to best manage the changes ahead.

Video: https://www.ppic.org/blog/video-managing-water-and-farmland-transitions-in-the-san-joaquin-valley/?utm_source=ppic&utm_medium=email&utm_campaign=epub

LWA and DSA&A Managed Aquifer Recharge Webinar:

Monitoring to Demonstrate MAR Benefits - Tuesday, October 10 | 12 – 12:30 pm PT

Link: <https://www.dbstephens.com/webinar-rsvp/#02>

MAR comes in many forms, but the ultimate goal is to put water into groundwater storage for later beneficial use (SWRCB recharge permit requirement). Beyond the standard beneficial use provided to the State Board (e.g., water for irrigation), there may be a variety of secondary benefits from MAR that increase its value as a management action such as improving aquifer water quality or mounding groundwater to reduce stream seepage. We have implemented a range of monitoring tools and methods to measure these benefits with the most common being pressure transducers but going as far as isotope and geochemical sampling to holistically understand the impacts of MAR.

Topics include:

- Why to monitor the benefits of MAR
- Minimum monitoring requirements
- Identifying benefits to monitor and methods
- Applying benefit monitoring:
 - Cosumnes River
 - Dunnigan Water District
 - Scott River Valley

California Department of Water Resources – Be Well Prepared, Well Owner Info

“Roe Crops: How Sacramento Became the Caviar Capital of the US” – Sea Grant California

This article from July 2023 shares some insights on the region's aquaculture industry. “It turns out the groundwater used on the farms to hold and grow the sturgeon was an important factor in getting the females to mature more quickly, and Sacramento’s steady water temperature of 66 to 68 degrees was ideal. Instead of the 15 to 20 years needed to mature in the wild, Dorshov and his team discovered female white sturgeon could mature in as little as seven years.”

Read the article here: <https://caseagrant.ucsd.edu/news/roe-crops-how-sacramento-became-caviar-capital-us>

California Department of Water Resources – Be Well Prepared, Well Owner Info

Links: [Program Website](#) | *What Do I Do if My Water Well Goes Dry?* Flyer [[English](#) – [Spanish](#) – [Hmong](#)]

As California continues to experience climate-driven weather extremes, DWR is providing tools and resources to help communities that are dependent on groundwater prepare for potential impacts to household water supplies, which include domestic well owners and residents that use and maintain their own well.

Through our Be Well Prepared program, DWR is empowering domestic drinking water well users by providing the information and resources they need to maintain a safe and reliable household water supply.

To Be Well Prepared, every well owner should:

- Know local groundwater conditions, including groundwater levels and water quality
- Understand any potential risks to the well’s water supply
- Know well construction details, such as age, depth, condition, and pump details
- Know how to maintain a drinking water well, and how to test and treat well water
- Know where to get help if a well fails

DWR Water Tank Program:

The California DWR has developed a new drought relief grant program. DWR will provide tanks and hauled water to communities that are in immediate need of water supplies. Individuals are NOT eligible applicants and will need to work with public agencies (like CGA or GSAs) to apply. Please contact CGA staff with any questions.

Program flyer: <https://water.ca.gov/-/media/DWR-Website/Web-Pages/Water-Basics/Drought/Files/Resources/Water-Tank-Program.pdf>

October 2023 DWR Updates (from DWR's North Central Region Office)

Grants

California Grants Portal

The California State Library, in partnership with the Department of Water Resources and other state grantmaking agencies, has launched the California Grants Portal – your one destination to find all state grant and loan opportunities provided on a first-come or competitive basis. Visit grants.ca.gov to find funding opportunities for you and your community.

