NAPA COUNTY
GROUNDWATER SUSTAINABILITY AGENCY

FEE STUDY OVERVIEW

DECEMBER 9, 2025

SCI Consulting Group
Public Finance Consulting Services

LWA LARRY WALKER ASSOCIATES

AGENDA

1. Fee Study Purpose & Legal Basis
2. Budget & Revenue Requirement
3. Fee Structure & Methodology
4. Implementation Procedure & Next Steps

FEE PURPOSE & LEGAL BASIS

FEE STUDY PURPOSE

- Describe the annual costs of implementing the Groundwater Sustainability Plan;
- Determine the appropriate allocation of GSP implementation costs across groundwater user classes;
- Describe the apportionment of costs to parcels that benefit from GSP implementation within NCGSA; and,
- Establish a rate and fee schedule to recover GSP implementation costs needed to achieve Subbasin sustainability.

FEE STUDY LEGAL BASIS (1) – WATER CODE § 10730

- Water Code § 10730 authorizes GSAs to impose fees on groundwater extraction or other regulated activity to fund the cost of a groundwater sustainability program, including, but not limited to:
  - Preparation, adoption, and amendment of a groundwater sustainability plan; and
  - Investigations, inspections, compliance assistance, enforcement; and
  - Program administration, including a prudent reserve.
- Water Code § 10730 also requires that prior to imposing a fee on de minimis users (those who use less than 2 AF per year for domestic purposes), a GSA must establish that these users are regulated.
  - The Fee Study proposes that regulation of de minimis users is demonstrated by the development and implementation of the Napa Valley Subbasin GSP.
  - As an additional step, the proposed resolution before the Board confirms that de minimis groundwater use is regulated pursuant to the GSP and de minimis users are subject to regulation as authorized under SGMA.

FEE STUDY LEGAL BASIS (2) – PROPOSITION 26

- Proposition 26, as enshrined in Article XIII C of the State Constitution, defines all charges imposed by public agencies as 'taxes,' with certain exceptions.
- The proposed NCGSA Fee falls primarily under the following exception listed in Article XIII C:
  - *A charge imposed for a specific benefit conferred or privilege granted directly to the payor that is not provided to those not charged, and which does not exceed the reasonable costs to the local government of conferring the benefit or granting the privilege.*
- The Fee Study establishes the legal basis by which the proposed Fee Program is a regulatory fee under Proposition 26.

BUDGET & REVENUE REQUIREMENT

BUDGET

- Based on projected annual GSA costs.
- Represents the total estimated annual expenses, not the revenue need applied to fees.

Estimated Annual Expenses	Total Estimated Annual Cost
Administrative Costs	
Agency Administration	
General Administration Services	$446,017
Accounting/Auditing Services	$500
Legal Services	$20,000
Operational Coordination	
Technical Advisory Group Membership	$67,500
Napa County RCD Collaboration, Stream Watch and ISW/GDE	$177,000
Fee Program Annual Administration	$25,000
Stakeholder Engagement/Outreach	$69,600
Subtotal	$805,617
Professional Services	
Monitoring and Reporting	
Program Management and Administration	$80,300
Required GSP Annual Report	$94,758
GSP Periodic Evaluation	$69,832
Napa Valley GSP Monitoring & Data Management / Visualization	$85,526
Evaluation of Hydrologic Data / Sustainability Indicators	$19,878
Technical Advisory Group Meeting Coordination and Support	$74,200
Napa Valley Integrated Hydrologic Model Refinement	$102,192
GSA Coordination with SB SDA Watershed Modeling	$26,222
Management Actions	
Grant Proposal Support	$7,550
Stream Gage Improvement Program Ongoing O&M	$155,042
Data Management System Infrastructure Improvements	$75,000
Napa Valley Integrated Hydrologic Model Scenarios/Application	$75,680
ISW / GDEs Workplan Implementation	$318,950
Demand Management / GPR & WC Workplan Implementation	$472,653
GSP-Related Support for Fee Program	$4,900
Subtotal	$1,662,683
Total	$2,468,300

COST CATEGORIZATION

- **Common Costs**: costs that provide benefit broadly to all groundwater users.
- **Applied Groundwater Use Costs**: costs that focus on large-scale applied groundwater use and provide benefit to large-scale users.

