

**Seaside Groundwater Basin Watermaster
Replenishment Ad Hoc Committee Meeting**

Wednesday, July 5, 2023, 2:45 P.M.

IN-PERSON

**Monterey One Water Board Room
5 Harris Court, Building “D”, Ryan Ranch, Monterey, California**

Watermaster Board:

City of Seaside – Mayor Ian Oglesby, Chairman
Laguna Seca Subarea Landowner – Director John Gaglioti
Monterey Peninsula Water Management District – Director George Riley
City of Monterey – Councilmember Kim Barber
City of Sand City – Mayor Mary Ann Carbone, Vice Chairman
California American Water – Director Chris Cook
City of Del Rey Oaks – Councilmember Kim Shirley
Monterey County/Monterey County Water Resources Agency –
Supervisor Wendy Root Askew, District 4
Coastal Subarea Landowner – Director Paul Bruno

Administrative Officer – Laura Paxton
Technical Program Manager – Robert Jaques

- I. CALL TO ORDER/ROLL CALL:** Meeting Facilitator – Director John Gaglioti
- II. INTRODUCTION:** The purpose of this session is to provide a setting to develop options for replenishing the Seaside Groundwater Basin once replenishment water becomes available. The Directors will take no formal action.
- III. DISCUSSION ITEM:** Develop concepts and/or funding mechanisms for Watermaster to replenish the Seaside Groundwater Basin.
- IV. PUBLIC COMMENT ON ORIENTATION SESSION**
Please limit comments to three minutes.
- V. ADJOURNMENT**

This agenda was posted at the City Clerks Office at the City of Seaside on Wednesday, June 29, 2023 per the Ralph M. Brown Act. Government Code Section 54954.2(a). The agenda was forwarded via e-mail to the City Clerks of Monterey, Sand City and Del Rey Oaks; the Clerk of the Monterey Board of Supervisors; the Clerk to the Monterey Peninsula Water Management District; the Clerk at the Monterey County Water Resources Agency and the California American Water Company for posting on June 29, 2023.

SEASIDE GROUNDWATER BASIN WATERMASTER

TO: Watermaster Replenishment Ad Hoc Committee

FROM: Laura Paxton, Administrative Officer

DATE: July 5, 2023

SUBJECT: Develop concepts and/or funding mechanisms for Watermaster to replenish the Seaside Groundwater Basin (the “Basin”)

RECOMMENDATIONS:

This session is recommended as a setting to develop concepts and/or funding mechanisms for the procurement of replenishment water for the Basin once replenishment water becomes available.

BACKGROUND:

A Zoom meeting was held on January 15, 2021 with representatives of the Watermaster (Bob Jaques), Monterey Peninsula Water Management District (Dave Stoldt), M1W (Mike McCullough), Cal Am (Chris Cook, Ian Crooks, Tim O’Halloran) to discuss the topic of recharging the Seaside Basin to achieve groundwater levels that would be protective against seawater intrusion. Topics discussed included among others the authorities and obligations of the Watermaster pertaining to replenishment of the Basin, and a fee mechanism to recoup cost of Basin replenishment water. For an excerpt from the Discussion Paper submitted by Watermaster Technical Program Manager Bob Jaques for that meeting, see **Attachment 1**.

The Watermaster Replenishment Ad Hoc Committee met once on October 20, 2021. Committee members were Directors Albert, Cook, Bruno, Riley, and Gaglioti. Others present were David Stoldt, Monterey Peninsula Water Management District (“MPWMD”); Nisha Patel and Scott Ottmar, City of Seaside; Mr. Jaques and myself. Director Bruno facilitated the meeting. It was discussed that, unlike Watermaster, MPWMD has taxing authority and could institute an assessment to purchase recharge water. Furthermore, a “drop charge” option was proposed whereby those parties storing water in the basin would leave behind a sustainability contribution based on a percentage of stored water extracted. Director Bruno requested Director Cook and Mr. Stoldt meet to further discuss options for providing/funding Basin replenishment. Director Cook requested examples of replenishment strategies of other water districts as reference (five of which were provided and are available upon request).

