

REGULATORY FEE POLICY

Governs the development and collection of the regulatory fee necessary to implement the Salinas Valley Basin Groundwater Sustainability Plans in compliance with Sustainable Groundwater Management Act.

| Approved Date | Resolution | Review Cycle | Initial Date |
|---------------|------------|--------------|--------------|
| 08/14/25 | 2025-01 | 5 years | 02/10/23 |

1. Background

The Sustainable Groundwater Management Act is a regulatory program implemented at the local level with oversight at the state level. Each of the six subbasins within the Salinas Valley Basin Groundwater Sustainability Agency jurisdiction has been designated either High or Medium Priority by the Department of Water Resources, making them subject to SGMA.

SGMA requires Groundwater Sustainability Agencies to adopt management actions and projects to achieve sustainability in a groundwater basin or subbasin no later than 20 years following implementation of a groundwater sustainability plan.

The GSP for the 180/400-Foot Aquifer Subbasin was approved by DWR in June 2021 and the GSPs for the other five subbasins were approved in April 2023. SVBGSA's activities are now focused on implementing the GSPs and complying with SGMA's reporting requirements.

Agricultural and domestic water users in the Salinas Valley are heavily dependent on groundwater, with limited reliance on surface water. As such, groundwater users contribute to and benefit from the regulatory program established to achieve sustainability within the respective subbasins.

SVBGSA has entered into cooperative agreements with other Groundwater Sustainability Agencies for managing subbasin areas. Notably, SVBGSA manages the Arroyo Seco Cone in the Forebay Subbasin in coordination with the Arroyo Seco GSA, and manages the Corral de Tierra Area in the Monterey Subbasin, while the Marina Coast Water District GSA manages the Marina and Ord Areas. SVBGSA also manages a portion of the 180/400-Foot Subbasin on behalf of the Monterey County GSA.

The Agency originally adopted a regulatory fee in March 2019 under Resolution No. 2019-03 and subsequently approved a tiered approach to fee allocation in 2023 under Resolution

No. 2023-01. These measures supported SGMA implementation through the development of a comprehensive and adaptive funding strategy.

2. Definitions

Agency: The Salinas Valley Basin Groundwater Sustainability Agency (SVBGSA), a joint powers authority formed to serve as the Groundwater Sustainability Agency (GSA) under SGMA.

Agricultural Fee: A component of the Fee based on using groundwater for agricultural purposes.

Annual Budget: The financial plan adopted annually by the Board, identifying anticipated expenses and revenue sources for implementing the Annual Work Plan.

Annual Work Plan: A Board-approved description of regulatory activities to be conducted during a fiscal year to implement the Groundwater Sustainability Plans (GSPs).

Board: The Board of Directors of the SVBGSA

Connection: A connection between the end user's piping or constructed conveyance and the water system's meter, service line or constructed conveyance.

Connection Fee: A component of the Fee based on using groundwater for non-agricultural purposes.

De Minimis Extractor: A person who extracts two acre-feet or less of groundwater per year for domestic purposes, and who is exempt from the Fee under California law.

Fee: The Regulatory Fee assessed by the SVBGSA to fund its SGMA implementation activities. It may include Agricultural Fees and Connection Fees and is structured in two tiers (Tier 1 and Tier 2).

General Manager: The individual appointed by the SVBGSA Board to manage day-to-day operations and implement Board policy.

GSA: Groundwater Sustainability Agency

GSP: Groundwater Sustainability Plan(s), developed for each subbasin to ensure sustainable groundwater management per SGMA requirements.

Management Area: The geographic area within which the Fee applies, excluding exempt jurisdictions such as Marina Coast Water District and any area for which the SVBGSA has entered into an agreement that provides that the Fee shall not be charged within such area, or any portion thereof.

Person: A property owner subject to the Agricultural or Connection Fee or a water system operator responsible for payment.

SGMA: Sustainable Groundwater Management Act

Subbasin: A distinct hydrologic subarea of the Salinas Valley Groundwater Basin, each having a separate GSP and possibly distinct fee responsibilities.

Tier 1 Costs (Basin-Wide): Costs of regulatory activities that apply equally across all subbasins (e.g., agency administration, shared modeling tools, general compliance reporting).

Tier 2 Costs (Subbasin-Specific): Costs of regulatory activities that benefit or apply to only one or more subbasins (e.g., localized projects, stakeholder outreach, subbasin-specific litigation).

Water Code Section 10730: The legal authority under California law that allows GSAs to adopt and collect regulatory fees for implementing SGMA.

3. Budgeting and Fee Setting

The Annual Work Plan and Annual Budget shall specify estimated Tier 1 and Tier 2 costs. Following approval of the Work Plan and Budget, the Fee shall be calculated and presented to the Board for approval. Actual revenues and expenditures from prior years shall be reviewed to determine if the fund balances should be used to adjust the upcoming year's Fee, including reconciliation of subbasin-specific cost allocations.

The Board may authorize the use of Tier 1 revenues to cover shortfalls in Tier 2 funding, subject to reimbursement conditions.

4. Fee Collection

The Fee may be collected via property tax bills or direct billing, consistent with the Water Code section 10730. The Fee applies to chargeable parcels and connections in the Management Area. The De Minimis Extractors and exempt federal lands shall not be charged.

If any Person fails to pay the Fee as charges, the Person shall pay interest at the rate of 1 percent per month on the delinquent amount of the Fee and a 10 percent penalty, pursuant to Water Code section 10730.6. In addition to the interest and penalty, the Board may elect to utilize any of the remedies available to it for failure to pay the Fee as set forth in Water Code section 10730.6.

5. Annual and Periodic Review

The Fee shall be reviewed annually during the budget process. A comprehensive review of the methodology and underlying assumptions shall be conducted at least every five (5) years, with public input.

6. Appeals

Any person or entity disputing the Fee may file an appeal following payment, using the established SVBGSA procedure. Appeals are first considered by the General Manager and may be elevated to the Executive Committee and to the Board.

7. General Provisions

The General Manager is authorized to develop and update administrative procedures consistent with this policy.

Version History

V1: Date 02/10/23 Reso # 2023-01

V2: Date 06/29/23 Reso # 2023-06

V2: Date 08/14/25 Reso # 2025-01