Proposition 218 Acreage Fee Renewal

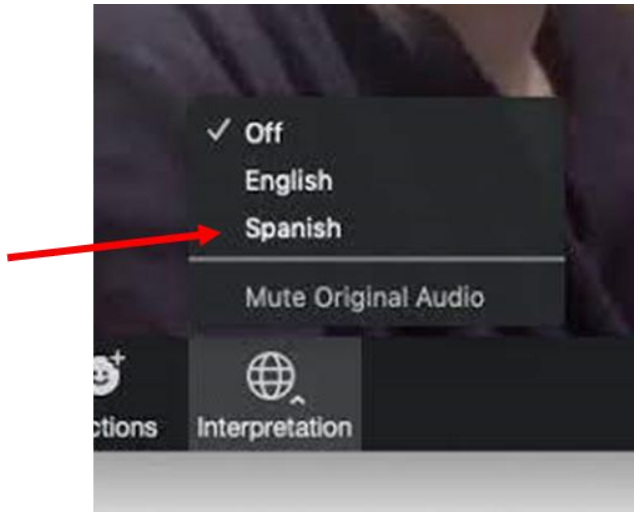
FUNDING GROUNDWATER SUSTAINABILITY

WEBINAR, APRIL 27, 2023

Spanish & Punjabi Interpretation

Linguistica Interpreting and Translation

- To listen to the presentation in Spanish or Punjabi click the globe icon at the bottom of your screen and select your language preference



Agenda

- MAGSA Overview and Progress Report
- Prop 218 Acreage Fee Renewal
- Grant Report
- Value of the Prop 218 Fee

Zoom Housekeeping

- Video and microphone is OFF for participants
- Webinar is being recorded and will be available online

Technical difficulties

- Use the Chat feature for Zoom technical assistance

Questions & Answers

- Use the Q&A to type a question at any time
- We will address questions at the end of the presentation

Welcome & Introductions

- Matt Hurley – McMullin Area GSA, *General Manager*
- Cristel Tufenkjian – McMullin Area GSA, *Deputy General Manager*
- Alison Lechowicz – Lechowicz and Tseng Municipal Consultants, *Rate Consultant*
- Ashley Goldsmith – Blue Chair Communications, *Founder*
- Rebecca Quist – Provost & Pritchard Consulting Group, *External Affairs Specialist*