At the Watermaster Board meeting held March 1, 2023, the board voted unanimously to convene another Replenishment Ad Hoc Committee meeting to consider concepts including and beyond purchase of water to achieve recharge, and consider contracting within the \$28,510 available for a recharge mechanism analysis. Directors Bruno, Cook, Riley, Gaglioti, and Shirley comprise the ad hoc committee.

DISCUSSION:

It is not intended for the Committee to discuss at today’s meeting the veracity of potential replenishment water sources or specific amounts needed, only concepts and/or funding mechanisms for Watermaster to replenish the Basin once replenishment water is available.

FISCAL IMPACT:

There is a balance of \$28,510 in Replenishment Assessments available for use toward developing funding concepts (See **Attachment 2**). A proposal from Hansford Economic Consulting to review and prepare the regulatory fee presented to the Salinas Valley Basin Groundwater Sustainability Agency is provided in **Attachment 3** to give a rough estimate of the cost of reviewing and preparing water related funding.

ATTACHMENTS:

1. Excerpt from Discussion Paper regarding recharging the Seaside Basin, submitted by Watermaster Technical Program Manager Bob Jaques for a meeting held January 15, 2021
2. Watermaster Replenishment Assessment Fund as of September 30, 2022
3. Proposal from Hansford Economic Consulting to review and prepare the regulatory fee for the Salinas Valley Basin Groundwater Sustainability Agency

ATTACHMENT 1

DISCUSSION PAPER FOR JULY 20, 2021 MEETING

Background

A Zoom meeting was held on January 15, 2021 with representatives of the Watermaster (Bob Jaques), Monterey Peninsula Water Management District (Dave Stoldt), M1W (Mike McCullough), Cal Am (Chris Cook, Ian Crooks, Tim O'Halloran) to discuss the topic of recharging the Seaside Basin to achieve groundwater levels that would be protective against seawater intrusion. Topics discussed included:

- Recharge water would not be sold to users, it would be left in the Basin to benefit all users of the Basin and to help ensure the long-term beneficial use of the Basin. Similar to other water management and water resource protection activities that are already being performed and paid for by users, does Cal Am, MPWMD, or M1W have any way of recouping such costs from their rate payers? M1W and Cal Am felt they did not have that ability, but MPWMD felt doing so would be within their mission. Mr. Stoldt felt it would be a complicated matter to determine who should pay for the recharge water. He cautioned that his Board would first need to be in agreement that purchasing water to recharge the Basin would be an appropriate cost for which landowners within its jurisdictional area should pay.
- The Watermaster has already explored with the State their various grant and loan programs to see if there is any funding available through them to purchase water to recharge the Basin. The State responded that they do not have any funding programs to pay for the purchase of recharge water. Did the representatives have any suggestions on sources of money to pay the cost of producing the recharge water? No one was aware of any State or Federal funding programs that could help with the cost to purchase recharge water.

Adjudication Decision (Judgement) Authorities and Obligations of the Watermaster Pertaining to Replenishment of the Seaside Basin

The Legal Opinion on this was prepared by Chris Campbell, the Watermaster's recently hired legal counsel, and concluded in part that:

- The Watermaster has the authority and the obligation to prevent seawater intrusion into the Basin, and to manage the water supply of the Basin for the beneficial use of the public.
- The Watermaster must ensure that the Basin's ongoing viability [as a potable water supply source] is maintained.
- The Watermaster is to work collaboratively with other entities to complete the work required to achieve groundwater levels that protect the Basin against seawater intrusion.
- If the Court determines that the Watermaster is not carrying out its duties, the Court, may impose sanctions. Those could include fines, pumping moratoriums, or even the creation of a Special Master to take over management of the Basin.

