

Carpinteria

Groundwater
Sustainability
Agency

GSA Fee Study

Final Report / June 10, 2022



June 10, 2022

Mr. Robert McDonald
Executive Director
Carpinteria Groundwater Sustainability Agency
1301 Santa Ynez Ave
Carpinteria, CA 93013

Subject: GSA Fee Study Report

Dear Mr. McDonald,

Raftelis is pleased to provide this Groundwater Sustainability Agency (GSA) Fee Study Report (Study) to the Carpinteria Groundwater Sustainability Agency (Carp GSA or Agency) to establish groundwater basin fees that recover operating, administrative, and regulatory costs from properties which overlie the basin.

The major objectives of the Study include the following:

-) Develop a multi-year financial plan for Carp GSA to project future costs
-) Assist the Board of Directors in identifying an appropriate policy framework for a GSA fee
-) Determine acreage overlying the groundwater basin subject to the GSA fee
-) Derive fees that align with Proposition 26 requirements
-) Assist in communicating the reason, basis, and value of the proposed fee and the benefits of locally, sustainably managed water resources

Our report details the key assumptions, analyses, and recommendations in the development of the GSA fee, proposed for a one-year adoption by the Board of Directors. The report includes a brief Executive Summary followed by a description of the process undertaken during the Study. The process included significant outreach to the community, several meetings with the Groundwater Committee, the Board of Directors, and GSA staff to discuss the funding process, funding options, policy objectives, and legal considerations. The result of these efforts is the proposed fee found in this report.

It was a pleasure working with you and we wish to thank you for your and other staff members' support during the study.

Sincerely,

Kevin Kostiuk
Project Manager

A handwritten signature in black ink, appearing to read 'Kevin Kostiuk', with a stylized flourish at the end.

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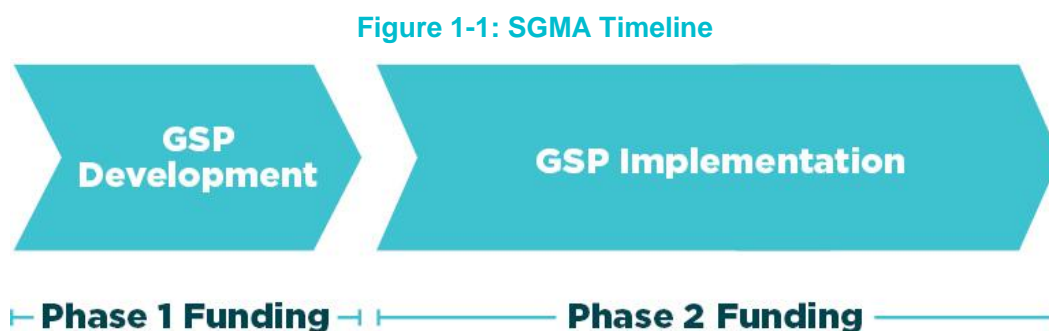
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1. Executive Summary

1.1. Sustainable Groundwater Management Act

The Sustainable Groundwater Management Act (SGMA), comprised of AB 1739, SB 168, and SB 1319, was enacted in September of 2014 to provide a framework for managing groundwater supplies in the State of California. The State identifies basins that are critically overdrafted, high-priority, and medium-priority as the focus of the legislation. These basins are required to achieve sustainability within 20 years from Groundwater Sustainability Plan (GSP) implementation. Critically overdrafted basins must reach sustainability by 2040, while high- and medium- priority basins have until 2042, or 20 years post-implementation for reprioritized basins. Carpinteria Groundwater Sustainability Agency (Agency) was reprioritized by the Department of Water Resources (DWR) as a high-priority basin and plans to begin GSP implementation in 2024 . Figure 1-1 shows the SGMA timeline as well as the funding phases, pre- and post-GSP implementation. The proposed fees found in this report address what we refer to as “Phase 1” funding requirements. “Phase 2”, or GSP Implementation may require funding above and beyond Phase 1 depending on the results of the GSP.



1.2. Background of the Study

In 2021, Raffelis was contracted to develop a revenue source for Phase 1 funding requirements. Phase 1 includes the regulatorily required GSP development as well as agency operations, administration, professional services, and establishment of a prudent cash reserve, which all support the GSP. Developing and implementing a GSP is a significant and costly, multi-year effort. Carp GSA was awarded a grant of \$1.9 M to develop the GSP. The fee proposal in this Study therefore does not include direct GSP development costs.

The Agency was founded as a Joint Powers Authority (JPA) between the City of Carpinteria, Carpinteria Valley Water District (CVWD), the County of Santa Barbara, and the County of Ventura in 2020. To date, the Agency has been staffed, managed, and funded through loans from CVWD. Sharing of staff and resources will continue with additional staff and resources added as necessary. Carp GSA will be responsible for their share of staff time, any new dedicated staff, and for the reimbursement of CVWD costs loaned to date for Carp GSA activities. While there is a great degree of shared staff, resources, and facilities, Carp GSA is an independent entity, with a distinct management/service are, which requires a dedicated funding source for the financial independence and financial sustainability of the Agency.

1.3. Objectives of the Study

The Agency’s mission is to ensure a reliable and sustainable groundwater supply for the community through effective basin management pursuant to SGMA. The major objectives of the fee study include the following:

-)] Develop a multi-year financial plan for Carp GSA to project future costs
-)] Assist the Board of Directors in identifying an appropriate policy framework for a GSA fee
-)] Determine acreage overlying the groundwater basin subject to the GSA fee
-)] Derive fees that align with Proposition 26 requirements
-)] Assist in communicating the reason, basis, and value of the proposed fee and the benefits of locally, sustainably managed water resources

This study derives a GSA fee to fund the mandate of SGMA, achieve Carp GSA objectives, and sustainably fund the Agency’s ongoing operations and administration.