Estimated Annual Expenses	Total Estimated Annual Cost	Common Costs	Applied Groundwater Costs
Administrative Costs			
Agency Administration			
General Administration Services	$446,017	$446,017	
Accounting/Auditing Services	$500	$500	
Legal Services	$20,000	$20,000	
Operational Coordination			
Technical Advisory Group Membership	$67,500	$67,500	
Napa County RCD Collaboration, Stream Watch and ISW/GDE	$177,000		$177,000
Fee Program Annual Administration	$25,000		$25,000
Stakeholder Engagement/Outreach	$69,600	$59,600	$10,000
Subtotal	$805,617	$593,617	$212,000
Professional Services			
Monitoring and Reporting			
Program Management and Administration	$80,300	$80,300	
Required GSP Annual Report	$94,758	$94,758	
GSP Periodic Evaluation	$69,832	$69,832	
Napa Valley GSP Monitoring & Data Management / Visualization	$85,526	$85,526	
Evaluation of Hydrologic Data / Sustainability Indicators	$19,878	$19,878	
Technical Advisory Group Meeting Coordination and Support	$74,200	$74,200	
Napa Valley Integrated Hydrologic Model Refinement	$102,192	$102,192	
GSA Coordination with SB SDA Watershed Modeling	$26,222	$26,222	
Management Actions			
Grant Proposal Support	$7,550		$7,550
Stream Gage Improvement Program and Ongoing O&M	$155,042		$155,042
Data Management System Infrastructure Improvements	$75,000		$75,000
Napa Valley Integrated Hydrologic Model Scenarios/Application	$75,680		$75,680
ISW / GDEs Workplan Implementation	$318,950		$318,950
Demand Management / GPR & WC Workplan Implementation	$472,653		$472,653
GSP-Related Support for Fee Program	$4,900		$4,900
Subtotal	$1,662,683	$552,908	$1,109,775
Total	$2,468,300	$1,146,525	$1,321,775
Proportional Percentage	100%	46%	54%

COUNTY CONTRIBUTION

- County contribution purpose:
  - To reduce the revenue need and rates.
  - To reduce the burden on self supplied groundwater users.
  - To provide financial stability.

- Total County contribution: $500,000.
  - $300,000 applied broadly to reduce revenue need and fee rates.
  - $100,000 applied to self-supplied users.
  - $100,000 used for reserve fund and fee waivers for eligible self-supplied users.

Application of $300,000 to Reduce Rates

Cost Category	Amount	Percentage of Cost
Total Cost	$2,468,300	100%
County Contribution	$300,000	12%
Revenue Requirement	$2,168,300	88%
Common Cost Revenue Need	$1,007,175	46%
Applied GW Use Cost Revenue Need	$1,161,125	54%

Application of $100,000 to Support Reserves / Fee Waivers

	2026-27	2027-28	2028-29	2029-30	2030-31
Fee Waivers	50	50	50	50	50
Waived Revenue	$3,129	$3,129	$3,129	$3,129	$3,129
Remaining Contribution	$96,871	$96,871	$96,871	$96,871	$96,871
Cumulative Reserve Fund	$96,871	$193,742	$290,612	$387,483	$484,354

FEE STRUCTURE & METHODOLOGY

PROPOSED FEE APPROACH

- The Fee Study proposes the use of a hybrid methodology that allocates the cost of GSP implementation across three designated 'user classes,' each with a unique type of charge.
- To apportion costs equitably across these user classes, the Study utilizes two distinct approaches:
  - (1) Categorization of costs as either 'Common Costs' or 'Applied Groundwater Use Costs.'
  - (2) Calculation of five-year average groundwater pumping to allocate costs.
- Costs are apportioned based on the degree of benefit they provide to each user class.