ATTACHMENT 2

Seaside Groundwater Basin Watermaster											
Replenishment Fund											
Water Year 2023 (October 1 - September 30) / Fiscal Year (January 1 - December 31, 2023)											
Balance through May 31, 2023											
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
	WY 05/06	WY 06/07	WY 07/08	WY 08/09	WY 09/10	WY 10/11	WY 11/12	WY 12/13	WY 13/14	WY 14/15	WY 15/16
Assessment Water Year											
Unit Cost:	a \$ 1,132 / \$283	\$ 1,132 / \$283	\$ 2,485 / 621.25	\$ 3,040 / \$760	\$ 2,780 / \$695	\$ 2,780 / \$695	\$ 2,780 / \$695	\$ 2,780 / \$695	\$ 2,702/\$675.50	\$ 2,702/\$675.50	\$ 2,702/\$675.50
Cal-Am Water Balance Forward	b \$ -	\$ 1,641,004	\$ 4,226,710	\$ (2,871,690)	\$ (2,839,939)	\$ (3,822,219)	\$ (6,060,164)	\$ (8,735,671)	\$ (6,173,771)	\$ (3,102,221)	\$ (676,704)
Cal-Am Water Production (AF)	c 3,710.00	4,059.90	3,862.90	2,966.02	3,713.52	3,416.04	3,070.90	3,076.61	3,232.10	2,764.73	1,879.21
Cal-Am Water NSY Over-Production (AF)	d 1,862.69	2,266.32	2,092.16	1,241.27	1,479.47	1,146.71	820.48	856.42	1,032.77	782.17	-
Exceeding Natural Safe Yield Considering Alternative Producers	e \$ 2,106,652	\$ 2,565,471	\$ 5,199,014	\$ 3,773,464	\$ 4,112,933	\$ 3,187,854	\$ 2,280,943	\$ 2,380,842	\$ 2,790,539	\$ 2,113,414	\$ -
Operating Yield Overproduction Replenishment	f \$ -	\$ 20,235	\$ 8,511	\$ -	\$ -	\$ -	\$ 154,963	\$ 181,057	\$ 281,012	\$ 312,103	\$ -
Total California American	g \$ 2,106,652	\$ 2,585,706	\$ 5,207,525	\$ 3,773,464	\$ 4,112,933	\$ 3,187,854	\$ 2,435,907	\$ 2,561,899	\$ 3,071,550	\$ 2,425,516	
CAW Credit Against Assessment	h \$ (465,648)		\$ (12,305,924)	\$ (3,741,714)	\$ (5,095,213)	\$ (5,425,799)	\$ (5,111,413)				
CAW Unpaid Balance	i \$ 1,641,004	\$ 4,226,710	(2,871,690)	\$ (2,839,939)	\$ (3,822,219)	\$ (6,060,164)	\$ (8,735,671)	\$ (6,173,771)	\$ (3,102,221)	\$ (676,704)	\$ (676,704)
City of Seaside Balance Forward	j \$ -	\$ 243,294	\$ 426,165	\$ 1,024,272	\$ 1,619,973	\$ 891,509	\$ (110,014)	\$ (773,813)	\$ (1,575,876)	\$ (2,889,325)	\$ (3,346,548)
City of Seaside Municipal Production (AF)	k 332.00	287.70	294.20	293.44	282.87	240.68	233.72	257.73	223.64	185.01	195.16
City of Seaside NSY Over-Production (AF)	l 194.07	153.78	161.99	153.06	113.21	50.84	58.82	85.17	52.71	25.77	37.87
Exceeding Natural Safe Yield Considering Alternative Producers	m \$ 219,689	\$ 174,082	\$ 402,540	\$ 465,300	\$ 314,721	\$ 141,335	\$ 163,509	\$ 236,782	\$ 142,410	\$ 69,630	\$ 102,330
Operating Yield Overproduction Replenishment	n \$ 12,622	\$ 85	\$ 4,225	\$ 16,522	\$ 20,690	\$ -	\$ 1,689	\$ 27,007	\$ 3,222	\$ 38	\$ 11,959
Total Municipal	o \$ 232,310	\$ 174,167	\$ 406,764	\$ 481,823	\$ 335,412	\$ 141,335	\$ 165,198	\$ 263,788	\$ 145,631	\$ 69,667	\$ 114,290
City of Seaside - Golf Courses (APA - 540 AFY)											
