

BEFORE THE BOARD OF SUPERVISORS

of the

SAN LUIS OBISPO COUNTY FLOOD CONTROL AND WATER CONSERVATION DISTRICT

_____ day _____, 20

PRESENT: Supervisors

ABSENT:

RESOLUTION NO. _____

**A RESOLUTION OF THE SAN LUIS OBISPO COUNTY
FLOOD CONTROL AND WATER CONSERVATION DISTRICT
BOARD OF SUPERVISORS CALLING FOR AN ELECTION TO IMPOSE
A SPECIAL TAX UPON PARCELS LOCATED WITHIN FLOOD CONTROL
DISTRICT ZONE 19 FOR THE PURPOSE OF FUNDING THE SERVICES
NECESSARY TO COMPLY WITH THE REQUIREMENTS OF THE SUSTAINABLE
GROUNDWATER MANAGEMENT ACT OF 2014 (WATER CODE §§ 10720 ET SEQ.)**

The following Resolution is hereby offered and read:

WHEREAS, the San Luis Obispo County Flood Control and Water Conservation District Act (Flood Control District Act), set forth in Chapter 49 of the California Water Code Appendix, created the San Luis Obispo County Flood Control and Water Conservation District (Flood Control District or District); and

WHEREAS, the objects and purposes of the Flood Control District Act include, without limitation, to increase and prevent the waste or diminution of the water supply in the District, to obtain, retain and reclaim waters for beneficial use and to save and conserve in all or any manner the waters of the District; and

WHEREAS, pursuant to Water Code Section 10750 et seq., the Flood Control District adopted a Groundwater Management Plan for portions of the Paso Robles Groundwater Basin on March 27, 2012; and

WHEREAS, on September 16, 2014, the Governor approved the Sustainable Groundwater Management Act of 2014 (Water Code §§ 10720 et seq.) (SGMA); and

WHEREAS, SGMA requires that groundwater basins which the Department of Water Resources (Department) has categorized as high or medium priority basins "subject to critical conditions of overdraft," as defined in Bulletin 118, be managed pursuant to a Groundwater Sustainability Plan or Plans by January 31, 2020 (high and

medium priority basins that are not identified by the Department as “subject to critical conditions of overdraft” must be managed by such a Plan or Plans by January 31, 2022); and

WHEREAS, if a Groundwater Sustainability Plan or Plans is not adopted within the time prescribed or a basin is not otherwise in compliance with SGMA, the State Water Resources Control Board can designate the basin as a “probationary basin,” adopt an interim plan for the basin, impose fees and require that all groundwater users meter and report their extractions subject to certain procedural requirements (e.g. Water Code §§ 1529.5, 5200 – 5209, 10735.2 and 10735.4); and

WHEREAS, the Department categorized the Paso Robles Area Groundwater Basin, as identified in Bulletin 118, as a high-priority basin in its 2014 Final Basin Prioritization and as a basin “subject to critical conditions of overdraft” in its Draft List of Critically Overdrafted Basins released in August 2015; and

WHEREAS, on September 16, 2014, the Governor also approved groundwater legislation specific to the Paso Robles Groundwater Basin (AB 2453) (Water Code §§ 37900 et seq.); and

WHEREAS, AB 2453 recognizes and preserves the power of the Flood Control District to manage and protect the groundwater resources within the Paso Robles Groundwater Basin while authorizing the creation of the Paso Robles Basin Water District (Water District) to balance the supply and consumption of groundwater within the Basin subject to Local Agency Formation Commission (LAFCO), other local agency and voter approval requirements; and

WHEREAS, management of the Paso Robles Groundwater Basin in accordance with SGMA requires establishment of an adequate revenue source;

WHEREAS, LAFCO has conditioned its approval of the formation of the Water District on, among other things, the establishment of a mechanism to fund the activities of the Water District; and

WHEREAS, the Flood Control District Act authorizes the Board of Supervisors to establish zones within the Flood Control District and institute projects for the benefit of such zones and sets forth the procedure for establishing said zones (Flood Control District Act §§ 3 and 3.1); and

WHEREAS, on November 10, 2015, the Board of Supervisors established Zone 19 in accordance with the alternative procedure set forth in Section 3.1 of the Flood Control District Act; and

WHEREAS, the Flood Control District Act authorizes the Flood Control District to levy taxes upon all taxable property in any zone according to the special benefits derived or to be derived by the zone to pay the cost and expense of carrying out any of the objects or purposes of the Flood Control District Act; and