SB552: DWR's County Drought Resilience Planning Assistance for state small water system and domestic wells **DWR will provide financial or direct technical assistance to counties (up to \$125,000)** for developing their County Drought Resilience Plan per SB 552 to provide needed water shortage protection and emergency response for state small water systems and domestic wells. A webinar kicking off the availability of these assistance opportunities was held March 16. A recording of the presentation will be available shortly, but [applications and additional information can also be found here](#). For questions, email CountyDRP@water.ca.gov or call Julie Ekstrom at 916-612-4371. **Applications are being accepted now through December 29, 2023 for financial assistance and until May 2024 for direct technical assistance.**

Build Better Communities: Grant Writing Assistance

The California Alliance for Jobs (CAJ), in partnership with the California Special Districts Association, Association of California Water Agencies, and League of California Cities, has launched the “Build Better Communities Grant Program” to help smaller and disadvantaged communities leverage federal and state funding to invest in local infrastructure. This service can be used by municipalities serving a population between 10,000-49,999, Special Districts providing critical infrastructure (I.E., Water Districts / Authorities, Irrigation Districts, Community Services Districts, Reclamation / Flood Control Districts, Transit Districts, and Transportation Authorities) or rural counties. Grant writing assistance will be targeting grants for transportation infrastructure improvements, water storage and resilience projects, rehabilitation of aging water infrastructure, clean drinking water infrastructure and wildfire mitigation projects. [More detailed information can be found here](#).

DWR's Underrepresented Communities Technical Assistance Program

The mission of the Program is to determine the needs, risks, and vulnerabilities with the implementation of the SGMA for underrepresented communities in medium and high priority basins, including critically overdrafted (COD) basins. The types of services provided include, but are not limited to: Groundwater level monitoring; Aquifer testing to determine long-term yield and supply; Identifying Groundwater Dependent Ecosystems (GDEs) Analyze well interference; Identifying additional water supply; Analyze existing well condition using downhole video log; Rehabilitation of water storage tank; Long-term water supply and demand analysis; Analyze and help to facilitate water transfers. [More information is available on the webpage](#). **Local entities can request services by emailing SGM_TA@water.ca.gov.**

Water tank program for dry wells

DWR in partnership with CalOES, DGS, and Water Boards has a new tank program for domestic wells that have gone dry. Eligible Applicants Include: public agencies, public utilities, special districts, colleges and universities, mutual water companies, nonprofit organizations, federally recognized tribes and state tribes listed on the NAHC's consultation list. Under the program, 2,500 gallon tanks are pre-purchased by DWR. The program includes funding for the tanks to be delivered to residence and connected to their existing plumbing with a small pump, and for water hauling to fill the tanks to meet basic health and sanitation needs. For more information contact: smallcommunitydrought@water.ca.gov or Alena Misaghi at (559) 230-3309.

Other state & federal grant websites for resources that may be helpful are:

- California Financing Coordinating Committee -- <https://cfcc.ca.gov/>, and

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- CalOES grants -- <https://www.caloes.ca.gov/cal-oes-divisions/grants-management>
- US EPA -- <https://www.epa.gov/grants/specific-epa-grant-programs>, and
- Economic Development Administration -- <https://eda.gov/funding-opportunities/>

Upcoming conferences, webinars, new reports and data

NEW: California Water Plan Update 2023 PUBLIC REVIEW DRAFT released

The [public review draft for California Water Plan Update 2023](#) was released by DWR and made available for comment. The [reviewer's guide](#) has information on the options for submitting comments, including the [online comment form](#). [Update 2023](#) is the State's latest strategic plan for sustainably and equitably managing and developing water resources. The central themes of the plan include climate urgency, watershed resilience, and water equity. The comment period runs September 20th through Thursday, Oct. 19.

NEW: Fact Sheet Available on Future Interconnected Surface Water Guidance

DWR published the [Guidance on Interconnected Surface Water fact sheet](#) that provides a general overview of the timing and content of the technical aspects of interconnected surface water (ISW) and guidance for complying with Groundwater Sustainability Plan (GSP) Regulations for the depletions of ISW as part of the implementation of SGMA. Fact sheet details and a link to the pdf can be found on the "Guidance Documents" tab of the [Best Management Practices and Guidance Documents](#) website. .