Exceeding Natural Safe Yield - Alternative Producer	p \$ -	\$ -	\$ 131,705	\$ 69,701	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Operating Yield Overproduction Replenishment	q \$ -	\$ -	\$ 32,926	\$ 17,427	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Total Golf Courses	r \$ -	\$ -	\$ 164,631	\$ 87,128	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Total City of Seaside*	s \$ 232,310	\$ 174,167	\$ 571,395	\$ 568,951	\$ 335,412	\$ 141,335	\$ 165,198	\$ 263,788	\$ 145,631	\$ 69,667	\$ 114,290
City of Seaside Late Payment 5%	t \$ 10,984	\$ 8,704	\$ 26,712	\$ 26,750	\$ 15,737						
In-lieu Credit Against Assessment	u \$ -	\$ -	\$ -	\$ -	\$ (1,079,613)	\$ (1,142,858)	\$ (828,996)	\$ (1,065,852)	\$ (1,459,080)	\$ (526,890)	\$ (162)
City of Seaside Unpaid Balance	v \$ 243,294	\$ 426,165	\$ 1,024,272	\$ 1,619,973	\$ 891,509	\$ (110,014)	\$ (773,813)	\$ (1,575,876)	\$ (2,889,325)	\$ (3,346,548)	\$ (3,232,420)
Mission Memorial Park											
Mission Memorial Park Production (AF)	w		20.80	26.40	12.80	22.40	27.00	24.95	24.89	17.97	13.67
Mission Memorial Park NSY Over-Production (AF)	x	-	-	-	-	-	-	-	-	-	-
Exceeding Natural Safe Yield - Alternative Producer	y \$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Operating Yield Overproduction Replenishment	z \$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Total Mission Memorial Park	aa \$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Total Replenishment Fund Balance	bb \$ 1,884,298	\$ 4,652,874	\$ (1,847,417)	\$ (1,219,966)	\$ (2,930,710)	\$ (6,170,178)	\$ (9,509,483)	\$ (7,749,648)	\$ (5,991,546)	\$ (4,023,252)	\$ (3,909,125)
Replenishment Fund Balance Forward	cc \$ -	\$ 1,884,298	\$ 4,652,874	\$ (1,847,417)	\$ (1,219,966)	\$ (2,930,710)	\$ (6,170,178)	\$ (9,509,483)	\$ (7,749,648)	\$ (5,991,546)	\$ (4,023,252)
Total Replenishment Assessments	dd \$ 2,349,946	\$ 2,768,576	\$ 5,805,632	\$ 4,369,165	\$ 4,464,082	\$ 3,329,189	\$ 2,601,104	\$ 2,825,688	\$ 3,217,182	\$ 2,495,183	\$ 114,290
Total Paid and/or Credited	ee \$ (465,648)	\$ -	\$ (12,305,924)	\$ (3,741,714)	\$ (6,174,826)	\$ (6,568,657)	\$ (5,940,409)	\$ (1,065,852)	\$ (1,459,080)	\$ (526,890)	\$ (162)
Grand Total Fund Balance	ff \$ 1,884,298	\$ 4,652,874	\$ (1,847,417)	\$ (1,219,966)	\$ (2,930,710)	\$ (6,170,178)	\$ (9,509,483)	\$ (7,749,648)	\$ (5,991,546)	\$ (4,023,252)	\$ (3,909,125)
* 2010 = 319.55 AF golf course in-lieu replenishment and 68.8 AF 4-party agmt in-lieu replenishment											
2011 = 411.1 AF golf course in-lieu replenishment											
2012 = 298.2 AF golf course in-lieu replenishment											
2013 = 383.4 AF golf course in-lieu replenishment											
2014 = 552.4 AF golf course in-lieu capped at 540 AF											
2015 = 195.0 AF golf course in-lieu											
2016 = 00.06 AF golf course in-lieu											
2017 = 00.00 AF golf course in-lieu											