WHEREAS, the Flood Control District Act further authorizes the Flood Control District to pay the proceeds of such taxes to another governmental body in consideration of said body's performance of the purposes of the Flood Control District Act within the zone pursuant to an agreement between the Flood Control District and said governmental body; and

WHEREAS, in addition, Government Code Section 50077 authorizes the legislative body of a local agency which is conducting proceedings for the formation of a district, to propose by ordinance or resolution the adoption of a special tax on behalf of an affected district; and

WHEREAS, the Board of Supervisors determines that it is to the benefit of the properties within Zone 19 for the Paso Robles Area Groundwater Basin to meet all applicable SGMA requirements and deadlines (intended to ensure that the Basin is sustainably managed) and to fund the services necessary to meet such requirements and deadlines through the imposition of a special tax; and

WHEREAS, the Board of Supervisors further determines that if the property owners within Zone 19 vote to form the Water District in accordance with Water Code Section 37905, it is to the benefit of the properties within Zone 19 for the Water District to undertake such services utilizing the proceeds of the special tax; and

WHEREAS, pursuant to Section 13-3 of the Flood Control District Act and Government Code Section 50075 et seq. and in compliance with California Constitution Article XIII A and XIII C, the Board of Supervisors is authorized to adopt this Resolution to establish and impose (subject to voter approval) a special tax upon all taxable real property located within Zone 19 of the Flood Control District; and

WHEREAS, the Board of Supervisors proposes to impose a special tax in the amounts specified below beginning in fiscal year 2016/17; and

WHEREAS, the details of the special tax are fully described in Exhibit A attached hereto and incorporated herein by this reference.

WHEREAS, a notice of public hearing on the special tax was published in accordance with Government Code Section 50077; and

WHEREAS, the Board of Supervisors conducted a public hearing on this matter on November 10, 2015.

NOW, THEREFORE, BE IT RESOLVED, ORDERED AND DETERMINED by the Board of Supervisors of the San Luis Obispo County Flood Control and Water Conservation District as follows:

Section 1: The special tax shall be named the Paso Robles Basin Special Tax.

Section 2: The San Luis Obispo County Tax Collector shall collect the special tax in the same manner and at the same time as ordinary ad valorem property taxes. The County shall be entitled to deduct its reasonable costs incurred collecting the special tax before such tax is remitted to the Flood Control District.

Section 3: The special tax established by this Resolution shall be submitted to the registered voters within Zone 19 of the Flood Control District at an all mailed ballot election on March 8, 2016 pursuant to Government Code Section 53724 and Elections Code Section 4000.

Section 4: The question submitted to the voters shall read substantially as follows:

Flood Control District Zone 19 – Paso Robles Basin Special Tax

Shall a special tax be levied within Zone 19 to fund local groundwater management and compliance with the requirements of the Sustainable Groundwater Management Act of 2014, and allocated to parcels at the rates set forth in Exhibit A of the Resolution establishing the special tax subject to voter approval adopted by the Board of Supervisors on November 10, 2015?

Section 5: The special tax is for the specific purpose of funding the services necessary to comply with the requirements imposed by SGMA by the Flood Control District and / or the Water District if it is formed. A preliminary annual cost estimate is attached hereto as Exhibit B and incorporated herein by this reference. If the Water District is formed, under the authority of Section 13 of the Flood Control District Act, the Flood Control District will pay the proceeds of the special tax to the Water District in consideration of the Water District's performance of SGMA compliance activities within Zone

19 pursuant to an agreement between the Flood Control District and the Water District.

