



Implementing Groundwater Sustainability Plans Funding Small Basins

THE PROBLEM

Very small groundwater basins and small basins with large underrepresented communities' are struggling to fund the implementation of recently submitted Groundwater Water Sustainability Plans (GSPs) and the administration of Groundwater Sustainability Agencies (GSAs). Support for administration and reporting (tasks which are not eligible for DWR grants) is needed to help these GSAs bridge the gap while they seek reasonable options for long-term, sustainable agency funding.

PROPOSED SOLUTION

Allocate a total of \$10 million over two years (\$5 million in FY 2023-24 and \$5 million in FY 2024-25) in state budget funds for non-competitive matching funding to GSAs that manage very small basins to cover a portion of SGMA-required annual operating and monitoring costs. Very small basins include those that pump an average of less than 10,000 acre-feet (AFY) of groundwater annually or those that pump on average less than 20,000-acre feet and at least half the basin is classified as an underrepresented community.

FIXED COSTS

The mandates under SGMA result in fixed administrative and reporting costs. These include support for running a public agency such as Board meetings, Brown Act compliance, budgeting, accounting, and legal review. Costs also are incurred for maintaining new monitoring networks, data management systems, annual reports, groundwater models, and five-year updates. In basins with large populations or extensive commercial agriculture, these costs can be spread out over many users, but smaller basins do not benefit from such an economy of scale. Table 1, below, illustrates these challenges in seven basins with annual groundwater pumping of less than 10,000-acre feet annually (AFY).

Table 1. Annual fees required to cover basic costs of GSA compliance

Basin	Acre Feet pumped annually (AFY)	Annual basic costs of compliance*	Annual amount per AFY (for basic compliance)	Additional amount per AFY to fill data gaps, model, project planning	Total fee per AFY
Langley Subbasin	1,100	\$230,000	\$209	\$83	\$292
Corral de Tierra	1,295	\$230,000	\$177	\$77	\$254
Petaluma Valley	2,795	\$500,000	\$178	\$215	\$393
Santa Margarita	2,700	\$400,000	\$148		
Santa Cruz Mid-County	5,100	\$450,000	\$88		
Sonoma Valley	6,920	\$500,000	\$72	\$101	\$173
Ukiah Valley	6,484	\$330,000	\$51		

**Basic compliance costs vary widely from basin-to-basin depending on local labor costs, staff support provided by other local government agencies, history of groundwater issues/monitoring, and other factors.*

FUNDING OPTIONS

There has been limited assistance or guidance from the State in terms of options for funding the GSAs. The two most common approaches being pursued in California are member-agency funding and pumping-fee funded, based on actual or estimated pumping amounts, which is more common in agricultural hubs. A basin wide parcel tax can spread costs more widely but requires two-thirds voter support and is expensive to place on the ballot.

Member-agency funding leads to questions of the equitable distribution of costs. For example, in the Santa Cruz Mid-County Groundwater Basin, some residents are paying for the GSA costs through both their water rates and their property tax. The cost allocations are based on pumping impacts to the basin from each member agency, though the administrative burdens of SGMA are arguably independent of those impacts.

Table 1 illustrates the fee levels that would be required if these very small basins charged fees based on groundwater use. Two of these basins – Petaluma Valley and Sonoma Valley – completed fee studies in 2022 and adopted fees based on estimated use. In order to reduce the burden to groundwater pumpers (the majority are rural residents who use their wells for drinking water), the County of Sonoma provided a two-year contribution to the GSAs that allowed the fees to temporarily drop to \$40 per AFY. The subsidy, which was possible due to a one-year budget surplus, ends in 2024 and is not expected to be renewed.

Other basins with large underrepresented communities are struggling to identify funding options that are affordable to low-income residents and small farmers who rely on wells for drinking water, crops and livestock.

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