



Salinas Basin Water Alliance

"Preserve and Protect Salinas Valley Water"

Bengard Ranch
Boutonnet Farms
Louie Calcagno
Christensen &
Giannini
Costa Farms
Cooper Land Corp.
D'Arrigo Bros.
Dole Fresh
Vegetables
Fontes Farms
General Farm
Investment
Higashi Farms
Huntington Farms
Lanini Family
Merrill Farms
Norcal Harvesting
Nunes Vegetables
Ocean Mist Farms
Panziera Ranches
Pedrazzi Farms
Queen Victoria
Farms
R.C. Farms
Secondo Farms
Scattini Family LP
Springfield Farms
Sunberry Growers
Sunset Farms
Tanimura & Antle
Taylor Farms
The Tottino Group

August 28, 2023

Piret Harmon, General Manager
Salinas Valley Basin GSA

Dear Piret,

I am writing on behalf of the Salinas Basin Water Alliance, a group of growers, landowners, and businesses representing more than 88,000 acres in the Salinas Valley. The Alliance is concerned about the timeline and implementation of the outstanding issues surrounding the SVBGSA's multi-tier fee approach. At the June 29 Board of Directors meeting, several directors voiced their expectation that the SVBGSA, during the upcoming year, would analyze and resolve several outstanding issues related to the multi-tier fee approach.

The list of issues is detailed in the Hansford Technical Memorandum dated June 20, 2023:

1. Other ways to handle straddled parcels and straddled water systems between sub basins that may be considered more equitable than the ways it is being addressed in the fiscal year 2024 regulatory fees.
2. Whether it is important to address movement of water from its origin to another sub basin in the regulatory fee. If so, determine if there is a way to reasonably address imports and exports of water either inside and outside of the SVBGSA management area, or between sub basins or between portions of sub basins.
3. The applicability and feasibility of charging the fee on an extraction basis (this would require a Proposition 218 protest procedure per Water Cord 10730.2 because GSPs have been adopted in all sub basins).
4. Regulating de minimis users and charging them the regulatory fee(s). If there is good reason to regulate them, does this apply in all sub basins? Does it apply to all costs, or only Tier 1 costs or only Tier 2 costs under a tiered fee approach?
5. Discounted fees for properties (financed by Low Income Housing Tax Credits) that are restricted to low-income tenants, for which the fee most likely cannot be passed on to the tenants.
6. Determining whether it is appropriate to address prescriptive rights to water in over-drafted sub basins in regulatory fees.
7. Assessing whether Tier 1 fee calculation should be modified, still using the sub basin pumping data, to actual pumping data based on the 5-year rolling average, rather than rounding to a 90%/10% split.
8. Whether properties paying the regulatory fee(s) in the Arroyo Seco Management Area portion of the Forebay sub basin should pay the same amount(s) as the rest of the Forebay sub basin: and if not, how that would be handled.
9. Making a multi-year forecast of expenditures and accounting for the projection when setting fees for the next year.

While the multi-tier fee adoption vote on June 29 did not specifically include language requiring the SVBGSA to consider these nine items, the pre-vote discussion made it clear that the board expected these items to be addressed in the upcoming year.

Therefore, the Salinas Basin Water Alliance urges the SVBGSA to devise a schedule for prioritizing and working through the list of nine items during FY 2024. The nine items present varying degrees of complexity and will require varying degrees of time, effort, and public engagement. Regardless of complexity and length of time, the SVBGSA's work on all nine items should start now.

Items 1, 2, 4 and 7 should be resolved in time for FY 2025, as the data concerning each issue is already mostly in hand and resolving each issue mostly requires board discussion and determination of a policy.

The Alliance has several recommendations concerning each item.

Regarding Item 1, fees should be tied to where water is extracted, as opposed to where water is used.

Regarding Item 2, again, fees should be tied to where water is extracted. However, the extraction/origin of water must be accounted for when it comes to water budgets and annual reporting.

Regarding Item 4, de minimis users must be included within the regulatory framework and fees of the SVBGSA. If someone is using extracted water within the SVBGSA boundary, their use is part of the problem; therefore, they should also be held responsible for their part of the solution.

Regarding Item 7, the Alliance urges the SVBGSA to adopt pumping data for determining tier fees, preferably a 3-year rolling average rather than 5-year, as a shorter timeframe more honestly reflects evolving changes in cropping patterns and weather. Furthermore, as the Alliance has pointed out before, basing the fees on actual pumping data, rather than the more academic 90/10 split, means we as a water-consuming community, must align ourselves closer to reality.

As for the other five items, some may necessitate a longer discussion, which means those discussions should begin as soon as possible in order to reach consensus and conclusion sooner than later.

Regarding Item 3, the Alliance believes the SVBGSA should transition to extraction-indexed fees. Water should be treated like a utility, not unlike electricity and gas. If users are required to pay for extracted water, this will create a natural evolution toward self-policing water use and will encourage more sensible stewardship. This system is common and already in use in many other parts of the state.

Regarding Item 5, the SVBGSA should begin this discussion by studying how tenants are currently paying for water. Similar to the issue of de minimis users, the starting point of this discussion is the acknowledgement that all water users within the agency's jurisdiction are part of the problem and, therefore, should be part of the solution.

Regarding Item 6, the Alliance looks forward to a robust discussion of water rights within the context of the overall economy of the Salinas Valley.

Regarding Item 8, the Alliance believes it would be imprudent for certain portions of subbasins to exempt themselves from the responsibilities of that particular subbasin. While the Alliance believes that the SVBGSA's subbasin approach to governance, based on Bulletin 118, is built more upon political considerations rather than hydrogeology, it is the chosen method of our valley. As such, any partial exemptions within subbasins will open the door to more and more future challenges to the financial responsibilities of various projects and management actions; the more this happens, the closer the needle moves to adjudication.

Regarding Item 9, the Alliance believes it only sensible to maintain a running multi-year forecast of expenditures so that the community can forecast their own finances accordingly.

Thank you for working with stakeholders to move this process forward. We look forward to seeing a schedule established for the resolution of all nine of these items and to participating in these discussions when they begin.

Sincerely,

A handwritten signature in black ink, appearing to read "Chris Bunn". The signature is fluid and cursive, with a long horizontal stroke at the end.

Christopher Bunn
President, Salinas Basin Water Alliance