Fall 2023 Groundwater Sustainability Agency Forum

DWR is hosting a virtual Fall 2023 Groundwater Sustainability Agency Forum (GSA Forum) for GSA members and representatives on **November 9, 2023, from 8:30 AM to noon**. The theme for the Fall 2023 GSA Forum is ***Well Management Approaches: from Enhancing Local Understanding to Leveraging Local Coordination***. An agenda for the event is attached [here](#). Please follow [this link to register](#) for the event.

NEW: DWR Releases Groundwater Recharge Guidance Documents

DWR has developed an [On-Farm Recharge Methods Manual](#), [District Recharge Program Guidance](#) and [Central Valley Groundwater Recharge Incentives and Strategies](#). The On-Farm Recharge Methods Manual, a summary of strategies and challenges. This document gathers observations and lessons learned from over a decade of Sustainable Conservation working directly with growers and irrigation districts to implement on-farm recharge, including methods to enhance recharge, avoid crop health problems, manage recharge events, and minimize nutrient leaching. This document summarizes in-field practices with 10 grower case studies to provide practical information about on-farm recharge from growers to growers.

The two guidance documents will help water districts, Groundwater Sustainability Agencies (GSAs), and their technical consultants design and implement effective multi-benefit recharge programs and projects. These documents include a summary of necessary considerations, publicly available tools, and examples to design new or refine existing recharge and incentive programs that address the specific needs and priorities in a subbasin.

Bulletin 74, California Well Standards: Status Update

The Bulletin 74 Team continues to incorporate TAC feedback and work on the sealing materials specifications, which has caused a delay to the schedule. It is now anticipated that revisions to **the Draft will be completed by Fall 2023**, at which point the Draft will be circulated within DWR and to Partner Agencies for review. Following DWR and Partner Agency review, **we anticipate that the Public Review Draft will be released in Winter 2025**, at which time we will host two public meetings to initiate the 45-day review period. The current Project Timeline is reflected on the project webpage and will be updated as needed: <https://water.ca.gov/well-standards>.

2023 Flood-MAR Forum and Quarterly Workshops

We are excited to announce the fourth biennial Flood-MAR Network Forum event will be held **November 7 & 8 at the CSUS Alumni Center in Sacramento**. [Registration now open](#), through October 31st and the [agenda](#) is

October 2023 DWR Updates (from DWR's North Central Region Office)

available. We will reflect on five years of using floodwaters for managed aquifer recharge, share ideas and considerations to expand and improve Flood-MAR implementation statewide, and be better prepared for future wet years.

DWR launches permit portal for Delta Conveyance Project

DWR has launched a “[permit portal](#)” to help with plans and projects for the [Delta Conveyance Project](#). The portal includes access to information and resources related to some of the more critical environmental [compliance and permitting processes](#). The new website has all relevant California Environmental Quality Act information, along with the [draft environmental impact report](#). New [fact sheets](#) are available in English, Spanish and Chinese and cover topics such as soil testing, seismic resilience and project features. Several companion [videos](#) are also now available.

DWR is still on track to issue a Final EIR for the proposed Delta Conveyance Project in late 2023. The Final EIR will describe potential environmental impacts, identify mitigation measures that would help avoid or minimize impacts and provide responses to all substantive comments received on the Draft EIR.

California's Water Supply Strategy: Adapting to a Hotter, Drier Future

August 11, 2022 Governor Newsom announced a new strategic document to manage water in the face of a projected 10% reduction in supplies over the next 20 years. The strategy calls for investing in new sources of water supply, accelerating projects and modernizing how the state manages water through new technology to increase water supply and adapt to more extreme weather patterns caused by climate change. The [full strategy document](#) can be found here and a [press release here](#).

Under this directive DWR is partnering with SWRCB to fast-track efforts to capture flood waters to recharge groundwater basins. [A fact sheet on DWR Regulatory Assistance: Temporary Water Rights for Groundwater Recharge can be found here.](#) If you are interested in participating in this program, please email sgmps@water.ca.gov.