Seaside Groundwater Basin Watermaster										7/5/23
Replenishment Fund										Page 2
Water Year 2023 (October 1 - September 30) / Fiscal Year (January 1 - December 31, 2023)										
Balance through May 31, 2023										
	2017	2018	2019	2020	WY 2021	WY 2022	Totals WY 2006 Through 2022	Budget WY 2023	Projected Totals Through WY 2023	
Assessment Water Year	WY 16/17	WY 17/18	WY 18/19	WY 19/20	WY 20/21	WY 21/22		WY 22/23		
Unit Cost:	\$2,872 / \$718	\$2,872 / \$718	\$2,872 / \$718	\$2,872 / \$718	\$2,947 / \$737	\$3,260 / \$815		\$3,461 / \$865		
Cal-Am Water Balance Forward	\$ (676,704)	\$ (491,747)	\$ (46,797,949)	\$ (47,979,852)	\$ (46,855,121)	\$ (46,855,121)		\$ (46,855,121)		
Cal-Am Water Production (AF)	2,029.51	2,229.45	2,120.22	2,245.88	1,664.04	1,648.71	47,689.74			
Cal-Am Water NSY Over-Production (AF)	64.40	374.65	284.85	334.21	-	-	14,638.57			
Exceeding Natural Safe Yield Considering Alternative Producers	\$ 184,957	\$ 1,075,995	\$ 818,097	\$ 959,859	\$ -	\$ -	\$ 33,550,034	\$ 100,000	\$ 33,650,034	
Operating Yield Overproduction Replenishment				\$ 164,872	\$ -	\$ -	\$ 1,122,753	\$ 20,000	\$ 1,142,753	
Total California American	\$ 184,957	\$ 1,075,995	\$ 818,097	\$ 1,124,731	\$ -	\$ -	\$ 34,672,786	\$ 120,000	\$ 34,792,786	
CAW Credit Against Assessment		\$ (49,382,196)	\$ -	\$ -	\$ -	\$ -	\$ (81,527,907)	\$ -	\$ (81,527,907)	
CAW Unpaid Balance	\$ (491,747)	\$ (48,797,949)	\$ (47,979,852)	\$ (46,855,121)	\$ (46,855,121)	\$ (46,855,121)	\$ (46,855,121)	\$ (46,735,121)	\$ (46,735,121)	
City of Seaside Balance Forward	\$ (3,232,420)	\$ (3,142,500)	\$ (3,022,249)	\$ (2,919,806)	\$ (2,802,831)	\$ (2,708,829)		\$ (2,661,184)		
City of Seaside Municipal Production (AF)	188.31	184.63	178.40	181.65	174.69	155.12	3,888.95			
City of Seaside NSY Over-Production (AF)	30.47	32.46	27.82	32.06	25.52	11.69	1,247.31			
Exceeding Natural Safe Yield Considering Alternative Producers	\$ 87,512	\$ 93,225	\$ 79,893	\$ 92,089	\$ 75,197	\$ 38,116	\$ 2,898,358	\$ 100,000	\$ 2,998,358	
Operating Yield Overproduction Replenishment	\$ 2,409	\$ 27,026	\$ 22,550	\$ 24,886	\$ 18,806	\$ 9,529	\$ 203,263	\$ 10,000	\$ 213,263	
Total Municipal	\$ 89,920	\$ 120,251	\$ 102,443	\$ 116,975	\$ 94,002	\$ 47,645	\$ 3,101,621	\$ 110,000	\$ 3,211,621	
City of Seaside - Golf Courses (APA - 540 AFY)										
Exceeding Natural Safe Yield - Alternative Producer	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 201,406		\$ 201,406	
Operating Yield Overproduction Replenishment	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 50,353		\$ 50,353	
Total Golf Courses	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 251,759		\$ 251,759	
Total City of Seaside*	\$ 89,920	\$ 120,251	\$ 102,443	\$ 116,975	\$ 94,002	\$ 47,645	\$ 3,353,380	\$ 110,000	\$ 3,463,380	
City of Seaside Late Payment 5%							\$ 88,887		\$ 88,887	
In-lieu Credit Against Assessment							\$ (6,103,451)		\$ (6,103,451)	
City of Seaside Unpaid Balance	\$ (3,142,500)	\$ (3,022,249)	\$ (2,919,806)	\$ (2,802,831)	\$ (2,708,829)	\$ (2,661,184)	\$ (2,661,184)	\$ (2,551,184)	\$ (2,551,184)	
Mission Memorial Park (APA - 31 AFY)										
Mission Memorial Park Production (AF)	13.74	14.43	16.07	20.00	46.77	33.95	335.84			
Mission Memorial Park NSY Over-Production (AF)	-	-	-	-	15.77	2.95	18.72			
Exceeding Natural Safe Yield - Alternative Producer	\$ -	\$ -	\$ -	\$ -	\$ 46,488	\$ 9,608	\$ 56,096		\$ 56,096	
Operating Yield Overproduction Replenishment	\$ -	\$ -	\$ -	\$ -	\$ 11,626	\$ 2,402	\$ 14,028		\$ 14,028	
Board Approved (5/4/22) Credit Against Assessment					(33,114)	-	\$ (33,114)		\$ (33,114)	
\$8,500 Applied to Admin Fund to cover expenses					(8,500)	-				
Mission Memorial Park Unpaid Balance	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
Total	\$ -	\$ -	\$ -	\$ -	\$ 16,500	\$ 12,010	\$ 28,510	\$ -	\$ 28,510	
Total Replenishment Fund Balance	\$ (3,634,247)	\$ (51,820,198)	\$ (50,899,658)	\$ (49,657,952)	\$ (49,563,950)	\$ (49,516,305)	\$ (49,487,795)	\$ (49,286,305)	\$ (49,286,305)	
Replenishment Fund Balance Forward	\$ (3,909,125)	\$ (3,634,247)	\$ (51,820,198)	\$ (50,899,658)	\$ (49,657,952)	\$ (49,563,950)		\$ (49,516,305)		
Total Replenishment Assessments	\$ 274,877	\$ 1,196,246	\$ 920,540	\$ 1,241,706	\$ 110,502	\$ 59,655	\$ 38,143,563	\$ 230,000	\$ 38,373,563	
Total Paid and/or Credited		\$ (49,382,196)		\$ (16,500)	\$ (12,010)	\$ (87,659,868)			\$ (87,659,868)	
Grand Total Fund Balance	\$ (3,634,247)	\$ (51,820,198)	\$ (50,899,658)	\$ (49,657,952)	\$ (49,563,950)	\$ (49,516,305)	\$ (49,516,305)	\$ (49,286,305)	\$ (49,286,305)	

