

PASO ROBLES AREA GROUNDWATER AUTHORITY
August 1, 2025

Agenda Item #8 – Alternative Revenue Options

Recommendation

None; information only.

Prepared By

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Discussion

On May 28, 2025, the Paso Robles Area Groundwater Authority (PRAGA) Board of Directors authorized staff to release a draft Cost of Service Study consistent with the requirements of Water Code section 10730.2. On June 9, 2025, a notice for the proposed groundwater charge program was distributed to the owners of approximately 1,300 parcels.

A public hearing is scheduled for August 1, 2025, at 10 a.m. to tabulate protests and consider placing proposed charges on the tax roll if the proposed groundwater charge is adopted.

If the proposed groundwater charge program is not adopted, then the Board may consider establishing an alternative funding mechanism. Presented below are three alternatives. PRAGA staff, after consulting with GSA staff, **recommends option 2.**

Staff requests Board feedback on these options at the August 1, 2025, Board meeting. Staff will incorporate any Board feedback and present these options for formal Board direction at a subsequent meeting (planned for early August).

| | Funding Components | Process | Considerations |
|----------|--------------------|---|---|
| Option 1 | GSA Contributions | <ol style="list-style-type: none">1. Board to revise the Fiscal Year (FY) 25-26 budget in early August.2. Revenue needs for the remainder of Calendar 2025 to be funded by GSA contributions per the JPA and consider voluntary contributions for January-June 2026. | <ul style="list-style-type: none">• Low implementation costs.• Most restrictive revenue potential.• Potentially quickest revenue option.• Not all GSAs may have available funding. |

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| Option 2 <i>Staff Recommendation</i> | Gap Funding + Prop 26 Rate Process | <ol style="list-style-type: none"> 1. Board to revise the FY 25-26 budget in early August. 2. Secure gap funding (GSA contributions/or loan). 3. Initiate a Prop 26 process by late August 4. Public hearing in September. 5. Invoices and payments in October/November. | <ul style="list-style-type: none"> • Moderate implementation costs. • More flexible revenue potential. • Ability to incorporate additional ET months. • Direct bill costs first year. • Simplified process (no protest process). • Reduced flexibility on project funding. |
| Option 3 | Gap Funding + Prop 218 Rate Process | <ol style="list-style-type: none"> 1. Board to revise the FY 25-26 budget in early August. 2. Secure gap funding (GSA contributions/or loan). 3. Undertake a new Prop 218 process (immediately, or in time to fund FY 26-27). | <ul style="list-style-type: none"> • Higher implementation costs. • Most flexible revenue potential. • Ability to incorporate additional ET months and improved data (i.e. parcel). • Direct bill costs first year. • Greater flexibility on project funding. • Risk of majority protest. |

Additional Information on Alternative Funding Options

Prop 26 Process (Water Code Section 10730):

“(a) A groundwater sustainability agency may impose fees, including, but not limited to, permit fees and fees on groundwater extraction or other regulated activity, to fund the costs 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. A groundwater sustainability agency shall not impose a fee pursuant to this subdivision on a de minimis extractor unless the agency has regulated the users pursuant to this part.

(b)(1) Prior to imposing or increasing a fee, a groundwater sustainability agency shall hold at least one public meeting, at which oral or written presentations may be made as part of the meeting.

(2) Notice of the time and place of the meeting shall include a general explanation of the matter to be considered and a statement that the data required by this section is available. The notice shall be provided by publication pursuant to Section 6066 of the Government Code, by posting notice on the Internet Web site of the groundwater sustainability agency, and by mail to any interested party who files a written request with the agency for mailed notice of the meeting on new or increased fees. A written request for mailed notices shall be valid for one year from the date that the request is made and may be renewed by making a written request on or before April 1 of each year.

(3) At least 20 days prior to the meeting, the groundwater sustainability agency shall make available to the public data upon which the proposed fee is based.

(c) Any action by a groundwater sustainability agency to impose or increase a fee shall be taken only by ordinance or resolution.

(d)(1) As an alternative method for the collection of fees imposed pursuant to this section, a groundwater sustainability agency may adopt a resolution requesting collection of the fees in the same manner as ordinary municipal ad valorem taxes.

(2) A resolution described in paragraph (1) shall be adopted and furnished to the county auditor-controller and board of supervisors on or before August 1 of each year that the alternative collection of the fees is being requested. The resolution shall include a list of parcels and the amount to be collected for each parcel.”

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