

# What are the Tiers being considered?

## Tier 1 “Groundwater Sustainability Fee”

- Pays for regulatory activities attributed to annual costs incurred for all six subbasins
  1. **Administration** Expenses (such as Board stipends, documents management, audit services, website upgrade, subscriptions)
  2. Prudent **Reserves** (general and litigation reserves)
  3. **Project & Management Actions** that benefit all subbasins (USGS cooperative agreements, GEMS expansion)

## Tier 2 “SVBGSA Name of Subbasin Fee”

- Pays for **project & management actions** that are attributed to regulatory activities in one or more, but not all subbasins
  1. Conduct Demand Management Dialogue Process
  2. SVBGSA and Agriculture’s cost share of the Deep Aquifer Study
  3. Assessing Groundwater Benefits of Salinas River Stream Maintenance Programs
  4. Project & Management Actions in only one subbasin

# Fee-Funded Costs FY2024

Expense Category	DRAFT	FY24 Work Plan Cost Estimate	less other revenue sources			FY24 Fee-Funded Costs
			Multi-Land Repurposing	Round 1 DWR Grant	Permitting Fees	
Tier 1 Costs						
Administration		\$994,625	(\$100,000)		(\$2,500)	\$892,125
Prudent Reserves [1]		\$220,000				\$220,000
Tier 1 Project & Management Actions						
Data Expansion & SGMA Compliance		\$355,000				\$355,000
Interested Parties Outreach		\$427,500				\$427,500
Management Actions		\$222,000				\$222,000
Contract Administration		\$120,000				\$120,000
Total Tier 1 Costs		\$2,339,125	(\$100,000)	\$0	(\$2,500)	\$2,236,625
Tier 2 Project and Management Actions						
Agriculture		\$131,750				\$131,750
Municipal Users		\$0				\$0
Both Agriculture and Municipal Users		\$1,036,750		(\$93,834)		\$942,916
Total Tier 2 Costs		\$1,168,500	\$0	(\$93,834)	\$0	\$1,074,666
Total Work Plan Costs Estimate		\$3,507,625	(\$100,000)	(\$93,834)	(\$2,500)	\$3,311,291

Source: SVBGSA May 19, 2023.

[1] Includes first year of five-year funding of cash flow reserves (\$120,000 per year) and litigation reserves (\$100,000 per year).

# Tier 1 Cost Allocation Basis

Uses the current, Board-approved methodology to allocate SVBGSA management area Tier 1 costs by historical Salinas Valley pumping, as reported by Monterey County Water Resources

Total Tier 1 FY2024 Costs (rounded)	\$2,237,000	Tier 1 Fee	
Agricultural Users (90%)	\$2,013,000	\$8.28	Per Irrigated Acre
All Other Users (10%) *	\$224,000	\$3.90	Per Connection

\* Small Water System and Public Water System users. De minimis users have not been regulated by the SVBGSA and are therefore excluded in the cost allocation.

# Tier 2 Fee Calculations

**Step 1:** Tier 2 Allocated Costs by Subbasin are divided between Agriculture and All Other Users

**Step 2:** Agriculture Costs are divided by the Number of Irrigated Acres in the Subbasin

**Step 3:** All Other Users Costs are divided by the Number of Connections in the Subbasin

## Example: Upper Valley

	Agriculture	All Other
Allocated Tier 2 Costs	\$244,250	\$7,084
Number of Irrigated Acres / Connections	73,688	3,897
Tier 2 Fee per Irrigated Acre / Connection	\$3.32	\$1.82

# Tier 2 Step 1: Cost Allocation to Subbasins

- Provided by independent experts; for FY 2024, provided by Montgomery & Associates for:

Activity	Subbasin Allocation Basis
Deep Aquifer Study	Area of deep aquifers
Conduct Demand Management Dialogue Process	Equal split to each subbasin (180/400 Foot efforts paid by Round 1 grant)
Assess GW Benefits of Salinas River Stream Maintenance Programs	Average Annual Salinas River recharge to each subbasin (excludes tributaries & Arroyo Seco)
Annual Reports	Equal split to each subbasin (180/400 Foot report paid by Round 1 grant)

# Tier 2 Costs Allocation Summary

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Subbasin	FY2024 Tier 2 Fee-Funded Costs (rounded)
Eastside	\$114,000
Langley	\$91,000
Forebay	\$253,000
Monterey (Corral de Tierra)	\$76,000
180/400 Foot	\$298,000
Upper Valley	\$244,000
<b>Total Fee-Funded Tier 2 Costs</b>	<b>\$1,075,000</b>

# Tier 2 Steps 2 & 3: Costs Allocation Alternatives

Two methodologies presented

1. 90/10 split applied to Tier 2 costs within each subbasin
2. Historical subbasin pumping split applied to Tier 2 costs within each subbasin
  - 2011-2021 average annual pumping OR
  - 2017-2021 5-yr rolling average of pumping data

Consensus was to use the **5-yr rolling average pumping data for Tier 2 cost allocation**, primarily due to variations in pumping year to year by the Monterey and Langley Subbasins.

