
File No.: 18-0328

Agenda Date: 4/24/2018

Item No.: *2.11.

SUPPLEMENTAL BOARD AGENDA MEMORANDUM

SUBJECT:

Public Hearing - Annual Report on the Protection and Augmentation of Water Supplies - February 2018 and Recommended Groundwater Production and Other Water Charges for Fiscal Year 2018-2019 (FY 2018-19).

REASON FOR SUPPLEMENTAL MEMORANDUM:

To provide additional information regarding the Open Space Credit Policy in response to Board member questions and to summarize potential Board actions. Information in the attachment was not available with sufficient time for the regular 10-day posting.

RECOMMENDATION:

- A. Continue the public hearing pursuant to Section 26.6 of the District Act to consider the District FY 2018-19 Annual Report on the Protection and Augmentation of Water Supplies (PAWS Report), and consider public comments from groundwater producers and any interested persons regarding the PAWS Report;
- B. Direct staff to review the PAWS Report with, and solicit comments from the District's advisory committees;
- C. Hear public comments from groundwater producers and any interested persons regarding such report; and
- D. Close the public hearing.

SUMMARY:

Staff has prepared the attached PowerPoint presentation, which summarizes several potential options for setting the agricultural groundwater production charge for FY 2018-19, and some additional ideas related to the Open Space Credit for the Board's consideration.

The staff recommendation would increase the agricultural groundwater charge from \$25.09 per acre-foot (AF) to \$30.61/AF, or from 6% of the South County Municipal and Industrial (M&I) charge to 6.8%. Setting the agricultural groundwater charge at this amount would reduce the Open Space Credit by ~\$100K relative to setting the agricultural groundwater charge at 6% of the South County

M&I charge and would be the first year of a 5-year path to set the agricultural groundwater charge at 10% of the South County M&I charge by FY 2023.

The Board could continue its past practice of setting the agricultural groundwater charge at 6% of the South County M&I charge, or an increase from \$25.09/AF to \$27.02/AF for FY 2019. This option would increase the Open Space Credit by ~\$100K relative to the staff recommendation.

Finally, the Board could adopt the recommendation of the Agricultural Advisory Committee, which is very similar to the Board's past practice, and would set the agricultural groundwater charge at 5.96% of the South County M&I charge, or an increase from \$25.09/AF to \$26.84/AF for FY 2019. This option would also increase the Open Space Credit by ~\$100K relative to the staff recommendation.

Other ideas for Board consideration include:

1. Direct staff to analyze agricultural water usage trend scenarios and the potential impact of those scenarios on the Open Space Credit projection. The current Open Space Credit projection assumes flat agricultural water usage into the future. An assumed decrease in agricultural water usage for example, would reduce the Open Space Credit projection.
2. Direct staff to research the feasibility of a discount program for Williamson Act participants, which would ease the burden of agricultural water charge increase on Williamson Act participants who are bound by contractual development restrictions and crop production obligations
3. Direct staff to seek contributions from private companies or other governmental agencies to help fund the Open Space Credit, which would help preserve agriculture and open space in the county.

FINANCIAL IMPACT:

There is no financial impact associated with holding the hearing. If at a subsequent meeting, the Board approves the recommended groundwater production and other water charges or obtains alternate funding mechanisms, the Water Utility should have sufficient funding for planned operations and capital improvement projects for FY 2018-19.

CEQA:

The recommended action, the holding of a public hearing is not a project under CEQA. Further, establishment of groundwater production charges is not a project under CEQA. CEQA Guidelines Section 15273(a) reads as follows: CEQA does not apply to establishment or modification of charges by public agencies which the public agency finds are for the purpose of meeting operating expenses; purchasing or leasing supplies, equipment and materials; meeting financial reserve needs/requirements; and obtaining funds for capital projects needed to maintain service within existing service areas.

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ATTACHMENTS:

Attachment 1: PowerPoint

UNCLASSIFIED MANAGER:

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