1.4. Context and Benefits of Sustainably Managed Groundwater

Sustainably managed groundwater basins reduce the risk of undesirable results such as overdraft. Overdraft can have many long-term negative effects including well failure, water quality deterioration, land subsidence, aquifer capacity depletion, and seawater intrusion, among other environmental harms. Managing groundwater basins in a sustainable manner not only avoids these negative outcomes but can also protect in-basin property values and community characteristics.

Implementation of the GSP will provide a roadmap to sustainably manage the Basin’s groundwater resources. Sustainably managed groundwater is beneficial for a variety of reasons including maintaining surface water flows, providing water for agricultural operations, and providing water for municipal users and private domestic pumpers. Groundwater serves both private users and a share of water supply for municipal water uses served by CVWD. In addition to normal pumping, local groundwater represents an important supplemental and backstop source of supply for CVWD in dry years to serve its agricultural and municipal customer base, most of which overlie the Carp GSA boundaries and receive direct or indirect benefits from both entities. Managing groundwater conditions is critical in maintaining the local community and economy.

SGMA defines sustainable groundwater management as “the management and use of groundwater in a manner that can be maintained during the planning and implementation horizon without causing undesirable results.”

Undesirable results are defined as any of the following:

-)] Chronic lowering of Groundwater levels
-)] Significant and unreasonable reduction in Groundwater Storage
-)] Significant and unreasonable degradation of water quality
-)] Land subsidence due to collapsing of aquifer pore space
-)] Surface water depletions that have significant and unreasonable impacts on beneficial uses
-)] Seawater Intrusion

Several of these undesirable results are of concern in the Carpinteria Groundwater Basin.

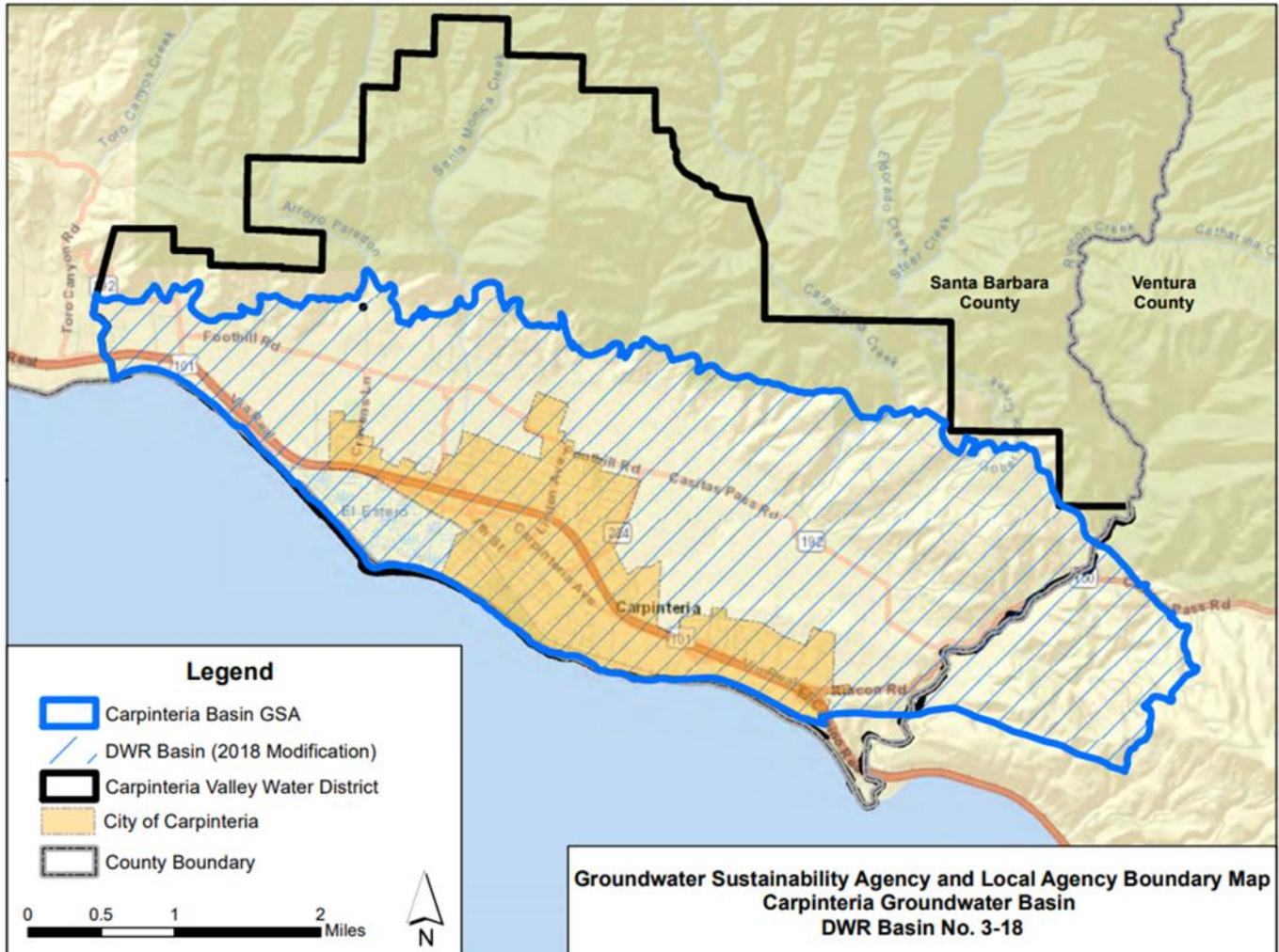
1.5. Basin Characteristics¹

The Carpinteria Groundwater Basin is designated as Basin Number 3-018 by the State of California DWR. The basin is located mostly in southeastern Santa Barbara County and partially in Ventura County and borders the Montecito Groundwater Basin to on the eastern edge, the Santa Ynez Mountains to the north, and the Pacific