# Historical Pumping by Subbasin

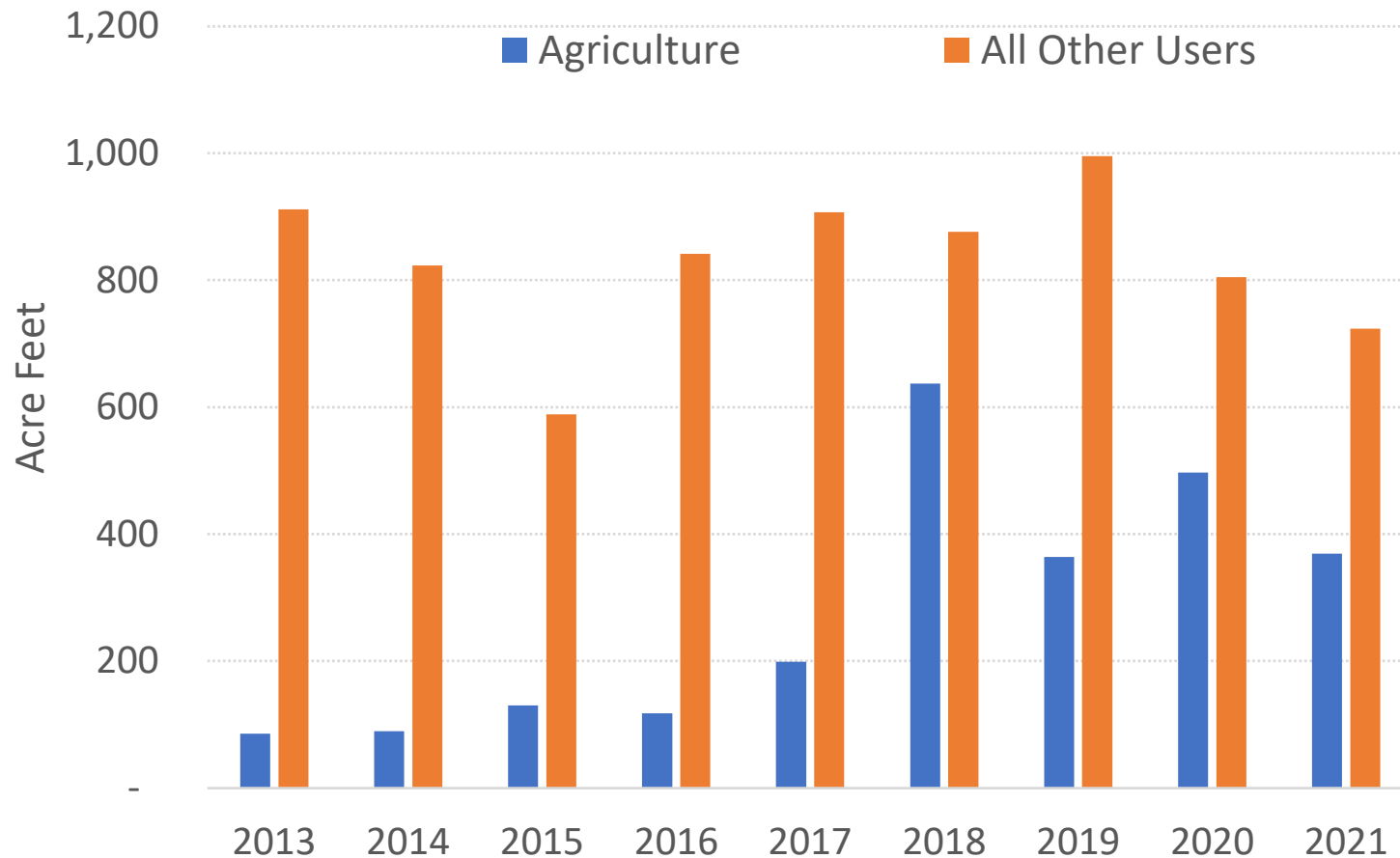
Year	Eastside	Langley	Forebay	Monterey [1]	180/400 Foot	Upper Valley
<b>Agricultural Pumping as a Percentage of Total Pumping</b>						
2011	81%	50%	95%	not available	88%	96%
2012	85%	61%	95%	not available	89%	97%
2013	83%	75%	95%	9%	89%	97%
2014	85%	65%	96%	10%	89%	97%
2015	87%	81%	96%	18%	92%	97%
2016	87%	69%	97%	12%	91%	97%
2017	84%	71%	96%	18%	90%	97%
2018	83%	67%	95%	42%	89%	97%
2019	84%	58%	95%	27%	90%	97%
2020	84%	54%	95%	38%	90%	98%
2021	84%	43%	95%	34%	91%	98%
<b>2011-2021 Average</b>	<b>84%</b>	<b>63%</b>	<b>95%</b>	<b>23%</b>	<b>90%</b>	<b>97%</b>
<b>2017-2021 5-Yr Avg.</b>	<b>84%</b>	<b>59%</b>	<b>95%</b>	<b>32%</b>	<b>90%</b>	<b>97%</b>