GROUNDWATER USER CLASSES

Agricultural Groundwater Users

- Agricultural irrigators extracting groundwater.
- Designated by identifying all parcels within the Subbasin that contain planted crop acreage (as sourced from the Napa County Assessor's Office).

Self-Supplied Groundwater Users

- Domestic or small commercial property owners extracting groundwater (largely rural domestic groundwater users).
- Designated by identifying all parcels with County use codes indicating water use that lie outside of water system service areas.

Public water system groundwater Users

- Municipal and small state water systems extracting groundwater.
- Designated by identifying all water systems within the Subbasin.

COST ALLOCATION – BASED ON AVERAGE PUMPING

Water Year	Pumping or Percentage of Pumping	Agricultural	Self Supplied	PWS	Total
2020	Pumping (AF)	14,620	3,560	1,390	19,570
	Percentage of Pumping	74.7%	18.2%	7.1%	100%
2021	Pumping (AF)	17,340	4,070	1,580	22,990
	Percentage of Pumping	75.4%	17.7%	6.9%	100.0%
2022	Pumping (AF)	14,200	3,400	1,520	19,120
	Percentage of Pumping	74.3%	17.8%	7.9%	100.0%
2023	Pumping (AF)	11,170	2,730	1,400	15,300
	Percentage of Pumping	73.0%	17.8%	9.2%	100.0%
2024	Pumping (AF)	11,790	2,870	1,550	16,210
	Percentage of Pumping	72.7%	17.7%	9.6%	100.0%
Average	**Pumping (AF)**	**13,824**	**3,326**	**1,488**	**18,638**
	Percentage of Pumping	**74.2%**	**17.8%**	**8.0%**	**100.0%**

Five-year average pumping (2020 – 2024) across user classes is used to allocate costs.

COST ALLOCATION – AVERAGE PUMPING & COST CATEGORIES

User Class	5-Year Average Pumping [1]	% of Total Pumping [2]	Common Cost Allocation [3]	% of Non-De Minimis Pumping [4]	Applied GW Cost Allocation [5]	Total Revenue Requirement [6]
	18,638	100%	$1,007,175	100%	$1,161,125	$2,168,300
Agricultural	13,824	74.2%	$747,032	90.3%	$1,048,288	$1,795,321
Self-Supplied	3,326	17.8%	$179,733	0.0%	$0	$179,733
PWS	1,488	8.0%	$80,410	9.7%	$112,837	$193,246

(1) Five-year average pumping is derived from the GSA's Annual Reports.
(2) Calculated by dividing each user class's average pumping by the total average pumping.
(3) Calculated by multiplying each user class's percentage of average pumping by the total Common Cost.
(4) Calculated by dividing each user class's pumping by the sum of agricultural and PWS pumping (self-supplied users are excluded from Applied Groundwater Use Costs).
(5) Calculated by multiplying each user class's percentage of non-de minimis pumping by the total Applied Groundwater Use Cost.
(6) Calculated by adding the Common Cost Allocation and the Applied Groundwater Use Cost Allocation for each use class. Note that the self-supplied user class budget allocation will be offset by $100,000 from the County Contribution, reducing it to $79,733.

AGRICULTURAL USER RATE CALCULATION

Base Rate per Planted Acre

- Total Common Costs allocated to agricultural users: $747,032.
- Total planted acreage (Napa County Assessor): 19,361.

$$\frac{\$747{,}032}{19{,}361 \text{ Planted Acres}} = \$38.58 \text{ per planted acre}$$

Additional Rate per Groundwater-Irrigated Acre

- 19,361 planted acres * 90% = 17,425.
  - 10% of planted acreage is assumed to be dry farmed or use >50% alternative water sources.
- This rate would not apply to users who dry farm or primarily use alternative water sources.

$$\frac{\$1{,}048{,}288}{17{,}425 \text{ GW-Irrigated Acres}} = \$60.16 \text{ per GW-irrigated acre}$$

Combined Rate for Groundwater-Irrigated Acres

- Sum of base rate and additional rate.

