

McMullin Area GSA

Fee Study



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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 (i.e. no subsidies) → \$/acre fee
 - Project team reviewed other revenue recovery methods such as pumping fees (\$/AF) and well fees (\$/well capacity)
 - MAGSA does not have detailed pumping data available
- Prop 218 procedural requirements
 - Mail a notice to property owners
 - Hold a public hearing minimum of 45 days later
 - Absent majority protest, MAGSA may adopt fees



Fee Calculation

	Option 1	Option 2
	All parcels	Excludes parcels of 2 acres or less
Estimated Budget	\$2,175,000	\$2,175,000
Acres	114,749	114,475
Fee	\$18.95 (\$/acre)	\$19.00 (\$/acre)

Total difference in fee calculation: \$0.05/acre



Fee Option Comparison

- Difference is \$0.05/acre per year
- Impacts 274 acres
- Parcels 2 acres or less contribute about \$5,200 per year under Option 1 (0.2% of revenue)
- As a point of comparison, the budget includes contingency of 15% or about \$284,000 annually



Fee Calculation Notes

- Fees in the Prop 218 notice are the max fees that may be adopted
- Board may lower fees without conducting another Prop 218 notice and hearing process

	FY2019	FY2020	FY2021	FY2022	FY2023
Budget	\$2,175,000	\$2,175,000	\$2,175,000	\$2,175,000	\$2,175,000
Less Grant	<u>(\$107,000)</u>	<u>(\$107,000)</u>			
Net	\$2,068,000	\$2,068,000	\$2,175,000	\$2,175,000	\$2,175,000
Option 1	\$18.02	\$18.02	\$18.95	\$18.95	\$18.95
Option 2	\$18.07	\$18.07	\$19.00	\$19.00	\$19.00



Impacts on Ratepayers

- Fees are needed to comply with SGMA and fund the GSP and basin monitoring activities
- Non-compliant GSA could be subject to fees imposed by the State Water Resources Control Board of up to \$195/acre
- Next Steps:
 - Print and mail Prop 218 notices by April 23
 - Hold a public hearing on June 6
 - Tabulate protest votes
 - Absent a majority protest, MAGSA may adopt the fees



Questions?