Source: MCRWA for all basins except Monterey. Monterey (Corral de Tierra) pumping data is a combination of SWRCB data and MCRWA GEMS data, provided by Montgomery and Associates.

[1] Corral de Tierra only (excludes Marina Coast Water District's management area of the Monterey Subbasin).

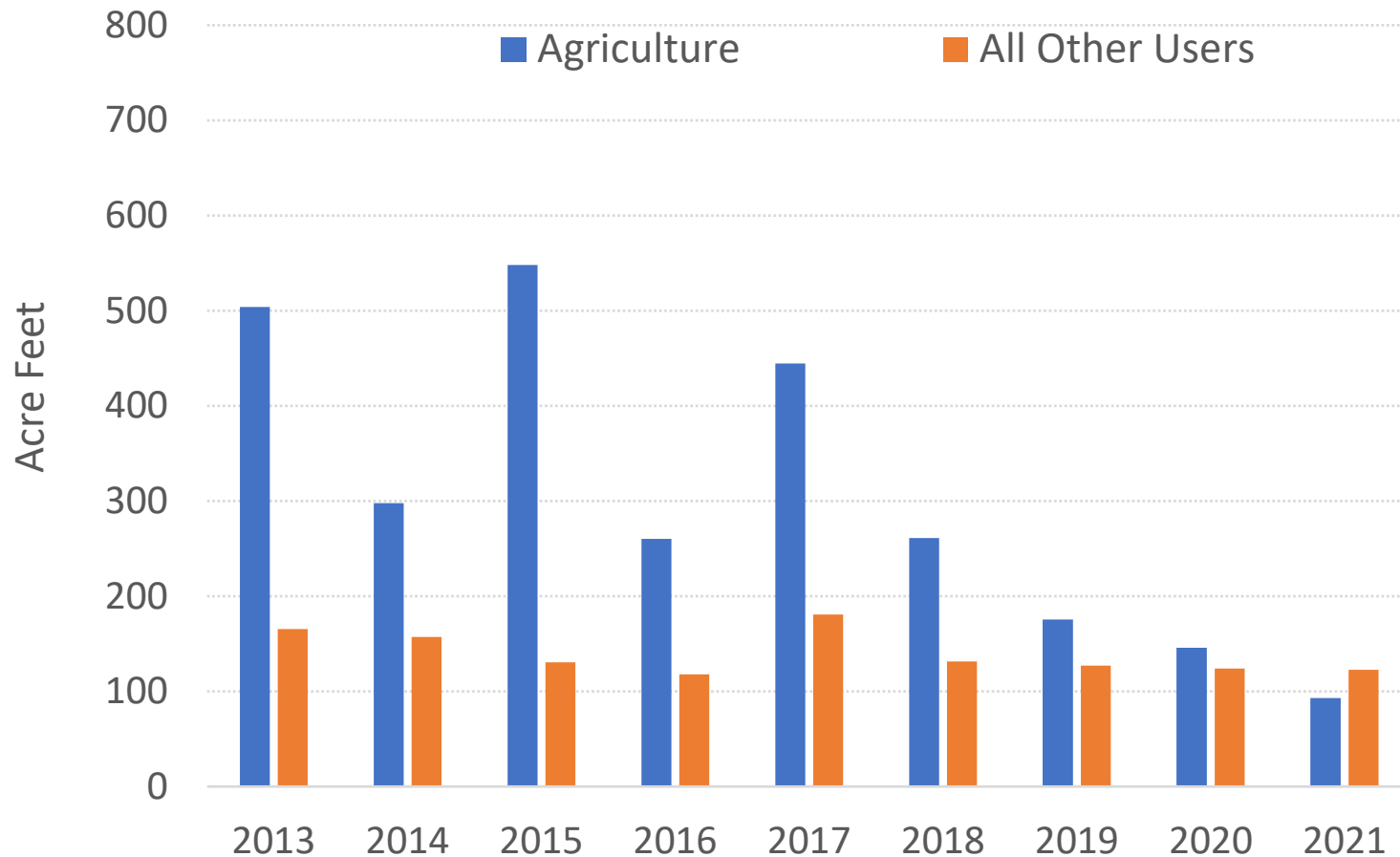


# Corral de Tierra Historical Pumping



Source: GEMS and SWRCB, compiled by Montgomery & Associates in 2021.

# Langley Subbasin Historical Pumping



Source: MCRWA GEMS, compiled by Montgomery & Associates in 2022.

# Parcels and Water Systems Straddling Subbasins – Tier 2 Costs FY2024 Fee

1. Irrigated Acre Parcel
  - Assigned to the Subbasin in which the majority of the parcel is situated
2. Parcel served by a Water System on the Tax Roll
  - Assigned to the Subbasin in which the majority of the parcel is situated
3. Water System paying for all Connections (not on the Tax Roll)
  - Charged the fee per connection for the Subbasin in which the majority of the water system is situated

# Items to Consider in 5-Year Review (1)

1. Parcels and water systems straddling subbasins
2. Water imports/exports between subbasins and outside the SVBGSA management area
3. Regulating and charging the fee(s) to de minimis users – a property served by its own well for non-commercial use \*
4. Applicability and feasibility of charging on an extraction basis

\* Water Code § 10721 (e) defines “de minimis extractor” to mean “a person who extracts, for domestic purposes, two acre-feet or less per year.”