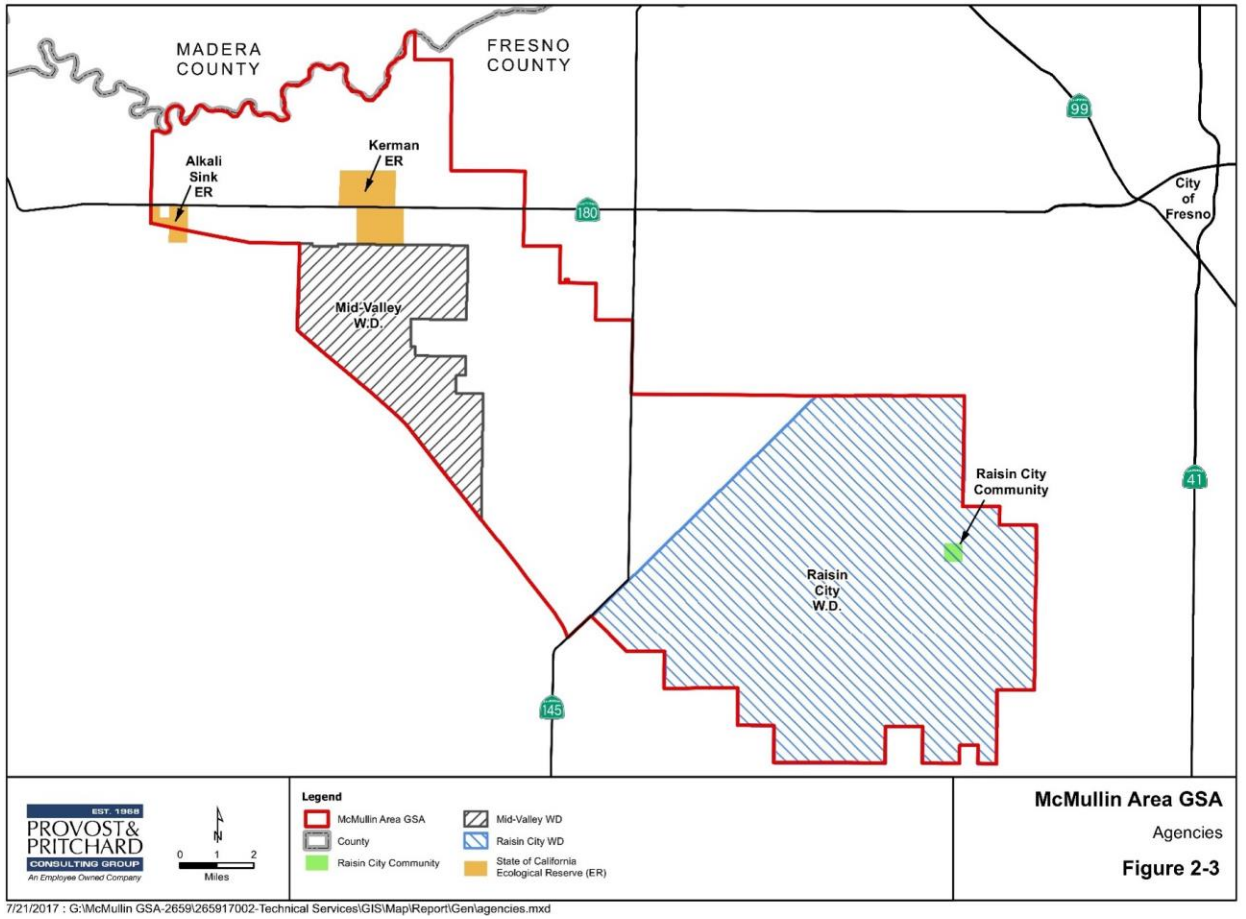
MAGSA Overview & Progress Report

MATT HURLEY

5/1/2023

McMullin Area GSA (MAGSA)

- Formed by JPA in 2017
- Located in Fresno County, encompassing 120,635 acres
- Groundwater-dependent; 91,000 acre-feet of annual groundwater overdraft
- One of 7 GSAs in the Kings Subbasin
- 5-Member Board
  - **County of Fresno**, Brian Pacheco
  - **Raisin City Water District**, Don Cameron
  - **Raisin City Water District**, Jonathon Degroot
  - **Mid-Valley Water District**, Ariel Namvar
  - **Landowner**, Matt Abercrombie



MAGSA's Approach to Sustainability

Implement innovative solutions and partner with landowners to balance groundwater levels by 2040 in MAGSA

GOALS

- **Create a viable, successful Groundwater Sustainability Agency**
  - Serves landowners and the Public Interest
- **Work with Regional Partners**
  - Develop Projects and Programs
- **Develop Long-Term Strategy**
  - Water Acquisition
  - Infrastructure Development
  - Financing

MAGSA's Progress

- Groundwater Sustainability Plan recommended for State approval in March 2023
- Board Policies, Rules & Regulations adopted for effective groundwater management in the MAGSA area
- >90% of MAGSA wells registered
- Water Marketing Study completed
- McMullin Expansion Project 90% design complete, CEQA complete
- On-Farm Recharge University for landowners completes Cohort 0 pilot
- Aquaterra Water Bank feasibility study complete

Where MAGSA is headed

- Groundwater Sustainability Plan 5-year update
- Data management, well metering and measurement
- McMullin Expansion Project environmental review, design, and construction
- Aquaterra Water Bank environmental review, potential partner engagement
- On-Farm Recharge University – future cohorts and public education
- EQIP WaterSMART Initiative application support – financial support for our landowners
- Earn additional grant funding

Prop 218 Acreage Fee Renewal

ALISON LECHOWICZ

LECHOWICZ + TSENG
MUNICIPAL CONSULTANTS

5/1/2023

Background

- Previous fee study was in 2018; an update was conducted to evaluate fees for the next 5 years
  - Fees were evaluated for 2022/23 through 2027/28
- Fees are needed to comply with SGMA, fund the GSP, and basin monitoring activities
- Non-compliant GSAs could be subject to fees imposed by the State Water Resources Control Board of up to $195/acre
- Successful pursuit of grants and other cost saving measures have prevented the need to increase the current fee of $19/acre
- The current fee is proposed to be extended (i.e. remain the same) for the next 5 years