- Section 6: The proceeds of the special tax shall be applied only to the specific purposes stated above. Any surplus monies raised by the Flood Control District from the special tax may, in the discretion of the Board of Supervisors, be (a) used in the succeeding year for the purposes stated in this Resolution; or (b) used for lowering the succeeding year's levy of the special tax by the amount of the surplus or portion thereof. In no event shall any surplus monies be used by the Flood Control District or the Water District for any other purpose than that specified in Section 5 hereof.
- Section 7: Should the electorate approve the special tax, Fund Center number 458 was created in which the special tax proceeds will be deposited.
- Section 8: The chief fiscal officer shall file an annual report with the Board of Supervisors in accordance with Government Code Section 50075.3.
- Section 9: Pursuant Section 8 of the Flood Control District Act, the Board of Supervisors of the Flood Control District authorizes and directs the San Luis Obispo County Clerk-Recorder to render all services necessary to conduct the all mailed ballot election. The costs of the ballot election shall be borne by the Flood Control District. Article 3 of Chapter 2 of Division 9 of the Elections Code (Elections Code §§ 9160 – 9168) shall apply to the election.
- Section 10: The special tax shall be deemed established and shall be in effect beginning with the 2016/17 fiscal year upon certification of the election results evidencing approval by at least two-thirds of the registered voters voting thereon.
- Section 11: If any section, subsection, subdivision, paragraph, sentence, clause or phrase in this Resolution, or any part thereof, is held invalid or unconstitutional, such decision shall not affect the validity of the remaining sections or portions of any chapter or part thereof. The Board of Supervisors hereby declares that it would have passed each section, subsection, subdivision, paragraph, sentence, clause or phrase of this Resolution irrespective of the fact that any one or more sections, subsections, subdivisions, paragraphs, sentences, clauses or phrases may be declared invalid or unconstitutional.

Section 12: The Board of Supervisors finds that adoption of this Resolution and establishment of the special tax is exempt from the California Environmental Quality Act (Public Resources Code §§ 21000 et seq.) (CEQA), because it is not a “project” under CEQA (Public Resources Code § 21065; CEQA Guidelines § 15004(b)). No meaningful information regarding the potential environmental effects of the actions to be taken within Zone 19 can be provided and adoption of this Resolution constitutes creation of a government funding mechanism or other fiscal activities which do not involve any commitment to any specific activity which may result in a potentially significant physical impact (CEQA Guidelines § 15378(b)(4); *Kaufman & Broad-South Bay, Inc. v. Morgan Hill Unified School Dist.* (1992) Cal.App.4th 464).

Upon motion of Supervisor _____, seconded by Supervisor _____, and on the following roll call vote, to wit:

AYES:

NOES:

ABSENT:

ABSTAINING:

the foregoing Resolution is hereby adopted on the ____ day of _____, 20____.

Chairperson of the Board of Supervisors

ATTEST:

Clerk of the Board of Supervisors

(SEAL)

APPROVED AS TO FORM AND LEGAL EFFECT:

RITA L. NEAL
County Counsel

By: 
Deputy County Counsel

Dated: October 27, 2015

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STATE OF CALIFORNIA, }
County of San Luis Obispo, ss.

I, _____, County Clerk and ex-officio Clerk of the Board of Supervisors of the San Luis Obispo County Flood Control and Water Conservation District, do hereby certify the foregoing to be a full, true and correct copy of an order made by the Board of Supervisors, as the same appears spread upon their minute book.

WITNESS my hand and the seal of said Board of Supervisors, affixed this _____ day of _____, 20 _____.

(SEAL)

County Clerk and Ex-Officio Clerk of the Board
of Supervisors

By _____
Deputy Clerk

EXHIBIT A
Paso Robles Basin Special Tax
Rate and Method of Calculation

1. THE SPECIAL TAX

Management of the Paso Robles Groundwater Basin in accordance with the requirements imposed by the Sustainable Groundwater Management Act of 2014 (SGMA) necessitates the establishment of an adequate revenue source.

The Paso Robles Basin Special Tax (Special Tax) is a special tax within the meaning of the California Constitution Article XIII A and XIII C and Government Code Section 53721. Any revenue collected from the Special Tax may only be used for the specific purpose of funding the services necessary to comply with SGMA and no other purpose.

2. SPECIAL BENEFIT

As outlined in the recitals of the resolution calling for an election on the Special Tax (Resolution), the Flood Control District Act authorizes the Flood Control District to levy taxes upon all taxable property in any zone “according to the special benefits derived or to be derived [by the zone] to pay the cost and expense of carrying out any of the objects or purposes of the Flood Control District Act of special benefit to such zone.”¹

It is important to distinguish between the finding of special benefit required to establish a zone and levy a tax within the zone under the authority of the Flood Control District Act from the finding of special benefit required to levy an “assessment” as described in Article XIII D of the California Constitution. The finding of special benefit required to levy an assessment (the establishment of which requires only that a majority protest not be mounted rather than approval by two-thirds of the qualified electorate voting in an election) requires that special and general benefits be identified and separated, and that the special benefit then be apportioned proportionately to each parcel according to the special benefit received by that parcel in relation to all parcels being assessed.² Under Article XIII C, any levy, charge, or exaction of any kind imposed by a local government is presumptively a tax (due to the more significant approval requirements). The Special Tax is a tax and no effort is made to demonstrate that the levy is an assessment requiring only a majority protest ballot proceeding. Consequently, no finding of special benefit as described in Article XIII D must be made in order to establish the Special Tax.