# Items to Consider in 5-Year Review (2)

5. Discounted fees for properties restricted to low-income residents
6. Appropriateness of addressing prescriptive rights in over-drafted subbasins in regulatory fees
7. Assessing revision of Tier 1 fee calculation from 90/10 to rolling 5-year average
8. Regulatory fees in the Arroyo Seco Management Area
9. Muti-Year forecast of expenditures to set fees

# Calculated Fees by Subbasin

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Subbasin	Tier 1 Fee	Tier 2 Fee	Total Fees
<b>Eastside</b>			
Per Irrigated Acre	\$8.28	\$2.96	\$11.24
Per Connection	\$3.90	\$0.64	\$4.54
<b>Langley</b>			
Per Irrigated Acre	\$8.28	\$12.86	\$21.14
Per Connection	\$3.90	\$10.86	\$14.76
<b>Forebay</b>			
Per Irrigated Acre	\$8.28	\$3.40	\$11.68
Per Connection	\$3.90	\$1.32	\$5.22
<b>Monterey</b>			
Per Irrigated Acre	\$8.28	\$34.96	\$43.24
Per Connection	\$3.90	\$17.26	\$21.16
<b>180/400 Foot</b>			
Per Irrigated Acre	\$8.28	\$4.48	\$12.76
Per Connection	\$3.90	\$1.32	\$5.22
<b>Upper Valley</b>			
Per Irrigated Acre	\$8.28	\$3.32	\$11.60
Per Connection	\$3.90	\$1.82	\$5.72

- Tier 1 fee costs allocated 90% to Agriculture and 10% to all other users
- Tier 2 fee costs allocated by rolling 5-yr average pumping in each subbasin
- Fees include an allowance for uncollectable revenue and land use change of 2.5% for agriculture and 6.0% for all other users.