¹ <https://gis.water.ca.gov/app/bp-dashboard/final/>

Ocean to the south. A map of the Basin is provided in Figure 1-2. As of 2010, the Basin’s population was estimated at 14,854. DWR estimates that up to 69 percent of the Basin’s total water supply is met by groundwater. The remainder is net from conveyed local surface water and imported water served by CVWD. The total groundwater pumped from the basin in 2020 is estimated at 4,835 acre-feet (AF). Of the 4,835 AF, 3,952 AF was estimated as private pumpage and 883 AF, or 18.3 percent, was pumped from CVWD groundwater production wells. However, the average percent pumped by CVWD since 2016 is closer to 29 percent. The accuracy of the count of private wells is a known deficiency and will be a component of the GSP in development. Groundwater is heavily relied upon for agricultural uses. Available data suggests that groundwater levels are low as a result of the current drought across the region and the state.

Figure 1-2: Carpinteria Groundwater Basin



1.6. Fee-Setting Legal Mechanism

A critical component of the Study is evaluating funding mechanisms to determine the most appropriate. Agency staff and Raftelis discussed the benefits, challenges, policy considerations, legal considerations, and procedural requirements associated with each funding approach. The Board of Directors (Board) opted to pursue a fee subject to the requirements of Proposition 26. A summary of Raftelis’ understanding of fees subject to Proposition 26 is summarized in Section 3.

1.7. Proposed Fees

Several funding methods were considered as part of the Study. Ultimately, the selected structure is a fee based on the total acreage of a parcel overlying the basin. Parcel acreage is derived with County of Santa Barbara and County of Ventura assessor Geographic Information System (GIS) data and the Carpinteria basin boundaries. The selected fee calculations are described in detail in Section 7. Table 1-1 shows the proposed fee per acre overlying the Basin for a five-year projection. The calculated fee per acre is rounded up to the nearest dollar. An individual parcel's charge will be based on their total acreage, or fraction thereof. The fees are proposed for a one-year adoption period for fiscal year (FY) 2022-2023. Each FY begins July 1 and ends June 30 of the following calendar year. For example, FY 2023 is July 1, 2022 through June 30, 2023.

Table 1-1: GSA Fee per Acre per Year (FY 2023 through FY 2027)

Proposed Fee Schedule	FY 2023	FY 2024	FY 2025	FY 2026	FY 2027
Fee per Acre per Year	\$48.00	\$48.00	\$49.00	\$32.00	\$29.00

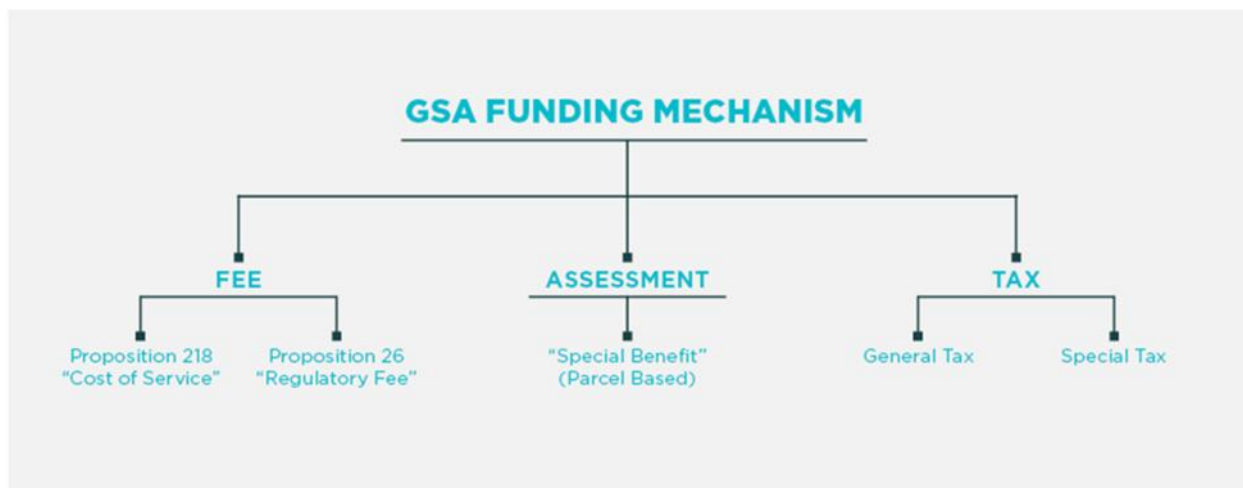
2. SGMA Fee-setting and California's Legal Framework

2.1. Funding Methods

A critical component of the Study is determining which funding mechanism to use and what legal requirements govern the funding mechanism considered. Carp GSA staff, the Board of Directors, and Raftelis met multiple times to discuss the legal requirements associated with each funding approach².