As stated above, the sole purpose of the Special Tax is to fund the efforts necessary to comply with SGMA within Zone 19. SGMA requires that groundwater basins that the Department of Water Resources (Department) has categorized as high or medium priority basins are being managed sustainably.³ Water Code Section 113 includes the following general State policy related to sustainable groundwater management:

¹ Flood Control District Act Sections 5.11 and 13.3.

² California Constitution Article XIII D, Section 4; *Silicon Valley Taxpayers Association, Inc. v. Santa Clara County Open Space Authority* (2008) 44 Cal.4th 431, 450-451.

³ Water Code Section 10720.1.

It is the policy of the state that groundwater resources be managed sustainably for long-term reliability and multiple economic, social, and environmental benefits for current and future beneficial uses. Sustainable groundwater management is best achieved locally through the development, implementation, and updating of plans and programs based on the best available science.

SGMA defines “sustainable groundwater management” as “the management and use of groundwater in a manner that can be maintained during the planning and implementation horizon without causing an undesirable result.”⁴ SGMA, in turn, defines “undesirable results” as “one or more of the following effects caused by groundwater conditions occurring throughout the basin:

- (1) Chronic lowering of groundwater levels indicating a significant and unreasonable depletion of supply if continued over the planning and implementation horizon. Overdraft during a period of drought is not sufficient to establish a chronic lowering of groundwater levels if extractions and recharge are managed as necessary to ensure that reductions in groundwater levels or storage during a period of drought are offset by increases in groundwater levels or storage during other periods.
- (2) Significant and unreasonable reduction of groundwater storage.
- (3) Significant and unreasonable seawater intrusion.
- (4) Significant and unreasonable degraded water quality, including the migration of contaminant plumes that impair water supplies.
- (5) Significant and unreasonable land subsidence that substantially interferes with surface land uses.
- (6) Depletions of interconnected surface water that have significant and unreasonable adverse impacts on beneficial uses of the surface water.”⁵

The Department has identified the Paso Robles Groundwater Basin as a high priority basin. Funding groundwater management activities intended to arrest or avoid the above undesirable results within Zone 19 is a special benefit derived by the creation of Zone 19 and establishment of the Special Tax.

Section 1, subdivision (a) of SGMA, declares a number of benefits of groundwater management in addition to avoidance or mitigation of the above specifically enumerated undesirable results:

- (1) The people of the state have a primary interest in the protection, management, and reasonable beneficial use of the water resources of the state, both surface and underground, and that the integrated management of the state’s water resources is essential to meeting its water management goals.
- (2) Groundwater provides a significant portion of California’s water supply. Groundwater accounts for more than one-third of the water used by Californians in an average year and more than one-half of the water used by Californians in a drought year when other sources are unavailable.
- (3) Excessive groundwater extraction can cause overdraft, failed wells, deteriorated water quality, environmental damage, and irreversible land

⁴ Water Code Section 10721(u).

⁵ Water Code Section 10721(w).

subsidence that damages infrastructure and diminishes the capacity of aquifers to store water for the future.

(4) When properly managed, groundwater resources will help protect communities, farms, and the environment against prolonged dry periods and climate change, preserving water supplies for existing and potential beneficial use.

(5) Failure to manage groundwater to prevent long-term overdraft infringes on groundwater rights.

(6) Groundwater resources are most effectively managed at the local or regional level.

(7) Groundwater management will not be effective unless local actions to sustainably manage groundwater basins and subbasins are taken.

(8) Local and regional agencies need to have the necessary support and authority to manage groundwater sustainably.

(9) In those circumstances where a local groundwater management agency is not managing its groundwater sustainably, the state needs to protect the resource until it is determined that a local groundwater management agency can sustainably manage the groundwater basin or subbasin.

(10) Information on the amount of groundwater extraction, natural and artificial recharge, and groundwater evaluations are critical for effective management of groundwater.

(11) Sustainable groundwater management in California depends upon creating more opportunities for robust conjunctive management of surface water and groundwater resources. Climate change will intensify the need to recalibrate and reconcile surface water and groundwater management strategies.