# Fiscal Year 2024 Fee Schedule Options

## 1. Do not adopt tiered fee structure for FY 2024

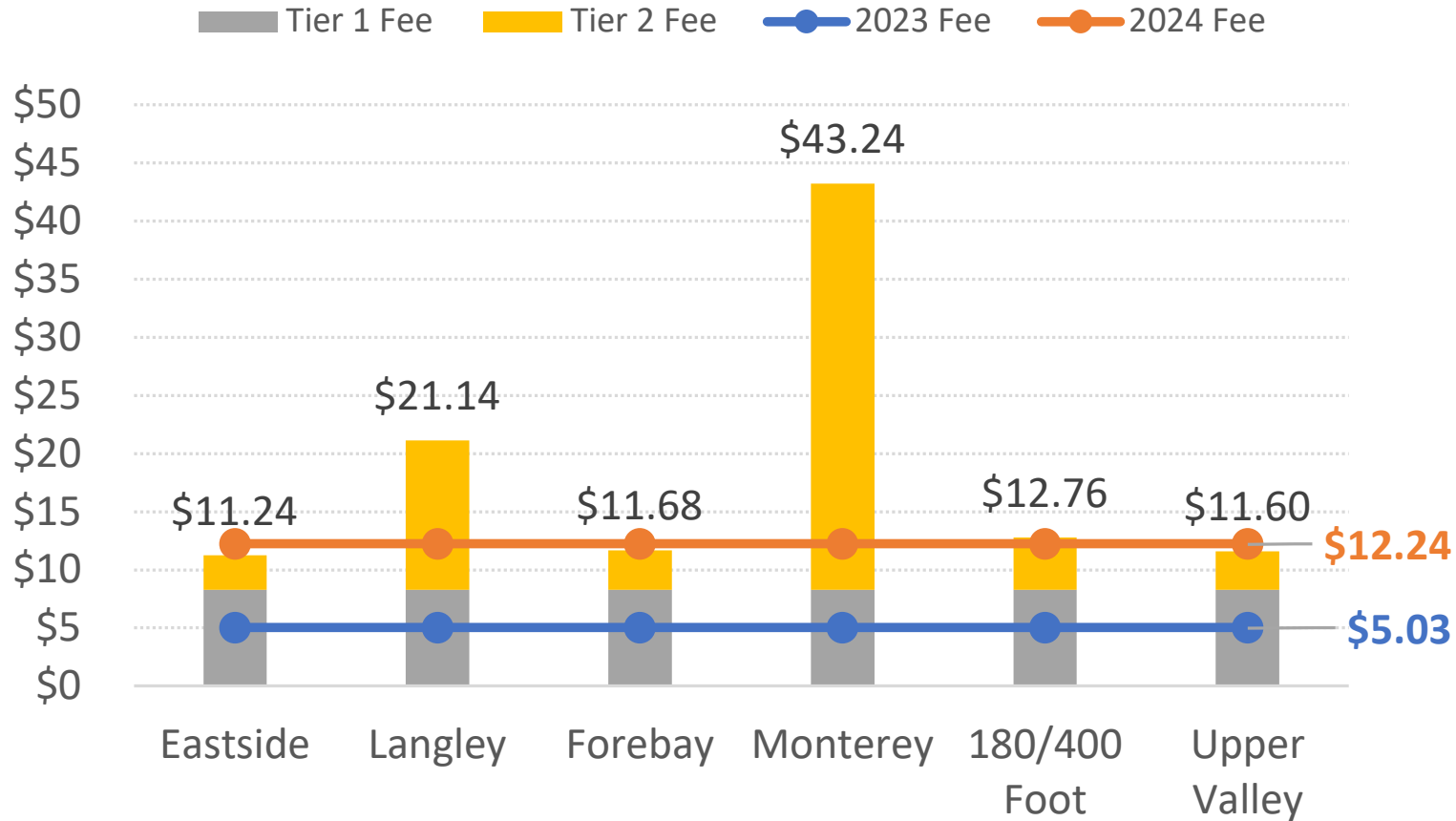
- Increase the FY 2023 fee to support the adopted budget

Fee Application	Fiscal Year Ending				
	2020	2021	2022	2023	2024
	<i>actual</i>	<i>actual</i>	<i>actual</i>	<i>actual</i>	<i>calculated</i>
Irrigated Acre	\$4.79	\$4.79	\$5.03	\$5.03	<b>\$12.24</b>
Connection	\$2.26	\$2.26	\$2.37	\$2.37	<b>\$5.78</b>