Executive Order N-7-22

On March 28, 2022 Governor Newsom signed [Executive Order N-7-22](#), updated in 2023 to [EO-N-3-23](#), which **included new well permitting requirements (Action 9) as well as CEQA exemptions and permit streamlining for FloodMAR projects (Action 13).** The materials including a fact sheets, recording and presentation materials from the April 13th and a self-certification form for the CEQA waiver are now posted on DWR's Drought Webpage, under the 'Drought Well Permitting Requirements' and the 'CEQA Suspension on Groundwater Recharge Projects' accordion dropdowns: <https://water.ca.gov/water-basics/drought>.

DWR's Climate Change Program Resources

DWR's Climate change program has lots of initiatives including resources for water managers. Check out their [webpage](#) and [factsheet](#) here.

California's Groundwater Live: Up-to-date data on groundwater conditions, well installations and subsidence

The Department of Water Resources (DWR) released the final [California's Groundwater – Update 2020 \(Bulletin-118\)](#), containing information on the condition of the State's groundwater, DWR has also developed a companion web-based application called [California's Groundwater Live](#) (CalGW Live), leveraging the [California Natural Resources Agency Open Data Platform](#) (Open Data) to improve the access and timeliness of statewide groundwater information. The easy-to-use interface will make many of the data sets used in CalGW Update 2020 available in an interactive map format that will be updated regularly for viewing and downloading. For more information, visit the updated [California's Groundwater website](#) Contact: CalGW@water.ca.gov.

OpenET makes tracking water use data easier with satellite data

October 2023 DWR Updates (from DWR's North Central Region Office)

A space-based tool is ready to help track water in the western U.S. Using data from satellites, [Open Evapotranspiration](#) (OpenET) gives farmers and other water users information on how much of their water loss ends up as evapotranspiration. The OpenET data are available for 17 western states, including the Colorado River basin area.

SGMA & Drought

Update Your GSA and GSP Manager Point of Contact Information in DWR's SGMA Portal

If your GSA and/or GSP Plan Manager Point of Contact (POC) is not current, or you are not sure, please visit the SGMA Portal to ensure that your contact information is up-to-date. When logged in, the Portal allows edits to be made to previously submitted contact information. If you have SGMA Portal questions, please email them to: GSPSubmittal@water.ca.gov.

DWR Starting New Basin Characterization Work

DWR is seeking input on what areas of GSP implementation need the most support related to Basin Characterization? What types of information or data would support your short-term and long-term groundwater management actions and timelines for filling data gaps and refining HCMs. To provide information to these questions please [fill out the following survey](#). The survey is open to GSA representatives, consultants, researchers, and other interested parties. If you are interested in joining a workgroup for this effort, please email sgmps@water.ca.gov.

NEW SGMA Overview Brochure Available Online

DWR released a new SGMA Overview Brochure that provides useful information for those interested in learning more about SGMA and local groundwater management, DWR's assistance resources, and DWR's SGMA Program benefits. You can view or download the SGMA Overview Brochure in [English](#) and [Spanish](#), in both an online version and an 11-inch by 17-inch printable version ([English](#) and [Spanish](#)).

DWR Releases 'Be Well Prepared' Initiative and Website

May 17, 2023, DWR released the [Be Well Prepared initiative](#). DWR is providing tools and resources to help communities that are dependent on groundwater and experiencing climate-driven weather extremes, to prepare for potential impacts to household water supplies. The Be Well Prepared initiative focuses on domestic well owners and residents that use and maintain their well. [The website includes resources and information](#) that every well owner should know and understand about: groundwater conditions, well maintenance, water quality, assistance, and additional articles, videos and resources. [A new flyer](#) from DWR provides the four initial steps for well owners to take if they think their well has gone dry. This flyer is also available in [Spanish](#) and [Hmong](#).

DWR Releases 'Drinking Water Well Impacts' Guidance and 'Water Shortage Planning' Brochure

April 7, 2023: DWR released the [Considerations for Identifying and Addressing Drinking Water Well Impacts](#) guidance document and technical assistance. This guidance document supports GSAs to fully consider and appropriately address potential impacts to drinking water well users during SGMA implementation. There is an [online accompanying toolkit](#). The Department also released a brochure, called [Alignment and Coordination: Water Shortage Planning](#) for Rural Communities and Sustainable Groundwater Management. This brochure encourages voluntary collaboration between counties and GSAs as they coordinate their respective responsibilities for drought and water shortage planning efforts, for rural communities under Senate Bill 552, and the long-term sustainability goals of groundwater basins under SGMA.