WATER YEAR 2023 (October 1, 2022-September 30, 2023)

ANTICIPATED UNIT COSTS OF WATER THAT COULD POTENTIALLY BE USED FOR REPLENISHMENT OF THE SEASIDE BASIN

POTENTIAL SOURCE OF REPLENISHMENT WATER	POTENTIAL DATE REPLENISHMENT WATER COULD BECOME AVAILABLE	POTENTIAL VOLUME OF WATER THAT COULD BE SUPPLIED BY THE PROJECT (AFY) ⁽¹⁾	BASE UNIT COST (\$/AF)	BASE UNIT COST YEAR
Regional Desalination ⁽²⁾	2024	6,250	\$6,147	2021
Pure Water Monterey & PWMX ⁽⁶⁾	2020	5,750	3,486	2021
Monterey Peninsula Water Supply Project (Combined Regional Desalination with Groundwater Replenishment Project)	PWM in 2020; Regional Desalination in 2024	12,000	\$4,872⁽³⁾	2022
Seaside Basin ASR Expansion ⁽⁴⁾	2021	1,000	\$2,025	2016
Regional Urban Water Augmentation Project ⁽⁵⁾	2021	1,400-1,700	\$3,486	2021

$(\$4,872 + \$2,025 + \$3,486) / 3 =$

\$3,461 = 2023 Replenishment Assessment Unit Cost for NSY Overproduction

$\$3,461/4 = \865 Replenishment Assessment Unit Cost for OY Overproduction

FOOTNOTES:

(1) For the Regional Desalination Project this is the total amount of water from this source which could potentially come to the Cal Am distribution system, based on the desalination plant having a 6.4 MGD capacity equivalent to 7,169 AFY. Only a portion of this amount might be available as initially unused capacity that could be used to help replenish the Seaside Basin For the RUWAP this is the total amount of non-potable water from this source. Only a portion of this amount might be used for in-lieu replenishment of the Seaside Basin. For the ASR Expansion Project this is the additional amount of water that could potentially be provided by this project (see footnote 4). For the PWM & PWMX this is the quantity of water that is being planned at this time by CAW for inclusion in its Monterey Peninsula Water Supply Project. *Note that if the desalination plant is not built, PWM and PWMX will have to bear conveyance, pumping, and delivery.*