## 2. Adopt a tiered fee structure for FY 2024

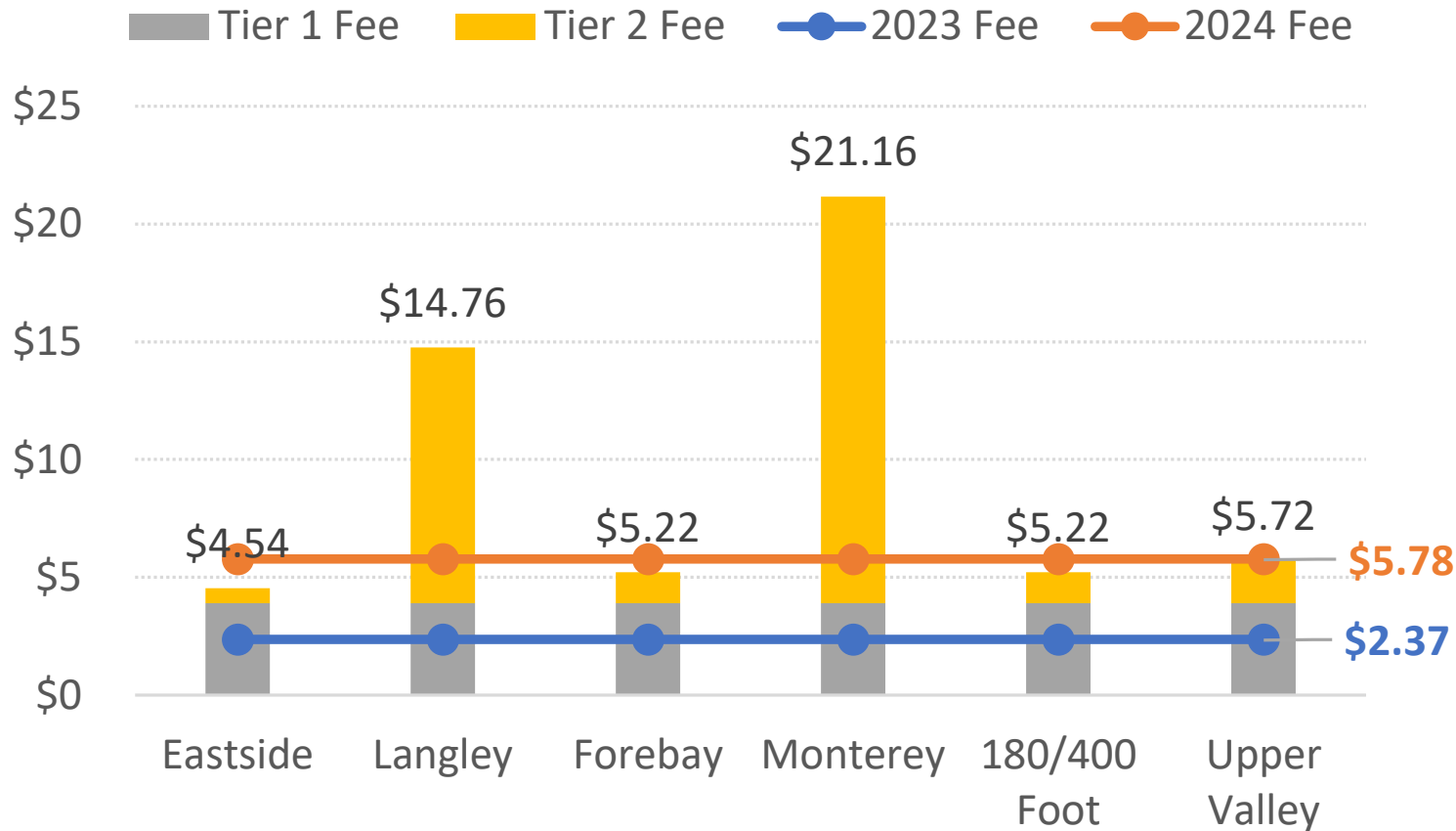
- Requires 7 resolutions to be adopted
- 2 fees will show on the FY2024 property tax bill in every subbasin

# Total Annual Fee Options for FY 2024 for Agriculture - per Irrigated Acre





# Total Annual Fee Options for FY 2024 for All Others - per Connection



# FY2024 Tiered Calculated Fees by Subbasin

Total fee paid = GW Sustainability Fee + SVBGSA Subbasin Fee  
(separate line items on property tax bill)

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Subbasin	AGRICULTURE		ALL OTHER USERS	
	GW Sustainability Fee	SVBGSA Subbasin Fee	GW Sustainability Fee	SVBGSA Subbasin Fee
	Annual Fee per Irrigated Acre		Annual Fee per Connection	
Eastside	\$8.28	\$2.96	\$3.90	\$0.64
Langley	\$8.28	\$12.86	\$3.90	\$10.86
Forebay	\$8.28	\$3.40	\$3.90	\$1.32
Monterey	\$8.28	\$34.96	\$3.90	\$17.26
180/400 Foot	\$8.28	\$4.48	\$3.90	\$1.32
Upper Valley	\$8.28	\$3.32	\$3.90	\$1.82