SB552: DWR's Water Shortage Vulnerability Scoring and Tool

As part of its technical assistance to support SB 552 implementation, DWR developed the [Water Shortage Vulnerability Scoring and Tool](#) to provide the foundational data and information statewide to counties for their water shortage risk assessment.

October 2023 DWR Updates (from DWR's North Central Region Office)

Dry Well Susceptibility Map

The DWR, in coordination with the State Water Resources Control Board, has developed an interactive mapping tool, called the Dry Well Susceptibility Tool. This tool identifies areas within groundwater basins that may be prone to water supply shortages in drinking water wells. State and local agencies and well owners can use this tool to anticipate where wells may go dry based on historical conditions to inform drought preparedness decision-making. To use this tool, navigate to [California's Groundwater Live website](#) and click the [Dry Domestic Well Susceptibility tab](#). A fact sheet on this tool, as well as DWR's Dry Well Reporting System, [is available here](#).

Dry Well Reporting Site

There is a website available to [report private wells going dry](#). Information reported to this site is intended to inform state and local agencies on drought impacts on household water supplies. The data reported on this site (excluding personal identifiable information) can be viewed on the [SGMA data viewer](#) or downloaded on the [CNRA Atlas](#). Individuals or local agencies can report water shortages and [a list of resources are included on the webpage](#). The reporting forms are available in both English and Spanish. Local agencies can now sign up to receive notifications of any dry wells reported in their area. To sign up please email sgmps@water.ca.gov.

DWR is developing eight Proposition 68-funded technical projects

Fact sheets on each project can be viewed under the "Prop 68" tab [here](#).

- [AEM webpage](#) contains information on the how the process works, safety, schedule, data submission by GSAs, TAC, pilot study data and more. **The final Data Reports, AEM data interpretations, and supporting data are available for the Central San Joaquin Valley groundwater basins (Survey Area 5) and the Northern San Joaquin Valley and Southern Sacramento Valley groundwater basins (Survey Area 6).** All reports and datasets are available for download on the [California Natural Resources Agency Open Data Portal](#) and AEM data can be viewed online on the [AEM Data Viewer](#). For more information about AEM, visit the AEM Project Webpage or check out "DWR's Airborne Electromagnetic (AEM) Surveys: The AEM Method" video in [English](#) and [Spanish](#).
- **2020 Statewide Crop Mapping data was released in March of 2023** and includes multi-cropping information. The **2020 final and 2021 provisional** datasets includes agricultural land use and urban boundaries for all 58 counties in California. The data can now be accessed at the following locations: [CA DWR Land Use Viewer](#) (viewing and downloading); [CNRA Webpage](#) (viewing and downloading); on the [SGMA Data Viewer](#) (viewing) and the [California State Geoportal](#) (viewing and downloading).
- **InSAR subsidence data is now available through April 1 of 2023** and can now be viewed on the [SGMA data viewer](#). The updated GIS services and data reports are also available [online](#).

Facilitation Support Services (FSS): Funding still available

- GSA's developing GSPs are eligible to receive funding for identification and engagement of interested parties, meeting facilitation, interest-based negotiation/consensus building, and public outreach facilitation
- More information [can be found here](#). Written translation services available in 8 languages for outreach materials (5,000 word maximum).
- DWR has a **new Verbal Interpretation service available to GSA's**. The pilot project makes real-time interpretive services available to GSAs for virtual, hybrid, or in-person meetings in support of GSP implementation with the goal of engaging underrepresented communities within basins and encouraging equal access for non-fluent English speakers during the implementation of GSP's. If you are interested in learning more or receiving support from an interpretation team email sgmps@water.ca.gov.