



SAN LUIS OBISPO COUNTY
DEPARTMENT OF PUBLIC WORKS

Wade Horton, Director

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November 17, 2015

Thomas Howard, Executive Director
State Water Resources Control Board
1001 I Street
Sacramento, CA 93814

SUBJECT: Request for Information Regarding Potential State Water Resources Control Board Fees and Management Activities within the boundaries of the proposed Paso Robles Basin Water District under the Sustainable Groundwater Management Act (SGMA)

Dear Mr. Howard,

On November 10, 2015, the San Luis Obispo County Board of Supervisors took action to initiate local SGMA compliance in the Paso Robles Groundwater Basin (Basin). Such action includes formation of the Paso Robles Basin Water District (a California Water District with certain unique features, including a hybrid board of directors as set forth in AB 2453 (Water Code Section 37900 et seq.) (Water District)¹ and the approval of a special tax² under Proposition 218. In addition, the Board of Supervisors directed the Public Works Director to write to the State Water Resources Control Board (SWB) in an attempt to seek clarity on SWB management in probationary basins under SGMA. Hopefully your staff can review the questions presented in this letter and are able to provide a response in a timely manner.

The decision to seek clarification from the SWB is based on feedback from outreach to over 1,300 unique stakeholders within the Basin. As these individuals learn about their management and funding options under SGMA, the most common question asked is what SWB management would entail. In order to provide voters with the most information possible prior to the March 8, 2016 elections, the following four categories are areas on which the County is seeking clarification and/or detailed information.

1. State Intervention³ - Groundwater Management

During meetings of the Local Agency Formation Commission (LAFCO) for the Water District formation, SWB staff attended two meetings and gave detailed presentations on SGMA and State groundwater management of a probationary basin. Due to the fact that

¹ The formation election is subject to a simple majority of ballots returned by affected landowners.

² The special tax election is subject to 2/3 approval of registered voters.

³ Per Water Code 10735 et seq.

State intervention may not start until 2018, details on this subject were still conceptual and limited to statements that groundwater management would focus solely on demand management. Your staff suggested that the SWB would meter all groundwater extractors in the basin, establish the sustainability goal of the basin, and reduce pumping of all extractors to meet the long-term sustainability goal. Additionally, no physical solutions would be investigated, developed or implemented. We are seeking confirmation of this demand management approach and would appreciate any additional input or direction on the subject.

2. State Intervention – Fees

During the same LAFCO meetings SWB staff also indicated that State intervention would result in a substantially higher cost to the regulated community than local management. While we understand the SWB is not obligated under SGMA to develop State fees until July 1, 2017,⁴ our local process has included the initiation of a Proposition 218 special tax proceeding, which means local SGMA compliance costs have been established. The proposed annual budget for local SGMA compliance is not to exceed \$950,000 and the following table shows the assignment of costs to parcels within the boundaries of the Water District.

TYPE OF CHARGE	ANNUAL CHARGE
1. All Parcel Charge	\$15
2. Per Unit Charge Single Family Residential (SFR) Multi-Family Residential (MFR) Commercial/Government/Industrial Vacant	\$20 \$40 \$100 \$10
3. Per Acre Charge Non-Irrigated Irrigated	\$0.25/acre \$18/acre

With this funding formula, a rural resident would pay the \$15/year parcel charge plus the Single Family Residential charge of \$20/year plus \$0.25 per acre for non-irrigated land. For example, a 10 acre homeowner with no identified irrigated land would have an annual cost of \$37.50. Our research indicates that approximately 60% of the Single Family Residential parcels (out of a total of 3,858) are on 10 acres or less. Thus, their annual charge would be \$37.50 or less, which amounts to only \$3.13 or less on a monthly basis.

Rangeland, open space and any other property not categorized as irrigated acreage would pay the \$15/year parcel charge plus the \$10/year vacant charge plus \$0.25 per acre. For example, a 100 acre parcel being utilized as rangeland would have an annual cost of \$50. Irrigated agriculture would pay the \$15/year parcel charge plus the \$10/year

⁴ Water Code Section 1529.5

vacant charge plus \$18 per acre of irrigated land. For example, a 100 acre parcel with 100% of the parcel being utilized for irrigated agriculture would have an annual cost of \$1,825. The intent of the large cost difference between the non-irrigated and irrigated charge is to best represent pumping activity (in the absence of metering) on that parcel.

Another way to look at the formula is to calculate costs on the same size parcel for various types of land use. The following chart shows the impact of the funding formula to SFR, MFR, commercial, rangeland and irrigated agriculture for 10, 25 and 100 acre parcel sizes.

10 Acre Parcel	Annual Charge	25 Acre Parcel	Annual Charge	100 Acre Parcel	Annual Charge
SFR	\$ 37.50	SFR	\$ 41.25	SFR	\$ 60.00
MFR	\$ 57.50	MFR	\$ 61.25	MFR	\$ 80.00
Commercial	\$ 117.50	Commercial	\$ 121.25	Commercial	\$ 140.00
Rangeland	\$ 27.50	Rangeland	\$ 31.25	Rangeland	\$ 50.00
Irrigated Ag (100% of Acreage Irrigated)	\$ 205.00	Irrigated Ag (100% of Acreage Irrigated)	\$ 475.00	Irrigated Ag (100% of Acreage Irrigated)	\$ 1,825.00

Given the fully developed Paso Robles Basin local SGMA compliance costs, we are hoping SWB staff can review these costs and provide input on:

- a) A comparison of SWB fees for the Paso Robles Basin
- b) Method of collection of such fees
- c) Voter approval (are SWB fees subject to Proposition 218?)
- d) What groundwater management efforts will still need to be accomplished at the local level simultaneous to SWB management

3. De Minimis User Exemptions

A common belief expressed during stakeholder outreach is that de minimis extractors⁵ are exempt from SGMA. County staff has interpreted any such “exemption” for de minimis extractors as limited to *local* metering programs⁶ and *regulatory* fees.⁷ We are seeking clarification that the SWB does not interpret the above-cited provisions as exempting de minimis users from a SWB metering program or SWB fees. Any other pertinent information regarding de minimis users as it relates to SWB management of the Paso Robles Basin would be appreciated.

4. Adjudication and SWB Groundwater Management

Another common belief expressed during stakeholder outreach is that “adjudication” of the Paso Robles Basin (a basin that is not identified in Water Code Section 10720.8) will eliminate the requirement for both local management and/or SWB intervention under

⁵ Water Code Sections 10721(e), 10725.8 and 10730

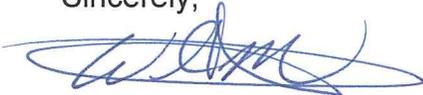
⁶ Water Code Section 10725.8

⁷ Water Code Section 10730

SGMA. Please elaborate on how local or SWB intervention would proceed should the Paso Robles Basin be adjudicated, both in the event that a “comprehensive adjudication” as described in the recently enacted AB 1390 and SB 226 (Civil Code Section 830(c) is initiated or in the event that the action does not ripen into such a “comprehensive adjudication.”

Thank you for taking the time to review this request and provide a response. If possible, I would kindly ask we receive a response by December 11, 2015. Should you have any questions, please contact John Diodati at (805) 788-2832 or jdiodati@co.slo.ca.us.

Sincerely,

A handwritten signature in blue ink, appearing to read 'WADE HORTON', with a large, sweeping flourish extending to the left.

WADE HORTON
Director of Public Works

c: Assemblyman Katcho Achadjian
Senator Bill Monning
Erik Ekdahl, SWB

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