Proposition 218 Requirements

- Fees must be based on the reasonable cost of providing service → GSA's annual budget
- Fees must proportionally recover costs from ratepayers → $/acre fee
- All revenues generated from the fees must be used for the benefit of the ratepayers
- Prop 218 procedural requirements
  - Mail a notice to property owners
  - Hold a public hearing a minimum of 45 days later
  - Landowners have the right to submit written protests against the fees
  - At the hearing, MAGSA will take public comment and count the protests
  - Absent a majority protest; MAGSA may adopt fees
- Fees in the Prop 218 notice are the max fees that may be adopted

5-Year Financials

- Revenues from Prop 218 fees support MAGSA's administration and activities focused on local sustainability efforts, including:
  - GSA administration and professional services (such as engineering)
  - Updates to and enforcement of MAGSA's Groundwater Sustainability Plan
  - Monitoring of the groundwater conditions in MAGSA's portion of the King's Subbasin
- 5-Year Budget Projection:

	FY2023/24	FY2024/25	FY2025/26	FY2026/27	FY2027/28
GSA Administration	$532,000	$547,700	$563,900	$583,100	$600,300
Professional Services	1,119,400	1,064,200	831,500	810,300	862,800
Monitoring & Implementation	240,000	279,500	353,100	401,900	379,800
Reserve/Contingency	283,700	283,700	426,600	379,700	332,300
Total Est. Budget	**$2,175,000**	**$2,175,000**	**$2,175,000**	**$2,175,000**	**$2,175,000**

5-Year Financials

- Estimated Annual Budget is divided by total number of assessable acres
- Assessable Parcels of 2 acres or less are excluded from the acreage count

Estimated Annual Budget	$2,175,100
Acres	114,475
Annual Fee ($/acre)	$19.00

Schedule and Next Steps

- **April 21, 2023:** Prop 218 notices were mailed to all landowners
- **April/May 2023:** Prop 218 waiting period; conduct landowner outreach
- **June 7, 2023:** Board Meeting - Prop 218 Hearing to adopt rates
- **July 1, 2023:** Extension of fee will officially begin absent a majority protest
- Fees will be billed annually on the property tax roll

Grant Report

CRISTEL TUFENKJIAN

5/1/2023

MAGSA Grant Awards

- **$192k** US Bureau of Reclamation Water Marketing Strategy Grant
- **$75k** small scale Bureau of Reclamation WaterSMART grant
- **$7 million** NRCS Regional Conservation Partnership Program (Raisin City WD grant)
- **$10 million** State Water Resources Control Board Prop 1 Stormwater Grant
- **Fresno State Partnership** Center for Irrigation Technology, Ag Research Institute Grant
- **$5 million** USDA NRCS EQIP WaterSMART Initiative ($1M direct payment to landowners over 5 years)
- **$2.8 million** US Bureau of Reclamation WaterSMART

Value of the Prop 218 Fee

MATT HURLEY

5/1/2023

What is included in the Prop 218 Fee

- ✓ **Agency Administration**
  - ✓ Agency Management and Operations
- ✓ **Professional Services**
  - ✓ Legal
  - ✓ Groundwater Sustainability Plan Revision and 5-Year Update
  - ✓ Grant Writing
  - ✓ Key Project Development (Supply-Side SGMA Solutions)
  - ✓ Government Relations and Legislative Advocacy
- ✓ **Monitoring and SGMA Implementation**

What is NOT included in the Prop 218 Fee

- **McMullin Expansion Project Construction Costs**
- **Aquaterra Water Bank Construction Costs**
- **Any other project construction/capital improvement activities**

Why Prop 218?

- **Groundwater is best managed locally – by local leaders with input from landowners**
  - If MAGSA cannot successfully meet the requirements of the Sustainable Groundwater Management Act, the State will intervene to take control over the groundwater management area
  - State Intervention is costly and requires annual groundwater extraction reporting by pumpers
    - $300 base filing fee per well
    - Up to $55 per acre-foot pumping fee due to the State
- **MAGSA has a clear vision for groundwater sustainability and is determined to continue its pursuit toward success with our landowners!**

Learn more and stay in touch

Visit www.mcmullinarea.org/prop218 to download the Fee Report

Contact us with questions at ctufenkjian@mcmullinarea.org or (559) 515-3339

Attend the Public Hearing on June 7, 2023 at 2:00 PM at the Kerman Community Center, 15101 W Kearney Blvd., Kerman, CA 93630