

PROPOSED GROUNDWATER SERVICE CHARGE

May 10, 2023

Preliminary Draft For Presentation Only



WHY?

*“During the lifetime of District's adopted project, District will maintain records of ground water level and quality, and, in accordance with Water Storage District Law, if future conditions should indicate the need therefor, will levy a **service charge** on lands irrigated from ground water and/or seek to have an Assessment Commission appointed to readjust the Original Project Assessment to reflect project benefits to lands within District irrigated from ground water; and such action will be taken in a timely manner in order to maintain financial equity between the Water Users and ground water users in District.”*

- Rule 13(b) of the District's Rules and Regulations



Table 2: Distribution of District Costs (2017-2021)

Year	2021	2020	2019	2018	2017
SWP Allocation	5%	20%	75%	35%	85%
Total District Costs	\$ 77,262,772	\$ 74,940,490	\$ 44,415,023	\$ 74,775,339	\$ 47,413,433
Contract Landowner Costs					
Water Service Charges	\$ 75,654,567	\$ 73,690,149	\$ 42,805,276	\$ 72,163,573	\$ 44,898,935
Contract Special Service Charges¹	\$ 962,120	\$ 748,758	\$ 962,120	\$ 1,564,720	\$ 1,521,471
Total Costs to Contract Landowners	\$ 76,616,687	\$ 74,438,907	\$ 43,767,396	\$ 73,728,293	\$ 46,420,406
Percentage of District Costs	99.16%	99.33%	98.54%	98.6%	97.91%
Average District Cost per Contract Acre	\$1,063	\$1,033	\$607	\$1,023	\$644
Non-Contract Landowner Costs					
Non-Contract Special Service Charges²	\$ 646,085	\$ 501,583	\$ 647,627	\$ 1,047,046	\$ 993,027
Special Service Charges per acre	\$13.36	\$10.40	\$13.36	\$21.72	\$21.12

RATE STUDY OBJECTIVES - *MAINTAIN FINANCIAL EQUITY BETWEEN CONTRACT WATER USERS & GROUND WATER USERS*

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Table 4: Financial Plan for Water Supply Costs (2023-2028)

	<u>2023</u> Budgeted	<u>2024</u> Projected	<u>2025</u> Projected	<u>2026</u> Projected	<u>2027</u> Projected	<u>2028</u> Projected
Fixed Obligation-KCWA	\$ 38,728,662	\$ 43,376,101	\$ 45,544,907	\$ 47,822,152	\$ 50,213,259	\$ 52,723,922
Fixed Obligation-Supplemental	\$ 2,723,974	\$ 22,207,810	\$ 23,708,591	\$ 24,699,450	\$ 25,789,395	\$ 26,988,335
KCWA Variable	\$ 9,238,336	\$ 5,456,917	\$ 5,620,624	\$ 5,789,243	\$ 5,962,920	\$ 6,141,808
Total Water Costs	\$ 50,690,972	\$ 71,040,828	\$ 74,874,122	\$ 78,310,845	\$ 81,965,575	\$ 85,854,065

COST OF SERVICE ANALYSIS

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Table 5: Calculation of Maximum Groundwater Service Charge (2023-2028)

	<u>2023</u>	<u>2024</u>	<u>2025</u>	<u>2026</u>	<u>2027</u>	<u>2028</u>
Total Water Costs	\$ 50,690,972	\$ 71,040,828	\$ 74,874,122	\$ 78,310,845	\$ 81,965,575	\$ 85,854,065
Consumptive Use	236,350 AF	236,350 AF	236,350 AF	236,350 AF	236,350 AF	236,350 AF
Maximum GSC	\$ 214.47	\$ 300.57	\$ 316.79	\$ 331.33	\$ 346.80	\$ 363.25

DISTRIBUTION OF COSTS
 COSTS SHARED BASED ON CONSUMPTIVE USE



	Contract Charges	Groundwater Service Charge
November of previous year	Board sets budget rates	Board sets budget rate
Billing periods	8 installments	Monthly or bimonthly
2 nd Quarter – adjustments due to hydrology and allocations	Board adjusts F.O. & Supp Rates	Board adjusts GSC
June of following year	Final accounting adjustment	