(2) Base unit cost data based on PUC filing documents and provided by Dave Stoldt of MPWMD. This unit cost was confirmed in August 2021 by Ian Crooks of Cal Am as being the latest unit cost available for this project. *Note that if the desalination plant is not built, PWM and PWMX will have to bear conveyance, pumping, and delivery.*

(3) Flow-weighted average unit cost of the combined desalination and groundwater replenishment projects, calculated as:
 $(6,250 \times \$6,147 + 5,750 \times \$3,486) / 12,000 = \$4,872$

(4) Base unit cost data provided by MPWMD in 2016. No updated unit cost was provided for this project. The 1,000 AFY of potential water that this project could supply would be in addition to the 1,300 AFY included as part of the Monterey Peninsula Water Supply Project, and would be an annual average taking into account river flow and hydrologic conditions that change from year to year.

(5) Project data updated in 2022. Patrick Breen of MCWD noted that to determine total cost per acre-foot, use the \$3,486-acre foot cost from Pure Water Monterey (which would be RUWAP cost as well) and add MCWD O&M and Financing costs to be determined.

(6) Base unit cost effective September 19, 2022 based on information provided by Ian Crook of Cal Am. *Note that if the desalination plant is not built, PWM and PWMX will have to bear conveyance, pumping, and delivery.*



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June 24, 2022

Ms. Donna Meyers
SVBGSA General Manager
C/O City Clerk, City of Salinas
200 Lincoln Avenue
Salinas, CA 93901

Subject: Proposal to Review the Regulatory Fee

Dear Ms. Meyers:

HEC appreciates our continuing relationship of providing fee-setting services to the Salinas Valley Basin Groundwater Sustainability Agency (SVBGSA), which began in 2018. At its May 12, 2022 Board of Directors (Board) meeting, staff was directed to receive a proposal from HEC to review the regulatory fee, specifically with regards to program management and implementation costs that pertain only to one, or certain, but not all, sub-basins.

PROPOSED SCOPE OF SERVICES

The following scope of services is proposed:

1. Work with staff on Board policy for regulatory activities that only provide benefit to one, or multiple, sub-basins.
2. Research, analyze, and present options for charging a regulatory fee(s) to one, or multiple, sub-basins.
3. Provide outreach services for garnering input on the various fee options.
4. Assist staff with adoption and implementation of any new and/or revised regulatory fee(s).
5. Any changes and/or additions of SVBGSA regulatory fee(s) would likely start fiscal year 2023/24; therefore, this proposal also includes preparation of the tax roll(s) for the regulatory fee(s), due to the Monterey County Auditor-Controller early August 2023, as well as determination of charges to customers charged the fee(s) directly (not on the property tax roll).

Detail for each of these tasks is described below.

TASK 1: Assist Staff with Policy

The Board will be adopting policy for identification of GSP management and implementation activities and associated costs pertinent to only one, or multiple, but not all sub-basins. Insofar as the policy may

be guided by, or may affect, fee-setting for one or a multiple of sub-basins, HEC will participate in this process.

TASK 2: Develop Options for Sub-basin Regulatory Fees

HEC will research, analyze, and present options for new sub-basin(s) cost allocation and regulatory fee structure(s). This task will be performed in conjunction with Task 3 because outreach and input from stakeholders is extremely important in developing the best cost allocation methodology and fee structure(s) for sub-basins. KSN, Inc. has GIS staff available to assist HEC with mapping data, and extracting data from pertinent sources, to develop potential new sub-basin regulatory fee(s).

While alternative fee structures may be explored, it is possible that the current methodology of fee-setting may be the selected alternative for a new sub-basin(s) regulatory fee(s).

TASK 3: Outreach Services

Schaelene Rollins, who also teamed with HEC on development of the current groundwater sustainability (regulatory) fee, will assist the effort by providing community outreach to areas within the GSA boundaries. The recommended outreach strategy will be developed with input from the Board of Directors and sub-basin implementation committee members. Outreach efforts will likely include meetings or presentations with interested parties as well as community meetings at key geographical locations (or virtual public workshops), coordinating with SVBGSA staff on meeting logistics, including having Spanish-speaking services, and providing materials for the Agency's website. Outreach services also include pertinent material development (meeting invitations, e-blasts, and newspaper ads) as identified in the outreach plan.