In addition, Assembly Bill 2453 (2014) contains the following declaration specific to the Paso Robles Groundwater Basin:

The Legislature finds and declares that the provisions of this part are enacted in order to provide a governmental framework for the district and to balance the supply to and consumption of groundwater within the basin underlying the district, and thereby pursue stabilizing that basin and sustaining its resources for the beneficial use of all who use water within the district.⁶

In sum, through the adoption of various statutes, the State Legislature has made multiple findings and declarations related to the special benefits derived from the sustainable groundwater management of a basin. These benefits accrue to Zone 19 and all the properties therein by the formation of Zone 19 and the levy of the Special Tax.

3. RATE STRUCTURE AND RATIONALE

Special taxes are limited in that they *cannot* be levied based on the value of the property being taxed (ad valorem). This would violate Article XIII A of the California

⁶ Water Code Section 37901.

Constitution regarding tax limitation. The Special Tax is not an assessment or fee as discussed in previous NBS reports.⁷ There is, therefore, no *constitutional* requirement to demonstrate the tax is levied proportionately according to “special benefit” or “proportionately to the cost to provide the service” as described in Article XIID of the California Constitution. However, as discussed in Section 2 above, the purposes of the Special Tax must specially benefit Zone 19 as described in the Flood Control District Act.

The Paso Robles Groundwater Basin Model Update⁸ was a primary resource in the modeling of the Special Tax. This model update estimated the ratios of water use among various properties and was instructive in calculating the details of the Special Tax Rate. There are three primary rate elements to properties in the Basin that are relevant to the governmental service and the creation of the Special Tax Rate. They are the following:

1. Per Parcel Element – charged to all parcels equally
2. Per Use Element – charged according to Land Use
 - a. All land uses aggregated into 4 classes
 - b. Each class is taxed at different amount
3. Per Acre Element – charged to all parcels
 - a. Amount for Non-Irrigated Acres
 - b. Amount for Irrigated Agriculture Acres

Per Parcel Element: Each parcel in the Basin will require a certain amount of review and monitoring and therefore should share a portion of the total cost of Basin management. In addition, each parcel in the Basin will accrue a measure of benefit from compliance with SGMA which will result in the proper management of the Basin’s resources. The per parcel element generates approximately 10% of the total Special Tax revenue and is charged to every Assessor’s Parcel.

Per Use Element: There are different intensities of water use among the various property types. For example a vacant parcel generally has a different water use intensity than a commercial parcel. The Per Use element generates approximately 13% of the total Special Tax revenue and is charged to every Assessor’s Parcel.

Four Land Use Classes were developed to create a balance of specificity, fairness and data manageability. The four Land Use Classes are assigned by the Assessor’s Office and are shown below:

SFR = Assignment to the Single Family Residential Land Use Class

MFR = Assignment to the Multi-Family Residential Land Use Class

Comm/Ind/Gov = Assignment to the Commercial or Industrial or Government Land Use Class

Vacant = Assignment to the Vacant Land Use Class

⁷ Initial Funding Options, March 31, 2015 and Parcel Tax Funding Report, July 31, 2015.

⁸ Prepared by GeoScience, December 19, 2014.

Per Acre Element: The property characteristic most relevant to the Basin is the area of a parcel. The area is directly proportional to the groundwater basin itself and it is reasonable that this element of the Special Tax rate should be predominant. It is charged to every Assessor’s Parcel. In addition, it is recognized that the largest use of groundwater is irrigated agriculture. The per acre element generates approximately 77% of the total Special Tax revenue.

According to the above referenced groundwater basin model update, approximately 90% of the groundwater pumping is attributable to irrigated agricultural use. Using the element amounts, the Special Tax generates approximately 89% of the Per Acre revenue from Irrigated Agricultural acreage. The current total revenue generation ratios were calculated using the most recent property data and are summarized below.

Revenue Ratios by Element: The table below shows various ratios of revenue generation. Column two shows the percentages of revenue generation for each Special Tax Element as they relate to the total revenue generated. Column three shows the ratio of Non-Irrigated and Irrigated acreage revenue to each other according to the total revenue generated by the Acreage Element.

<u>Special Tax Element</u>	<u>% of Total Revenue</u>	<u>% Per Acre Revenue</u>
Per Parcel	10%	
Per Use	13%	
Per Acre		
Non-Irrigated	8%	11%
<u>Irrigated Agricultural</u>	<u>69%</u>	<u>89%</u>
<u>Total Acreage</u>	<u>77%</u>	<u>100%</u>
TOTALS	100%	100%

As property may change land uses or increase amounts of irrigated agricultural acreage, the above ratios will change accordingly. Agricultural information suggests the amount of irrigated agricultural acreage will increase over the next few years and increase the percentages of the total Special Tax revenue levied on the Irrigated Agricultural portion of the Per Acre Element.