Due to limitations imposed through Propositions 13, 218, and 26, there are nuanced distinctions between what constitutes a fee versus a tax. Taxes and assessments require voter approval. Proposition 218 fees for service are subject to mandatory individual noticing and majority protest. Regulatory fees identified as an exemption from taxes under Proposition 26 can be passed by the vote of the governing body of an agency levying the charge. Figure 2-1 summarizes the various funding mechanisms available to a GSA which are discussed in further detail in the following sub-sections.

Figure 2-1: GSA Funding Options



2.1.1. CALIFORNIA CONSTITUTION - ARTICLE XIII D, SECTION 6 (PROPOSITION 218) FEE FOR SERVICE

Proposition 218, passed by the voters in 1996, governs property-related fees including water, wastewater, and solid waste service. The measure created an amendment to the California Constitution (Article XIII D, Section 6). It was enacted to ensure, in part, that fees and charges imposed for ongoing delivery of a service to a property are proportional to, and do not exceed, the cost of providing service. Proposition 218 defines property-related fees for service and the criteria for meeting the requirements of Proposition 218. The principal requirements, as they relate to public water service fees and charges are as follows:

- Revenues derived from the fee or charge shall not exceed the costs required to provide the property-related service.

² Raftelis is not a law firm.

-)] Revenues derived by 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 the fee or charge imposed upon any parcel shall not exceed the proportional cost of service attributable to the parcel.
-)] No fee or charge may be imposed for a service unless that service is actually used or immediately available to the owner of property.
-)] A written notice of the proposed fee or charge shall be mailed to the record owner of each parcel not less than 45 days prior to a public hearing, when the agency considers all written protests against the charge.

Procedurally, Proposition 218 requires noticing of all affected properties with each property allowed to protest the proposed rates. Absent a majority protest, rates may be adopted by the governing body at a public hearing at least 45 days after providing notice to affected properties. SGMA explicitly states that fees imposed based on the extraction of groundwater “shall be adopted in accordance with subdivisions (a) and (b) of Section 6 of Article XIII D of the California Constitution” [commonly referred to as Proposition 218] (Water Code 10730.2(c)).

However, recent case law asserts that fees for groundwater extraction are not property-related charges because they are based on an activity (groundwater pumping) and not property ownership³. Therefore, groundwater fees are subject to Article XIII C commonly referred to as Proposition 26. While this decision is not related to SGMA it has been widely interpreted to apply to the regulatory requirements of SGMA which mandate GSA formation, GSP development, and associated ongoing administrative and reporting activities.

2.1.2. CALIFORNIA CONSTITUTION - ARTICLE XIII C, SECTION 1 (PROPOSITION 26)

Regulatory fees are exactions intended to recover the cost of regulation. Passed by the voters in 2010, Proposition 26 provides that these fees cannot exceed the cost of governmental activity associated with regulation and that the fee amount allocated to any payor must bear a fair or reasonable relationship to the payor’s benefits from, or burdens on, the regulatory activity. As a crucial point of distinction, these fees can be imposed by a governing body without voter approval. A Proposition 26 exempt fee must achieve the following:

-)] Fees allocated to a fee payor must be related to a governmental regulatory program that either benefits the fee payor or that the payor burdens;
-)] Fee revenue cannot exceed the reasonable cost of the activity for which the fee is imposed, and
-)] The fee amount allocated to any payor must bear a fair or reasonable relationship to the payor’s benefits from or burdens on the regulatory program.

³ *City of San Buenaventura (Ventura) v. United Water Conservation District*

United Water Conservation District imposes groundwater pumping fees on extractors in its service area. The District charges non-agricultural users three times that of agricultural uses. The City of Ventura challenged that the difference in pumping charges represented an illegal subsidy to agricultural users and violated Article XIII D, Section 6(b) (Proposition 218) because the fees exceeded the cost of service. The appellate court held, and the Supreme Court of California affirmed, that the charges are not property-related fees because they are based on the pumping activity and not property ownership (Ventura Water customers do not have their own wells). The court ultimately determined that the pumping charges are regulatory fees meeting the first two exceptions of Article XIII C, Section 1(e): fee imposed for a specific benefit and does not exceed the reasonable cost of the service. Further, the court stated that the reasonableness of costs is not to be measured on an individual basis, but rather, on a collective basis. Since the total cost recovery across all users is reasonable, so is the fee.

Proposition 26 states that everything is a tax under the California Constitution Article XIII C, Section 1(e), except:

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.
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.
3. 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.
4. A charge imposed for entrance to or use of local government property, or the purchase, rental, or lease of local government property.
5. A fine, penalty, or other monetary charge imposed by the judicial branch of government or a local government, because of a violation of law.
6. A charge imposed as a condition of property development.
7. Assessments and property-related fees imposed in accordance with the provisions of Article XIII D.

2.1.3. CALIFORNIA CONSTITUTION - ARTICLE XIII D, SECTION 4 (PROPOSITION 218) SPECIAL BENEFIT ASSESSMENT

Like fees for service, assessments for special benefit are also governed by Proposition 218 and are exempted from Proposition 26. Property owners can be assessed to pay for a public improvement or service if it provides a special benefit to the properties. To assess, local government bodies must:

-) Develop a Special Benefit methodology to determine each parcel's assessment.
-) Ensure that each owner's assessment does not exceed its special benefit.
-) Ensure only special benefits are assessable.
-) Ensure all parcels which benefit are assessable (no government exemptions), unless there is clear and convincing evidence that a government-owned parcel receives no special benefit.
-) Prepare an Engineer's Report that determines the amount of special benefit to each property.
-) Notify all affected property owners by mail with mail-in protest ballot form.

