

# **SGMA Implementation – Where Are We Now?**

## **Presentation to Water Education Foundation Executive Briefing**

**March 17, 2016  
Sacramento, California**



**David Aladjem  
Downey Brand LLP  
Sacramento, California**

# Introduction

---

- ACWA's Attorneys' Committee
- Ongoing Implementation

# SGMA Implementation – The Big Picture

- Organizing the effort – September 2014 to June 30, 2017
- Planning for sustainability - July 2017 to January 2020/2022
- Implementing the plan – January 2020/22 and beyond

# Organizing the Effort – Practical Considerations

- Becoming a GSA – Everybody wants to be in charge
  - Is it worth it?
  - Is it about ego?
  - Can your agency do it well?

# Organizing the Effort – Practical Considerations (cont.)

- Overlapping GSAs – Can we actually work together?
  - DWR's goals
  - JPAs and MOUs
  - Facilitation may be needed
  - Intersection of politics and technical expertise

# Organizing the Effort – Practical Considerations(cont.)

- No GSA – Let the State do it
  - Accountability and responsibility
  - Who can deliver a bad message better?
  - What about funding?
  - Paso Robles – the perfect storm
- Opting in to SGMA?
  - Why??
  - Process – Legislation/MOU?

# Developing a GSP

- Bonanza for consultants (and lawyers)
- GSP regulations
- How much oversight will DWR wield?
  - No real evaluation
  - Second-guessing everything
  - "Substantial compliance" – suggested by ACWA
  - "Substantial evidence" – adequate if stamped by a PE

# Financing a GSP – Existing Sources of Funds

- Existing financial resources (operating revenues/reserves)
- Increased water rates
  - Possible in some (but not all) urban areas
  - Not possible in "white areas"
  - Difficult in many agricultural areas (but not all)



# Financing a GSP – New Funding Sources

- California Law on New Funding Sources
  - Proposition 26 – New special taxes require a 2/3 majority vote
  - Proposition 218 – New property-related fees/charges can be approved if there is no majority protest
  - Regulatory fees – No voter approval, provided that the fee meets the standards.

# Financing a GSP – New Funding Sources (cont.)

- What is a Groundwater Extraction Fee?
  - *Pajaro*
  - *Great Oaks*
  - *City of San Buenaventura*
  - Waiting for the Supreme Court

# Financing a GSP – New Funding Sources (cont.)

- What should the answer be?
  - Planning costs – Regulatory fee
  - Metering and monitoring costs – Regulatory fee
  - Extraction fee to deter additional use – Regulatory fee
  - Costs to import additional water (not covered by water rates) – Property-related fee subject to Proposition 218
  - Costs for new facilities (e.g., new wells) – Property-related fee subject to Proposition 218
  - Generalized revenue – Proposition 26

# Conclusion

- Still at the beginning of the process; shape of implementation is beginning to become clear
- DWR needs to address the "Goldilocks Problem"
- Key issue will be funding; we're waiting on the Supreme Court

# It Will Be a Wild Ride



---

# Thanks!

**David Aladjem**  
**Downey Brand LLP**  
**(916) 520-5361**  
**[daladjem@downeybrand.com](mailto:daladjem@downeybrand.com)**