The above analysis of the facts and circumstances of this Special Tax including, 1) the evaluation of various property characteristics, 2) the allocation of the rate related to specific property characteristics, 3) the cost to provide the services, 4) the ability to adapt the tax to property changes, and 5) consideration of actual water use per hydrological study, creates a special tax that is reasonable.

4. SPECIAL TAX RATE TABLE

<u>Tax Element</u>	<u>\$ per Parcel or Acre</u>
Per Parcel Element	15.00

Per Use Element	
SFR Parcels	20.00
MFR Parcels	40.00
Comm/Ind/Gov	100.00
Vacant Parcels	10.00

Per Acre Element	
Non-Irrigated Acres	0.25
Irrigated Ag Acres	18.00

The above rate specifies the maximum amount that may be charged to any Assessor's Parcel in any Fiscal Year.⁹ If the total revenue generated by applying the rate exceeds the amount necessary to fund the Annual Special Tax Requirement, the amount charged to each parcel will be reduced proportionately.

5. SPECIAL TAX COMPONENTS

Annual escalation: There shall be no annual escalation in the Special Tax rates. The purpose of the Special Tax is to fund the known or anticipated work efforts to comply with SGMA. Subsequent cost escalation shall be addressed in the approval of new rates, fees, taxes or charges. The Special Tax Rate is the maximum amount that may be charged upon any Assessor's Parcel in any Fiscal Year.

Appeals and review process: The appeals processes described in the Special Tax Acreage and Land Use Category Policies and Procedures for Property Owner Appeals approved by the Board of Supervisors on November 10, 2015 or as subsequently amended is intended to address any property owner concerns relative to the data used as a basis for the calculation of the Special Tax. If the Assessor's Office or Agricultural Commissioner's Office corrects data through implementation of the appeals processes, a property owner may request a credit to succeeding levy(ies) of the amount corrected. Corrections shall only be considered for the current and previous Fiscal Year.

Exemptions for special use parcels: There shall be no exemptions for any special use parcels. This applies to property exempted from property taxes, or property owned by various government agencies or special districts. The annual budget may be adjusted to account for anticipated non-payment such that critical revenue is not at risk.

Manner of collection: The annual Special Tax shall be collected in the same manner and at the same time as ordinary *ad valorem* property taxes.¹⁰

Prepayment: The purpose of the Special Tax is to fund ongoing groundwater management efforts consistent with SGMA. It will not have the option to be prepaid.

Rounding of acres: All acreage data shall be rounded (half up method) to the nearest whole acre for purposes of calculating the Special Tax. In no event shall rounding cause a parcel's Assessor's Adjusted Acreage to be zero. For parcels with an

⁹ Not including Tax Roll collection costs described in Section 6.

¹⁰ May direct bill if property does not receive regular property tax bill.

Assessor's Acreage value less than 1/2 acre, the Assessor's Adjusted Acreage value shall be rounded up to one acre. For parcels with an Irrigated Acreage value less than 1/2 acre but greater than zero, the Irrigated Adjusted Acreage value shall be rounded up to a minimum of one acre.

Tax roll collection costs are in addition to the Special Tax: The County of San Luis Obispo Auditor-Controller's Office adds an administration fee (\$2.00 per parcel) to Special Tax levies that are submitted by local agencies for collection by the County Tax Collector on the Secured Tax Roll. The amount shown on a property owner's secured property tax bill will reflect the addition of the amount charged by the County for billing and collection of the Special Tax.¹¹

Term: The term of the Special Tax is to be in perpetuity, or until replaced or abandoned by the Flood Control District/Water District.

6. METHOD OF SPECIAL TAX CALCULATION

In each fiscal year the Special Tax Administrator shall obtain all necessary data from the Assessor and the Department of Agriculture for all parcels within the boundary of Zone 19 and perform all the following:

STEP 1

Apply the Per Parcel Element amount to each Assessor's Parcel according to the Special Tax Rate Table.

STEP 2

Apply the appropriate Per Use Element amount to each Assessor's Parcel according to the Special Tax Rate Table.

STEP 3

Calculate the total Per Acre Element amount for each Assessor's Parcel by the following.