The agency must then hold a Public Hearing to determine if a majority protest exists. Protest ballots are tabulated and weighted based on the amount of each proposed assessment. Once the Engineer's Report is approved, notices must be mailed at least 45 days prior to the public hearing. The notice must include the affected parcel's protest ballot.

2.1.4. GENERAL AND SPECIAL TAXES (APPROVAL FROM ELECTORATE)

Everything that does not meet the exceptions defined in Proposition 26 is considered a tax and must be approved by the voters. The tax could potentially be spread based on acreage or per parcel or by pumping allocation. These are not the only options. General taxes require a simple majority vote, however, the charges for funding the activities of the GSA would most likely be considered a special tax. A special tax requires a 2/3 approval from the electorate (i.e., registered voters).

2.2. Selected Funding Mechanisms – Proposition 26 Regulatory Fee

The approach selected by the GSA Board acknowledges that sustainable management of the Carpinteria Groundwater Basin and availability of local groundwater as a water resource benefits all property owners in the

community. Some parcels overlying the Basin directly benefit from pumping, while others receive direct and indirect benefits from groundwater as a source for CVWD. For example, groundwater availability offsets the need to obtain water from other sources. Still others have both CVWD service and private wells to draw upon. Ultimately, all properties benefit from the GSP and a sustainably managed basin. Therefore the amount charged to each payer is proportional, on an acreage basis, to the benefit received through the Agency's management.

The Board opted to pursue a regulatory fee subject to the substantive and procedural requirements of Proposition 26. Proposition 26 requires that the fee bear a fair or reasonable relationship to the payer's burden on, or benefit from, the governmental activity. In addition, the amount of the charge must be no more than necessary to cover the reasonable costs of the governmental activity.

3. Fee Structure Evaluation

3.1. Fee Structure Options

A key component in support of the selected approach is the scarcity of groundwater data required to levy a fee based on groundwater extraction (i.e. private pumping). The number and location of all wells, estimates of groundwater extraction by meter or satellite measurement, irrigated area, and any deliveries from CVWD must be accounted for to levy charges fairly. The tasks of the GSP are related in part to developing this data more fully.

All approaches that were considered relied on the assumption that reasonable estimates could be made, and in fact, that estimates must be made, to proceed with any proposed funding mechanism during this Phase I period. Better data will be available after the GSP has been prepared and adopted because of those efforts. Consequently, the selected method of estimation uses data that is currently available and applied in a reasonable way, while recognizing that all data is subject to further refinement and that Carp GSA will encourage additional data that may help improve the data.

Several fee options considered for evaluation by the Agency are briefly discussed below. shows the six options and their relative strength on four scores: Administration, equity, financial stability, and affordability.

3.1.1. ALL PARCELS - FLAT CHARGE

Advantages: Parcel-based approaches are generally simple to understand and to administer. There are few data requirements as the data necessary is simple and readily available.

Disadvantages: Generally inequitable. No relation to groundwater extraction or parcel size.

Data requirements: County Assessor's parcel data.

Other/Policy Requirements: None identified.

3.1.2. ALL NON-DE MINIMIS PARCELS - FLAT CHARGE

Advantages: Generally simple to understand and to administer. There are few data requirements, but it requires a good data set of parcel owners and non-de minimis classifications.

Disadvantages: Inequitable among non-de minimis users. No relation to groundwater extraction or parcel size.

Data requirements: County Assessor's parcel database including non-de minimis classifications.

Other/Policy requirements: None identified.

3.1.3. PER PARCEL FEE – TOTAL ACREAGE

Advantages: Simple to understand and to administer. Minimal data requirements. Data is readily available from the County Assessor and in GIS. Acts as a proxy for the benefit of sustainably managed groundwater.

Disadvantages: Assumes a proportional benefit but with a stronger nexus than parcel count. Not related to actual groundwater extraction.

Data requirements: County Assessor's parcel database.

Other/Policy requirements: None identified.

3.1.4. PER PARCEL FEE – IRRIGATED ACREAGE

Advantages: Absent another source of supply, irrigated usage is directly tied to groundwater extraction. More equitable than parcel or acreage. Proxy for the benefit of sustainably managed groundwater.

Disadvantages: Data intensive. Requires regular updates. May be prone to challenges and manual surveys for confirmation. Requires landcover/crop type being irrigated.

Data requirements: Accurate geospatial land cover data and independent estimation. Accounting for other water deliveries to the parcel.

Other/Policy requirements: Land cover update interval and appeals process.

3.1.5. FEE ON ESTIMATED GROSS GROUNDWATER EXTRACTION

Advantages: Great equity with fee based on actual extraction. Easy to understand. Easy to administer provided wells are known and a metering plan and/or satellite estimation is adopted.

Disadvantages: Requires flow meter installation to implement. If not, more time, effort, and cost than other options (i.e. Parcel or acreage options) if remote/indirect data based. More difficult to administer. More opportunities for users to request audit of estimates.

Data requirements: Validated metered data or sophisticated water use estimation data relying on area and crop cover among other inputs.

Other/Policy requirements: Requires adoption of metering plan or access to data allowing accurate estimated pumping with consideration for well service area, crop type, and geographical location.

