

To: Malaga County Water District

From: Michael Taylor

Subject: SGMA impacts Groundwater Sustainability

Date: February 4, 2025

This memorandum is an update from the memorandum dated July 25, 2024.

Impact of SGMA requirements:

The previous memorandum discussed the impact of SGMA requirements and provided a recommended basis for establishing charges for groundwater sustainability.

One of the benefits of the recent meetings was the establishment of estimates of water returned to the sewer system from the specific customers. There may still be several meetings required to confirm an estimate of water returned to the sewer system from specific locations.

Updated information from FID and FMFCD is as follows:

FMFCD charges \$4 per AF delivered to the basin. The estimated amount to be delivered for the benefit of MCWD is 756 AF/Yr. This results in \$3,024 per year as a charge from FMFCD for maintenance of the basin. This number is subject to change but there is no schedule of proposed changes at this time.

There will also be a small amount of maintenance to the metering stand as performed by MCWD. I would assume \$1,500 of MCWD time.

The FID charge as provided by FID in March 2024 is as follows:

2023 Water Service Charge	\$53.76/Ac	378 acres	\$20,321
2024 Water Service Charge	\$89/Ac	378 acres	\$33,542
2025 Water Service Charge	\$99/Ac	378 acres	\$37,422
2026 Water Service Charge	\$109/Ac	378 acres	\$41,202
2027 Water Service Charge	\$119/Ac	378 acres	\$44,982
2028 Water Service Charge	\$128.75/Ac	378 acres	\$48,667.50

Total

2023	\$24,845
2024	\$38,066
2025	\$41,946
2026	\$45,726
2027	\$49,506
2028	\$53,191.50

https://us-partner-integrations.egnyte.com/msoffice/wopi/files/736a790a-a923-43e4-a6a0-f17d41e1a2c3/WOPIServiceId_TP_EGNYTE_PLUS/WOPIUserId_29.ppeng.egnyte.com/2025 0204 SGMA impacts.docx

Recommended method to determine groundwater sustainability charge:

An update to the previous alternatives is to restrict the groundwater sustainability charge to commercial and industrial connections. The vast majority of the groundwater deficit is due to commercial and industrial connections. Each commercial or industrial customer could be charged based on the total water not returned to the sewer less than the 58% expectation.

The NKGSA original estimate of the water use for Malaga County Water District was 58% water use indoors and 42% water use outdoors. Said estimate included percolation of 15% of the outdoor water use. This original estimate is deemed to be more representative of the MCWD community, without the commercial and industrial impact. The original estimate resulted in a calculated groundwater deficit of 374 AF/yr, rather than the final determination of 756 AF/yr.

The Charges for Groundwater Sustainability could be for commercial/industrial customers returning less than 58% of water used to the sewer. The basis could be determined by water meter records and actual (or estimated) sanitary sewer flows. The total funds that would need to be accumulated for 2025 are \$41,946. The charges would be based on the relative amount of water not returned to the sewer by the commercial/industrial customers.

Overall MCWD System in 2024 was as follows:

Total pumped	468,827,000	gallons
Total received at the WWTF	163,258,000	gallons
Net Total not returned to the WWTF by remaining users	305,569,000	gallons

If there is a total not returned, then the connection is charged the relative share of the total water not returned.

For example:

If a customer used 10,000 gallons of water over the course of a year the expected return to the sewer would be 5,800 gallons. If the customer only returned and discharged 4,300 gallons per year (43%) then the charge for groundwater mitigation would be based on 1,500 gallons not returned to the sewer.

Total water used	10,000	gallons
Total wastewater discharged	4,300	gallons
Expected wastewater return (58%)	5,800	gallons
Difference from expectation	1,500	gallons
Overall total not returned to the WWTF	305,569,000	gallons
Percent of overall total	0.00049	%
Funds required to accumulate	\$41,946	
Charge to customer	\$0.21	

Customer “A” example

Total water used	129,614,884	gallons
Total wastewater discharged	45,342,483	gallons
Expected wastewater return (58%)	75,176,633	gallons
Difference from expectation	29,834,150	gallons
Overall total not returned to the WWTF	305,569,000	gallons
Percent of overall total	29,834,150/305,569,000 =	9.76 %

The commercial/industrial accounts contribute 126,994,080 gallons toward the overall deficit. No other accounts are assessed the groundwater sustainability charge, therefore the percentage is prorated up to generate the necessary fund amount.

The proration is $9.76\% / (126,994,080 / 305,569,000) = 23.48\%$

Funds required to accumulate	\$41,946
Charge to customer	\$ 9,848.92

Annexations

Each annexation to MCWD would change the basis of groundwater mitigation charges. In addition, each annexation will change the total FID invoice to MCWD for water allocations.

New annexations may need to obtain additional surface water supply, similar to what Malaga Power was required to do.