1. Determine the Assessor's Net Adjusted Acreage by the following,

- a* = Assessor's Acreage
- b* = Assessor's Adjusted Acreage
- c* = Irrigated Acreage
- d* = Irrigated Adjusted Acreage
- e* = Assessor's Net Adjusted Acreage

a rounded to the next whole acre = *b*

c rounded to the next whole acre = *d*

b - *d* = *e*

2. Calculate the Non-Irrigated Acreage amount,

¹¹ Government Code Section 50077(b).

- Multiply result *e* above by the Per Acre Element for Non-Irrigated Acres according to the Special Tax Rate Table.
3. Calculate the Irrigated Acreage amount,
Multiply result *d* above by the Per Acre Element for Irrigated Acreage according to the Special Tax Rate Table.
 4. Sum the Non-Irrigated and Irrigated Acreage amounts to calculate the total Per Acre Amount.

STEP 4

Calculate the Maximum Annual Special Tax by summing the results of Steps 1, 2 and 3 above for each Assessor's Parcel. This amount may then be rounded up to the next even cent for purposes of collection on the property tax rolls.

STEP 5

Calculate the Total Maximum Special Tax by summing the result of Step 4 for all Assessor's Parcels in Zone 19.

STEP 6

Calculate the Actual Annual Special Tax for each Assessor's Parcel,

1. Apply the Special Tax Proportionately to all parcels in Zone 19, up to the Maximum Annual Special Tax, to satisfy the Annual Special Tax Requirement.
2. If required, the above amount may be rounded up to the next even cent for collection on the property tax rolls. The sum of all parcels Actual Annual Special Tax may slightly exceed the Annual Special Tax Requirement due to this rounding.

STEP 7

Submit amounts for collection, as appropriate, for all Assessor's Parcels.

7. DEFINITION OF TERMS USED IN THE SPECIAL TAX CALCULATION

“Actual Annual Special Tax” means the Special Tax levied in any Fiscal Year on any Assessor's Parcel.

“Annual Special Tax Requirement” means the amount required in any Fiscal Year to fund the items included but not limited to those listed in Attachment B of the Resolution, adjustments for anticipated non-payment of the Special Tax, less any credit from any available funds as approved by the legislative body levying the Special Tax. The Annual Special Tax Requirement does not include any amounts related to Tax Roll collection costs described in Section 5.

“Assessor” means the Assessor of the County of San Luis Obispo.

“Assessor's Acreage” means the land area of an Assessor's Parcel as shown on an Assessor's Parcel Map, or if the land area is not shown on an Assessor's Parcel Map, the land area shown on the applicable final map, parcel map, condominium map,

record of survey, or other recorded document creating or describing the parcel. If the preceding maps for a land area are not available, the Acreage of such land area shall be determined by the County Surveyor.

“Assessor’s Adjusted Acreage” means the Assessor’s Acreage of an Assessor’s Parcel rounded per Section 5.

“Assessor’s Net Adjusted Acreage” means the Assessor’s Adjusted Acreage of an Assessor’s Parcel, minus, any Irrigated Adjusted Acreage.

“Assessor’s Parcel” means a lot or parcel shown in an Assessor’s Parcel Map with an assigned Assessor’s Parcel number.

“Assessor’s Parcel Map” means an official map of the County Assessor of a County designated parcel by Assessor’s Parcel number.

“County” means the County of San Luis Obispo, State of California,

“Department of Agriculture” means the Department of Agriculture / Weights and Measures of the County of San Luis Obispo.

“Fiscal Year” means the period starting July 1 and ending on the following June 30.

“Irrigated Acreage” means all acres of land designated of an Assessor’s Parcel as utilized for Irrigated agricultural use as determined by the Department of Agriculture.

“Irrigated Adjusted Acreage” means all Irrigated Acres of land of an Assessor’s Parcel rounded per Section 5.

“Land Use Class” means any of the four land use classes assigned by the Assessor.

“Maximum Annual Special Tax” means the amount determined in accordance with the provisions of the method of Special Tax Calculation which may be levied in any Fiscal Year on any Assessor’s Parcel.¹²

“Non-Irrigated Acreage” means the remaining area of an Assessor’s Parcel after subtracting the Irrigated Acreage area from the parcel’s total area.

“Special Tax” means taxes levied and collected within the boundary of Zone 19.

“Special Tax Administrator” means an official of the Flood Control District or designee thereof, responsible for determining the Annual Special Tax Requirement and providing for the calculation, levy and collection of the Special Tax.