TASK 4: Support for Adoption and Implementation of New Regulatory Fee(s)

While staff and legal counsel will develop much of the material necessary for adoption and implementation of any new sub-basin regulatory fee(s), HEC will provide support, including review of materials.

TASK 5: FY 2023/24 Regulatory Fee(s) Preparation

This task includes the same activities that HEC has provided to the SVBGSA for fiscal years 2021/22 and 2022/23. These activities include:

- Dovetailing with the budget development, develop a memorandum detailing the fee(s) methodology and calculation of all the regulatory fees to the SVBGSA, and present the findings to the Board and committees as requested.
- Assemble the master database(s) with current APN information and connections data, and any other data that may be necessary for a new regulatory fee, from documented data sources (such as water purveyors and County GIS records).
- Calculate the fee for each parcel that is charged the fee on the tax roll and each water provider that is hand-billed. If a new fee structure is developed, calculate the fee on the basis approved by the Board.

- Consolidate the data into a tax roll list and a direct-bill list for the fiscal year 2023/24 fee charges. Submit the tax roll list and other information to the County Auditor-Controller in the format required by the County, on behalf of SVBGSA. Submit the direct-bill list to SVBGSA for distribution of invoices.

BUDGET AND TIMELINE

The proposed budget for the above-described scope of services is detailed in Table 1 below. The estimated total cost is \$39,140 without attendance at in-person meetings. Direct costs and travel time for potential in-person public meetings is estimated to increase the budget to \$52,280; however, this budget may not be used, or may be considered contingency if all meetings are held virtually.

Note, the budget does not include costs for services provided by a mail house, and other print and mail materials, if any such services are needed. In addition, the budget excludes website programming and development – only content development is included. The budget includes time for Schaelene Rollins and GIS staff with the firm KSN, Inc. to assist with outreach and mapping needs.

Table 1
Estimated Budget Associated with the Regulatory Fee Review

Task/Item Description	Hansford	Rollins	GIS	Associate	Support	Estimated
Hourly Billing Rates	\$190	\$130	\$165	\$140	\$85	Total
1 Develop Policy	10				2	\$2,070
2 Fee Structure Options	50		12	20	4	\$14,620
3 Outreach Services		66			8	\$9,260
4 Adoption of New Fee(s)	10				4	\$2,240
5 FY 2023/24 Fee Setting	40		6	12	8	\$10,950
Total Cost Estimate					A	\$39,140
Estimated Trip Costs (4 trips for Hansford and 2 trips for Rollins)					B	\$13,140
TOTAL ESTIMATED COSTS					C = A+B	\$52,280

HEC bills on a time and materials basis. Staff would be billed per their current hourly billing rate. HEC only bills for the work completed up to the authorized budget amount; however, HEC reserves the right to move budget between tasks, should one task be completed under the estimated amount, and another task be completed over the estimated amount. If additional work is requested that is beyond the authorized scope of services, HEC will request authorization for increased budget. No work beyond that expressly included in the authorized scope of services and budget will be conducted without prior authorization.

If any costs are incurred that are specific to work performed for SVBGSA (direct costs), these will be billed at cost. An example of this is costs for placing the public hearing notice in the local newspaper. Direct costs could include mileage reimbursement and other travel-related costs, printing, videoconference hosting fees, meals when traveling for meetings, and mail and postage costs.

The estimated timeline is provided below.

Task	Start	Completion
1. Develop Policy	7/15/2022	8/15/2022
2. Fee Structure Options	8/15/2022	11/31/2022
3. Outreach Services	10/1/2022	3/31/2023
4. Adoption of New Fee(s)	2/1/2023	3/31/2023
5. FY 2023/24 Fee Setting	4/1/2023	8/15/2023

I look forward to a continued positive relationship with staff and serving the Board of Directors of the SVBGSA.

Sincerely,



Catherine R. Hansford, Principal