

Public Hearing on the SGMA Groundwater Management Fee

SAN BENITO COUNTY WATER DISTRICT

Groundwater Management Fee Background

- ▶ On June 10, 2021, the Groundwater Sustainability Agency (GSA) Committee of the San Benito County Water District convened to discuss the proposed Groundwater Management Fee and to make recommendations to the Board regarding its adoption for Fiscal Years 2021-2026.
- ▶ On July 14, 2021, the Board of Directors, acting as the GSA for the North San Benito Groundwater Basin approved Resolution 2021-13 adopting the fee.
- ▶ Purpose of tonight's Action is to adopt an updated fee for 2026/2027 to 2030/2031.

Groundwater Management Fee Background

- ▶ SGMA does not require new fee structures
- ▶ District developed GMF to equitably distribute compliance costs between Zone 3 and Zone 6
- ▶ Parcel-based fee previously adopted and implemented
 - ▶ Intent is to recover costs associated with long-term benefits
- ▶ Usage-based fee was contemplated but not implemented
 - ▶ Intent would be to recover costs associated with immediate benefit

Existing Groundwater Management Fees

Fiscal Year	Annual Fee Per Acre
2021-2022	\$5.77
2022-2023	\$5.92
2023-2024	\$6.07
2024-2025	\$6.23
2025-2026	\$6.39

Program Accounting

Fiscal Year	2021-2022	2022-2023	2023-2024	2024-2025	2025-2026 (est.)
Budgeted Expenses	\$415,262	\$455,610	\$414,716	\$315,671	\$145,150
Actual Expenses	\$103,292	\$123,653	\$116,789	\$119,111	\$137,200

- ▶ Actual expenses were lower than anticipated
- ▶ Program has an estimated balance of \$1.5M

Projected Expenses

Fiscal Year	2026-2027	2027-2028	2028-2029	2029-2030	2030-2031
Wages	\$60,000	\$63,000	\$66,150	\$69,458	\$72,930
Contract Services	170,000	178,500	187,425	196,796	206,636
Material and Equipment	150	158	165	174	182
General and Admin.	<u>2,000</u>	<u>2,100</u>	<u>2,205</u>	<u>2,315</u>	<u>2,431</u>
Projected Expenses	\$232,150	\$243,758	\$255,945	\$268,743	\$282,179

Total Project Expenses for 5 years - \$1,282,775

Projected Future Revenue Requirement

Estimated Reserve Balance	\$1,535,000
Projected Expenses	<u>\$1,282,775</u>
Remaining Balance	\$252,225
2-Year Reserve	<u>\$(500,000)</u>
Funding Requirement (Collected over 5-Years)	<u>\$(247,775)</u>

Projected Future Revenue Requirement

Funding Requirement	\$247,775
Allocated over (acres):	<u>82,717</u>
Total Per Acre Amount to be Allocated over 5 years	\$3.00
Divided by 5 years	<u>5</u>
Per Year Allocation per Acre	\$0.60

Potential Allocation Methodology

- ▶ Retaining parcel-based fee as the interim solution which current calculation has the assessment calculated to approximately be \$0.60/acre
- ▶ Inclusion of a usage-based fee which is based on pumping usage would require a rational basis for allocation between fees

SGMA Compliance Schedule

- ▶ December 2025: Begin Periodic Evaluation/GSP Amendment
- ▶ January 2026: Initiate Technical Advisory Committee (TAC)
- ▶ January 2026: Board Approves Annual Groundwater Report
- ▶ April 2026: Submit Annual Groundwater Report to DWR
- ▶ January 2027: Submit Periodic Evaluation/GSP Amendment

Recommendation

- ▶ Staff recommends:
 - ▶ Retain parcel-based fee for at least one more rate cycle as the interim solution
 - ▶ Evaluate effectiveness of OpenET through GSP amendment
 - ▶ Implement in subsequent year if warranted
 - ▶ Adopt the Goundwater Management Fee of \$0.60 per AF



Questions?