$38.58	per planted acre
+ $60.16	per GW-irrigated acre
$98.74	total per GW-irrigated acre

SELF-SUPPLIED USER RATE CALCULATION

Self-Supplied Rate per Parcel

- Total Common Costs allocated to self-supplied users: $79,733.
- Total self-supplied parcels identified by flagging all parcels with County use codes indicating water use (e.g., residential) outside of public water systems: 1,274.

$$\frac{\$79{,}733}{1{,}274 \text{ Parcels}} = \$62.58 \text{ per parcel}$$

PUBLIC WATER SYSTEM RATE CALCULATION

Public Water System Rate per Acre Foot

- Total costs allocated to PWS users: $193,246.
- Total average PWS extraction (sourced from GSA Annual Reports): 1,488 AF.

$$\frac{\$193,246}{1,488 \text{ Acre Feet}} = \$129.87 \text{ per acre foot}$$

SUMMARY RATE TABLE

User Class / Charge Type	Cost Allocation	Rate	Basis
Agricultural User Base Rate	$747,032	$38.58	per planted acre
Agricultural User Additional Rate	$1,048,288	$60.16	per GW-irrigated acre
Agricultural User Combined Rate	NA	$98.74	per planted acre (total)
Self-Supplied User Rate	$79,733	$62.58	per parcel
Public Water System User Rate	$193,246	$129.87	per AF

RATE EXAMPLES

Agricultural User Rate Examples

Hypothetical User	Cropped Acres	Rate (per cropped acre)	Hypothetical Charge (per Parcel)
Small Agricultural User **GW-Irrigated**	5	$98.74	$494
Large Agricultural User **GW-Irrigated**	50	$98.74	$4,937
Small Agricultural User **Dry-Farmed**	5	$38.58	$193
Large Agricultural User **Dry-Farmed**	50	$38.58	$1,929

Note: median number of cropped acres per agricultural parcel: 9.