3.1.6. FEE ON ESTIMATED NET GROUNDWATER EXTRACTION

Advantages: Greatest equity with fee based on actual extraction and accounts for permeability allowing for groundwater recharge. Promotes fairness and encourages adapting land to improve basin sustainability.

Disadvantages: Requires flow meter installation to implement. If not, more time, effort, and cost than other options (i.e. Parcel or acreage options) if remote data based. More difficult to administer and understand. More opportunities for users to request audit of estimates.

Data requirements: Validated meter readings or sophisticated water use estimation data relying on modeling consumptive use.

Other/Policy requirements: Requires adoption of metering plan to access data allowing accurate estimated pumping with consideration for well service area, crop type, geographical location, and recharge estimates.

Figure 3-1: Fee Structure Options

Policy Objective	All Parcels	Non-de minimis Parcels	Total Acreage	Irrigated Acreage	Est. Gross Pumping	Est. Net Pumping
Administration	★★★★	★★★★	★★★★	★★★	★	★
Equity	★	★	★★★	★★★★	★★★★	★★★★
Financial Stability	★★★★	★★★★	★★★★	★★★	★★	★★
Affordability	★★	★	★★★	★★★		

3.2. Selected Approach

The Board directed staff and Raftelis to develop a fee based on the total acreage of a parcel. The parcel count options (all parcels and non-de minimis parcels) does not provide equity across Basin property owners and may impact affordability of groundwater management. Conversely, while very equitable relative to other options, the pumping options (estimated gross pumping and estimated net pumping) were eliminated from consideration based on data limitations and the difficulty in administering such a fee at this time. The total acreage option was selected

over the irrigated acreage option as it provides similar levels of equity, financial stability, and affordability, while reducing the administrative burden on the Agency. An irrigated acreage approach not only requires additional data collection and data assumptions up front but requires regular updates to account for changes in land cover.

A GSA fee based on the size of the parcel equitably recovers the costs of Carp GSA, ensuring that the benefit received from sustainable management of the Carpinteria Groundwater Basin is proportional to the fees paid. By spreading the fee widely and proportional to total acreage, the burden of these costs is largely minimized.

4. Public Meetings

Raftelis participated in many milestone meetings with Carp GSA staff, the Groundwater Committee, the full Board of Directors, and the community at large. The Groundwater Committee members consist of two Board members providing input, feedback, and direction to Carp GSA staff and external consultants in shaping proposals and recommendations to the Board of Directors. The Board of Directors holds regular meetings on the second Wednesday of each month. A summary of meetings and materials is listed below. Note, the summary includes the final two future meetings towards fee adoption.

-) August 19, 2021 GSA Staff Meeting – Study Kickoff
-) February 23, 2022 Board Meeting – Policy Objectives and Fee Framework
-) April 21, 2022 Groundwater Committee – Preliminary GSA Fees
-) May 24, 2022 Groundwater Committee – Revised GSA Fees
-) May 26, 2022 Community Workshop – GSA Background and Preliminary Fees
-) June 8, 2022 Board Meeting – Proposed GSA Fees
-) June 14, 2022 Community Workshop – Proposed GSA Fees
-) June 22, 2022 Public Hearing – Proposed GSA Fees
-) June 29, 2022 Public Hearing – GSA Fee Adoption

5. Required Revenue and Five-Year Financial Plan

The overall purpose of the financial plan is to determine annual revenues required to provide adequate cash flow for GSA operations and administration, reimbursement of existing loans from CVWD, and to maintain adequate cash reserves. The following subsections include estimates and projections of annual expenses. Revenues and expenses are projected over the five-year planning period from FY 2022-23 through FY 2026-27. The GSA fee proposal is for a one-year adoption period to align with the next phase, GSP implementation.

To date, Carp GSA’s operating costs have been funded through a loan from CVWD. CVWD has tracked expenditures related to the GSA’s activities from GSA formation through the current fiscal year and are currently owed approximately \$400,000. Carp GSA will reimburse CVWD over a three-year repayment period. Table 5-1 shows the repayment schedule. Carp GSA will fund expenses in FY 2022-23 and beyond with GSA fees, assuming this study proposal is adopted. The following subsections explain the Agency’s estimated expenditures and revenue sources.

Table 5-1: Carpinteria Valley Water District Reimbursable Expenses

	FY 2023	FY 2024	FY 2025
Reimbursement to CVWD	\$133,333	\$133,333	\$133,333

5.1. Operating Expenses

Raftelis worked with Carp GSA staff to create a five-year financial plan for the Agency. The first step in determining the GSA fee is determining how much revenue the Agency will require to recover its costs. The forecasted budget for the GSA’s first five years is shown in Table 5-2. Costs rely on best available estimates of salaries and benefits of additional staff, estimated hours and effort from outside professional services firms, and inflationary assumptions, among other factors. As this is the inaugural multi-year financial plan for the Agency, a 10 percent contingency of direct expenses is assumed for cost variances.

In addition to the estimated operating expenses and contingency, Carp GSA must establish a cash reserve. Water Code Sections 10730(a) and 10730.2(a)(1) explicitly authorize a prudent cash reserve. Reasonable and achievable reserves are a financial tool to aid in cash flow timing and unforeseen expenditures. Generally, a reserve for operations targets a specific percentage of annual operating costs or days of cash on hand. The reserve target is influenced by several factors including the frequency of billing and the recurrence of expenses. The GSA fees will be submitted for collection by the County of Santa Barbara and the County of Ventura with the GSA receiving revenues only twice per year in December and April. Given the infrequency of parcel fee revenue and the monthly recurrence of many expenses, Raftelis recommends a reserve target of approximately six months of operating expenses. To smooth the impact of the new fees, the reserve fund will be built up over four years beginning in FY 2022-23.