“Proportionately” means that the ratio of the Actual Annual Special Tax levy to the Maximum Annual Special Tax is equal for all Assessor’s Parcels in Zone 19.

¹² Not including Tax Roll collection costs described in Section 6.

“Total Maximum Annual Special Tax” mean the sum of the Maximum Annual Special Tax, determined in accordance with the provisions of the Method of Special Tax Calculation, which may be levied in any Fiscal Year on all Assessor’s Parcels.

“Zone 19” means the zone of the San Luis Obispo County Flood Control and Water Conservation District established by the San Luis Obispo County Board of Supervisors, acting as the Board of Supervisors of the Flood Control District on November 10, 2015 and named Zone 19.

EXHIBIT B
PRELIMINARY ANNUAL COST ESTIMATE

Five Year Budget for Sustainable Groundwater Management Act Compliance Services

Category	2016	2017	2018	2019	2020
Salaries & Benefits					
Executive Director (Division Manager - Utilities)	\$ 187,874	\$ 187,874	\$ 187,874	\$ 187,874	\$ 187,874
Groundwater Engineer (Engineer IV -Public Works)	-	-	-	\$ 163,943	\$ 163,943
Administrative Assistant/Board Clerk (Senior Account Clerk - PW)	\$ 72,894	\$ 72,894	\$ 72,894	\$ 72,894	\$ 72,894
Groundwater Sustainability Plan	\$ 250,000	\$ 250,000	\$ 250,000	\$ 100,000	\$ 100,000
Legal Services	\$ 100,000	\$ 100,000	\$ 100,000	\$ 100,000	\$ 100,000
Grant Writing / Advocacy	\$ 50,000	\$ 50,000	\$ 50,000	\$ 50,000	\$ 50,000
Office Lease	\$ 20,000	\$ 20,000	\$ 20,000	\$ 20,000	\$ 20,000
IT Support (including GIS)	\$ 10,000	\$ 10,500	\$ 11,025	\$ 11,576	\$ 12,155
Payroll Service	\$ 2,400	\$ 2,520	\$ 2,646	\$ 2,778	\$ 2,917
Software/Website	\$ 9,000	\$ 3,500	\$ 3,500	\$ 3,500	\$ 3,500
Conferences/Training	\$ 5,000	\$ 5,000	\$ 5,000	\$ 5,000	\$ 5,000
Travel Expenses	\$ 5,000	\$ 5,250	\$ 5,513	\$ 5,788	\$ 6,078
Dues & Subscriptions	\$ 10,000	\$ 10,000	\$ 10,000	\$ 10,000	\$ 10,000
Insurance	\$ 11,700	\$ 12,285	\$ 12,899	\$ 13,544	\$ 14,221
Legal Notices & Ads	\$ 7,500	\$ 7,875	\$ 8,269	\$ 8,682	\$ 9,116
Office Supplies	\$ 2,000	\$ 2,100	\$ 2,205	\$ 2,315	\$ 2,431
Postage	\$ 3,000	\$ 3,150	\$ 3,308	\$ 3,473	\$ 3,647
Printing	\$ 2,500	\$ 2,625	\$ 2,756	\$ 2,894	\$ 3,039
Utilities	\$ 5,000	\$ 5,250	\$ 5,513	\$ 5,788	\$ 6,078
Telephone/Communications	\$ 3,500	\$ 3,675	\$ 3,859	\$ 4,052	\$ 4,254
Office Equipment Leases	\$ 3,000	\$ 3,000	\$ 3,000	\$ 3,000	\$ 3,000
Board Elections	\$ 15,000	-	\$ 15,000	-	\$ 15,000
Future Prop 218	\$ 50,000	\$ 50,000	\$ 50,000	\$ 50,000	\$ 50,000
LAFCO District Fees	\$ 1,200	\$ 1,260	\$ 1,323	\$ 1,389	\$ 1,459
Collection Fee/Bad Debt	\$ 50,000	\$ 50,000	\$ 50,000	\$ 50,000	\$ 50,000
Annual Audit	\$ 5,000	\$ 5,250	\$ 5,513	\$ 5,788	\$ 6,078
Contingency (average of 7%)	\$ 68,432	\$ 85,992	\$ 67,905	\$ 65,721	\$ 47,317
TOTAL	\$ 950,000	\$ 950,000	\$ 950,000	\$ 950,000	\$ 950,000