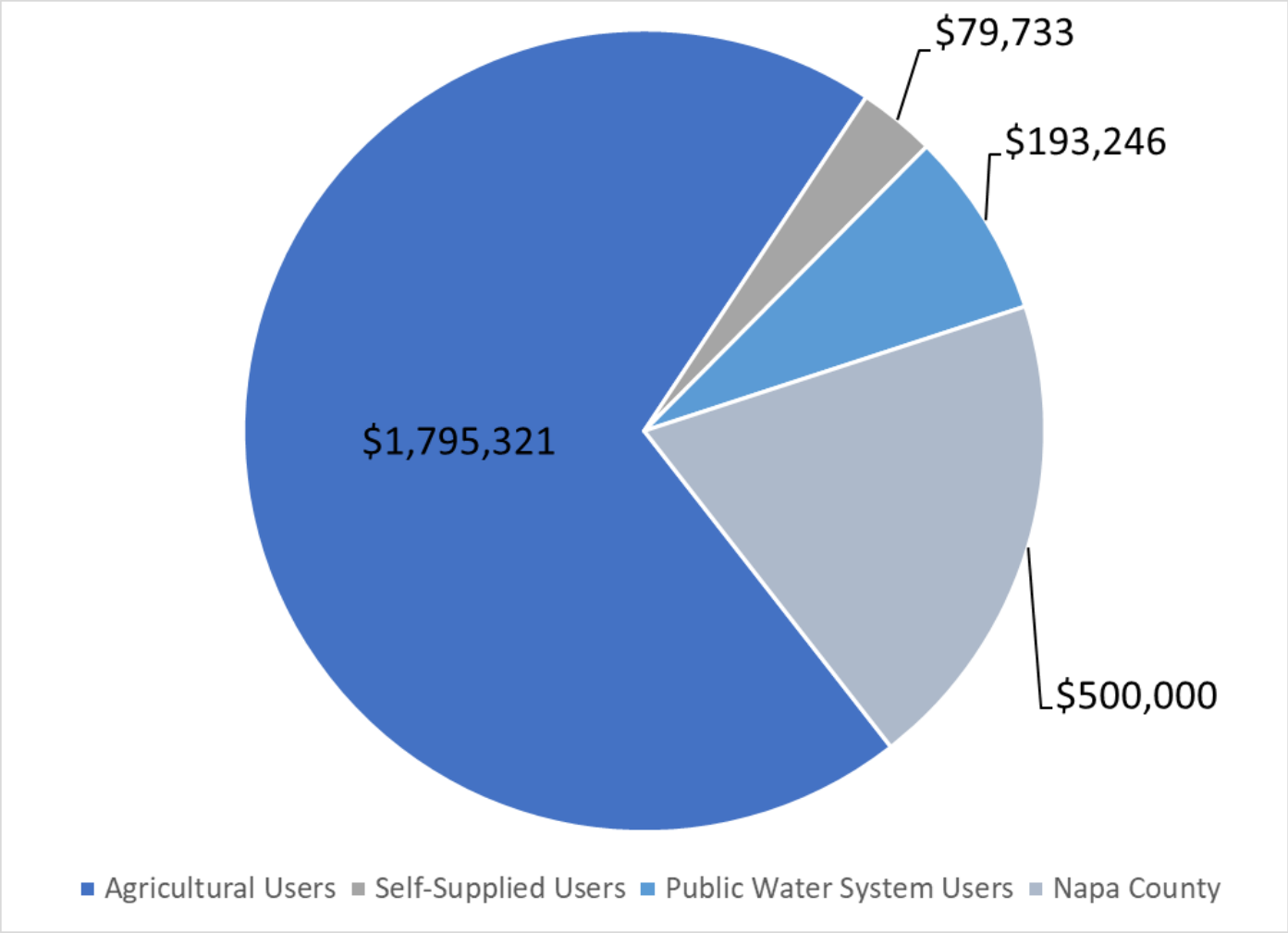
Self-Supplied User Rate Examples

Hypothetical User	Parcel Size (Acres)	Rate (per Parcel)	Hypothetical Charge (per Parcel)
Small Self-Supplied Parcel	0.5	$62.58	$63
Large Self-Supplied Parcel	3	$62.58	$63

Public Water System User Rate Examples

Hypothetical User	Average Extraction (AF)	Rate (per AF)	Hypothetical Charge (per System)
Small PWS	0.5	$129.87	$65
Large PWS	450	$129.87	$58,441

SUMMARY BUDGET ALLOCATION TABLE



IMPLEMENTATION PROCEDURE AND NEXT STEPS

IMPLEMENTATION PROCEDURE – WATER CODE § 10730

- Provide notice of public meeting on website and in local periodical (20 days prior to meeting).
- Hold public meeting:
  - Provide overview of the Fee Study and data supporting the fee structure and amount;
  - Provide opportunity for public comment.
- If charging de minimis users, confirm they are regulated pursuant to the GSP.
- Fees may be imposed by ordinance or resolution.

POTENTIAL NEXT STEPS

December 9, 2025:

- GSA Board will consider adopting the proposed Fee methodology as described in the Fee Study.

Spring 2026:

- Additional outreach.
- Postcard mailer:
  - Provide opportunity for agricultural users to submit claims of dry farming / use of alternative water sources.
  - Provide opportunity for self-supplied users to submit fee waiver requests.
  - Calculate average extraction for PWS on a system-by-system basis.

Summer 2026:

- Final development and submittal of direct charge levy roll to Napa County Auditor.

QUESTIONS / DISCUSSION

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