Table 5-2: Carpinteria GSA Five-Year Expense Projection

Expenses	FY 2023	FY 2024	FY 2025	FY 2026	FY 2027
	<i>Budgeted</i>	<i>Projected</i>	<i>Projected</i>	<i>Projected</i>	<i>Projected</i>
Personnel	\$99,389	\$101,377	\$103,404	\$105,472	\$107,582
Temporary Labor	\$0	\$0	\$0	\$0	\$0
Water Quality Testing	\$8,000	\$8,240	\$8,487	\$8,742	\$9,004
Annual Reporting	\$0	\$0	\$0	\$0	\$0
Directors Fees	\$3,000	\$3,090	\$3,183	\$3,278	\$3,377
Equipment	\$2,500	\$2,575	\$2,652	\$2,732	\$2,814
Groundwater Professional Services	\$30,000	\$30,900	\$31,827	\$32,782	\$33,765
Legal Professional Services	\$10,000	\$10,300	\$10,609	\$10,927	\$11,255
Administrative Professional Services	\$35,000	\$36,050	\$37,132	\$38,245	\$39,393
Administrative Expense	\$1,700	\$1,751	\$1,804	\$1,858	\$1,913
Total Expenses	\$189,589	\$194,283	\$199,097	\$204,036	\$209,103
Reimbursement to CVWD	\$133,333	\$133,333	\$133,333	\$0	\$0
Annual Reserve Funding	\$25,505	\$26,138	\$26,788	\$27,454	\$0
Revenue Requirement	\$348,427	\$353,754	\$359,218	\$231,490	\$209,103

5.2. Operating Revenue

The total revenue requirement of Carp GSA will be recovered through the proposed parcel charges. Unlike development of the GSP, there are no anticipated grant proceeds over the Study period to support operations and administration. Table 5-3 shows the revenue sources of the five-year study period, which are equal to the revenue requirement identified in Table 5-2.

Table 5-3: Phase I Source of Revenues – Five-Year Schedule

Revenue	FY 2023	FY 2024	FY 2025	FY 2026	FY 2027
	<i>Budgeted</i>	<i>Projected</i>	<i>Projected</i>	<i>Projected</i>	<i>Projected</i>
Grant Funding	\$0	\$0	\$0	\$0	\$0
GSA Charges	\$348,427	\$353,754	\$359,218	\$231,490	\$209,103
CVWD Funding (Loan)	\$0	\$0	\$0	\$0	\$0
Total Operating Revenue	\$348,427	\$353,754	\$359,218	\$231,490	\$209,103

6. Carpinteria Groundwater Basin Acreage

Section 3.2 discussed the selected fee approach of total parcel acreage. This section describes the acreage overlying the Carpinteria Groundwater Basin, the acreage subject to the parcel fee, and an analysis of acreage by common land use classifications.

6.1. Fee Acreage

To determine the parcel acreage subject to the GSA fee, Raftelis analyzed the results from a Geographic Information Systems (GIS) dataset provided by Carp GSA staff. This analysis employed parcel data from the County of Santa Barbara Assessor, the County of Ventura Assessor, and the boundaries of the Carpinteria Groundwater Basin as defined by DWR. Acreage for parcels that fell partially inside, and partially outside, the Basin boundary included only the area within the boundary. Any acreage falling outside the Basin boundary is not subject to the GSA fee. For parcels wholly inside the Basin, the entire area of the parcel is subject to the fee.

Multi-Family, Mutli-Unit, and Mobile Home parcel areas can depend on shared common area parcels within a specific development. Where a parcel has a full assessor's parcel number (APN) and owner of record the acreage listed is used to calculate the fee. This is true for most parcels within the basin, particularly single family residential (SFR), Agricultural, and commercial classifications. When a parcel has a full APN number and is an HOA or mobile home park with a single owner of record, the acreage is used to calculate the fee. The HOA or mobile home park property owner will be responsible for the GSA charges for their parcel and will decide how/if to collect from those that live and benefit from the property. When a parcel has a group APN number, the acreage of the common area parcel(s) is divided equally between the APN with a dwelling unit. The ground-level acreage of any multi-story, multiple-unit properties is divided evenly by the APNs with dwelling units, with any common area parcel apportionment added to that acreage.

Some parcels are excluded from the fee calculation entirely. These include any parcels that are not and cannot reasonably be developed in the future. Examples include rights of way and conservation easements, among others. Federal and any tribal land are also excluded from the fee calculation as these lands are explicitly exempt from SGMA. Total excluded acreage is 44 acres.

Based on the basin boundaries, analysis of parcel data, and modifications based on the approach above, the net acreage subject to the GSA fee is 7,372 acres. Reducing the gross acreage by the exempt property yields the net acreage subject to the GSA fee of 7,372 acres shown in Table 6-1.