BILLING PROCESSES

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NET FIXED OBLIGATION				\$	\$36,360,695.32
DETERMINATION OF FIXED OBLIGATION UNIT COST PER AC-FT					
NET FIXED OBLIGATION				\$	\$36,360,695.32
DIVIDED BY 2022 ENTITLEMENT ALLOCATION					9,854
EQUALS F.O. UNIT RATE PER AC-FT				\$	\$3,689.79
SUPPLEMENTAL WATER SUPPLY					
66,067 AC-FT @	\$	432.51		\$	\$28,574,703.41
TOTAL FIXED OBLIGATION				\$	\$64,935,398.74
DIVIDED BY 2022 C.A.W.					\$200,818
EQUALS F.O. UNIT RATE PER AC-FT:				\$	\$323.35
Based on 5% of SWP Allocation + 32.81% of Supplemental Allocation,					
melded for a total of 37.81% Allocation:					
				\$	\$64,935,398.74
DIVIDED BY 2022 C.A.W.					75,921
EQUALS BUDGET F.O. UNIT RATE PER AC-FT:				\$	\$855.3026
GROUNDWATER SERVICE CHARGE ADJUSTMENT :					
NON-CONTRACT GROUNDWATER SERVICE CHARGE	\$	207.00 x	28,723.00 AF	= \$	(5,945,661.00)
CONTRACT GROUNDWATER SERVICE CHARGE ALLOWANCE	\$	- x	74,695.54 AF	= \$	-
CONTRACT GROUNDWATER SERVICE CHARGE	\$	207.00 x	45,767.00 AF	= \$	(9,473,769.00)
				\$	\$49,515,968.74
DIVIDED BY 2023 C.A.W.					75,921
EQUALS BUDGET F.O. UNIT RATE PER AC-FT:				\$	652.2042

Water User Pumping Allowance

IMPLEMENTATION

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- ▶ The pumping allowance would allow Contract Water Users to pump groundwater such that their total available water supply, including District surface supplies and pumped groundwater, would reach 75% of their CAW. For example:
 - ▶ If the District allocates 75% or above , Water Users would be charged the GSC on every acre-foot pumped
 - ▶ If the District allocated 50%, Water Users could pump up to 25% of their CAW. Anything above that would be subject to the GSC.

WATER USER PUMPING ALLOWANCE



- ▶ May 24th, 2023 @ 8:00 am - Special Board meeting adopting a resolution to begin the 45-day public notice period
- ▶ Upcoming Landowner Workshops
 - ▶ May 31st, 2023, 9:00 am
 - ▶ June 5th, 2023, 1:00 pm
 - ▶ June 7th, 2023, 9:00 am
 - ▶ June 7th, 2023, 1:00 pm
- ▶ July 12th, 2023 Regular Board Meeting

IMPORTANT DATES

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- ▶ After preliminary approval of this study by the Board of Directors, this notice will be provided in accordance with a resolution adopted by the Board of Directors. The amount of the fee or charge proposed to be imposed upon each parcel will vary depending on actual consumptive use of groundwater, as described above. Therefore, the notice will include an example of the potential fee or charge to the parcel, specifically the maximum charge that would be imposed in each year if the parcel had the same total evapotranspiration and same surface water use as in 2022.
- ▶ At a meeting of the Board of Directors indicated in the written notice, the Board of Directors will convene a hearing at which any landowner or member of the public will be entitled to make public comment. Landowners will also be provided written forms with which to register any protest of the proposed GSC, which must be received at the District office prior to the close of the hearing. After the close of the hearing, any landowner protests will be tabulated to determine whether a majority protest exists under Prop 218. If a majority protest exists, the fee will not be adopted.
- ▶ If no majority protest exists, the Board of Directors will consider all comments and protests, as well as this study and all other available evidence, to determine whether to adopt the GBC.

PROCESS