Table 6-1: Fee Acreage Summary

	Acreage
Gross Acreage Intersecting the Basin Boundary	8,836
<i>(Less Parcel Acreage Outside the Basin Boundary)</i>	<i>(1,420)</i>
Net Acreage within the Basin Boundary	7,416
<i>(Less Exempted/Omitted Acreage)</i>	<i>(44)</i>
Net Acreage subject to GSA Fees	7,372

Within the parcel database, Raftelis consolidated the numerous county land use codes into fewer, more common categories to describe the data. County land use designations are summarized in the following categories:

-) SFR: Single Family Residential parcels
-) MFR: Apartments, condos, mobile homes, and any other non-SFR residential category
-) Agriculture: orchards, avocados, vines, and nurseries, among others
-) Commercial: restaurants, retail, office buildings, etc.
-) Industrial: petroleum refineries, warehouses, etc.
-) Vacant: vacant land
-) Miscellaneous: highways and streets, parking lots, etc.
-) None: lacking use code or owner name in database but confirmed to be real property

Table 6-2 shows summary statistics describing the consolidated land classifications including the count of unique parcels in each class, the acreage overlying the Basin in each class, and the average parcel size in each class, in acres. Averages are rounded to the nearest tenth of an acre.

Table 6-2: Consolidated Land Classification Statistics

Summary Statistics	Total	SFR	MFR	Ag	Comm- ercial	Indus- trial	Institu- tional	Vacant	Misc	N/A
Unique Parcel Count (Non-Zero Acreage)	5,325	2,438	1,921	393	278	20	42	154	77	2
CVGSA Acres	7,372	1,249	277	4,613	512	85	116	326	189	5
Average Size (Acres)	1.38	0.51	0.14	11.74	1.84	4.24	2.77	2.11	2.45	2.56

Table 6-3 expands the summary statistics in Table 6-2 to include parcels size for each classification by percentiles and qualitatively categorized from very small to very large. The median SFR parcel is 0.18 acres compared to the average of 0.51 (rounded in the table to the nearest hundredth).

Table 6-3: Land Classification Statistics, by Acreage Percentiles

Parcel Size (Acres)	Percentile	SFR	MFR	Ag	Comm- ercial	Indus- trial	Institu- tional	Vacant	Misc
Very Small	10%	0.12	0.02	1.01	0.09	0.09	0.05	0.05	0.06
Small	25%	0.15	0.04	4.00	0.14	0.42	0.19	0.13	0.19
Median	50%	0.18	0.06	7.75	0.35	1.52	0.68	0.30	0.72
Large	75%	0.25	0.07	14.11	1.15	7.75	2.21	1.10	2.58
Very Large	90%	1.00	0.16	25.19	3.29	11.22	6.22	3.75	8.86
Average		0.51	0.14	11.74	1.84	4.24	2.77	2.11	2.45

7. Fee Calculation & Impacts

7.1. Fee Calculation

To develop the fee per acre, the revenue required from GSA fees in Table 5-3 is divided by the net acreage overlying the Basin from Table 6-1. The fee per acre is rounded up to the nearest whole dollar. The fee per acre is the same rate for all parcels, regardless of land use. The resulting fees per acre per year for all properties are shown in Table 7-1. Individual charges are determined by multiplying the acreage, or fraction thereof, of a given parcel overlying the Basin by the fee per acre. Fees are projected through FY 2026-27. The proposed adoption period is one year (FY 2022-23). The fee will be revisited and updated next fiscal year.

Table 7-1: Proposed Five-Year GSA Fee Schedule

Fee Calculation	FY 2023	FY 2024	FY 2025	FY 2026	FY 2027
Revenue Requirement	\$348,427	\$353,754	\$359,218	\$231,490	\$209,103
Total Acres	7,372	7,372	7,372	7,372	7,372
Fee per Acre per Year	\$48.00	\$48.00	\$49.00	\$32.00	\$29.00

7.2. Fee Impacts

Table 7-2 shows the proposed fee per acre per year and includes two additional impact points: fee per acre per installment representing the two equal tax bill payments during the year; and fee per acre per month which is a familiar measurement for properties served by CVWD.

Table 7-2: Fee per Acre Per Year Calculation

Proposed Fee Schedule	FY 2023	FY 2024	FY 2025	FY 2026	FY 2027
Fee per Acre per Year	\$48.00	\$48.00	\$49.00	\$32.00	\$29.00
Fee per Acre per Installment	\$24.00	\$24.00	\$24.50	\$16.00	\$14.50
Fee per Acre per Month	\$4.00	\$4.00	\$4.08	\$2.67	\$2.42

Table 7-3 shows the approximate GSA charges by class for parcels of varying sizes (sizes shown in Table 6-3). All charges in the table are rounded to the nearest cent. The median SFR property will pay less than \$9 per year in GSA charges. The median agricultural property will pay \$372 per year in GSA charges.

Table 7-3: Parcel Size and Customer Class Impacts

Parcel Size (Acres)	SFR	MFR	Ag	Commercial	Industrial	Institutional	Vacant	Misc
Very Small	\$5.82	\$1.14	\$48.67	\$4.25	\$4.45	\$2.29	\$2.40	\$2.88
Small	\$7.20	\$2.12	\$192.00	\$6.72	\$19.92	\$9.23	\$6.24	\$9.29
Median	\$8.64	\$2.76	\$372.00	\$16.80	\$72.77	\$32.72	\$14.46	\$34.60
Large	\$12.00	\$3.53	\$677.28	\$55.20	\$372.19	\$105.86	\$52.94	\$123.60
Very Large	\$48.00	\$7.46	\$1,209.02	\$157.97	\$538.70	\$298.69	\$179.76	\$425.47
Average	\$24.58	\$6.92	\$563.46	\$88.42	\$203.46	\$132.81	\$101.52	\$117.74