



WATER RESOURCES AGENCY

MEMORANDUM

Monterey County

DATE: June 26, 2025

TO: Monterey County Water Resources Agency Board of Supervisors

FROM: Ara Azhderian, General Manager

SUBJECT: Salinas Valley Groundwater Basin Monitoring Program & Regulatory Fee

BACKGROUND:

In 2014, the California legislature enacted the Sustainable Groundwater Management Act (SGMA) for the purpose of achieving and maintaining sustainability in the State's groundwater basins. The California Department of Water Resources (DWR) was delegated authority to identify groundwater basins and prioritize management actions. Today's SGMA efforts are focused on high and medium priority basins, as designated by DWR, to achieve sustainability by 2040 or 2042, respectively. In the Monterey County portion of the Salinas Valley Basin (Basin), DWR designated seven groundwater [subbasins](#)¹. Generally, from south to north, beginning at the San Luis Obispo County line, they are:

- Upper Valley Aquifer
- Forebay Aquifer
- 180/400 Foot Aquifer
- Eastside Aquifer
- Seaside Aquifer²
- Monterey Aquifer
- Langley Area Aquifer

Key tenets of SGMA are the preservation of **local control**, the **use of best available data and science**, and active engagement with and **consideration of all beneficial uses and users** of groundwater. SGMA allows localities to form Groundwater Sustainability Agencies (GSAs) to develop, achieve, and manage groundwater basins sustainably. Locally, the Salinas Valley Basin Groundwater Sustainability Agency (SVB) was formed in 2017 to manage the preponderance of the Basin, in cooperation with other local entities³, including the Monterey County Water Resources Agency (Agency). The SVB has prepared six Groundwater Sustainability Plans (GSPs) to address the

¹ <https://gis.water.ca.gov/app/bp-dashboard/final/>

² The Seaside Aquifer was adjudicated and falls under the management of a court appointed Watermaster.

³ These include the Arroyo Seco GSA, the County of Monterey GSA, the Marina Coast Water District GSA, the Monterey Peninsula Water Management District, and the Seaside Watermaster.

specific, and differing, characteristics of each subbasin. The important elements of each GSP include:

- Sustainability goals;
- Description of the subbasin geographic boundaries, i.e. “Plan Area”;
- Description of the subbasin, including groundwater conditions and a water “budget”;
- Locally defined “Sustainable Management Criteria”;
- Monitoring protocols for each sustainability indicator;
- Description of project and/or management actions to achieve sustainability.

Development of these GSPs was guided by subbasin specific committees comprised of [interested parties](#)⁴, in cooperation with local entities, and with active public outreach.

For each GSP, SGMA requires the SVB develop a monitoring network and describe the conventions necessary to establish and monitor Sustainable Management Criteria, which define the conditions that constitute groundwater sustainability, including characterizing undesirable results and establishing minimum thresholds and measurable objectives for each sustainability indicator. The monitoring networks were developed pursuant to the California Code of Regulations (CCR), Title 23 ([23 CCR](#)), [Division 2, Chapter 1.5, Subchapter 2, Article 5, Sections 354.32 et seq.](#)⁵ More specifically, § 354.34 establishes the minimum requirements for a monitoring network, including:

§ 354.34 (a) Each Agency shall develop a monitoring network capable of collecting sufficient data to demonstrate short-term, seasonal, and long-term trends in groundwater and related surface conditions, and yield representative information about groundwater conditions as necessary to evaluate Plan implementation.

§ 354.34 (b) Each Plan shall include a description of the monitoring network objectives for the basin, including an explanation of how the network will be developed and implemented to monitor groundwater and related surface conditions, and the interconnection of surface water and groundwater, with sufficient temporal frequency and spatial density to evaluate the affects and effectiveness of Plan implementation. The monitoring network objectives shall be implemented to accomplish the following:

- (1) Demonstrate progress toward achieving measurable objectives described in the Plan.
- (2) Monitor impacts to the beneficial uses or users of groundwater.
- (3) Monitor changes in groundwater conditions relative to measurable objectives and minimum thresholds.
- (4) Quantify annual changes in water budget components.

⁴ <https://svbgsa.org/about-us/board-and-committees/subbasin-committees/>

⁵ https://www.waterboards.ca.gov/laws_regulations/docs/ccr_ch16_202010.pdf

In order to reliably implement its monitoring networks, the SVB partnered with the Agency to develop a new groundwater monitoring [ordinance](#)⁶, adopted in October 2024, along with a [Groundwater Monitoring Program Manual](#)⁷. The decision for the SVB to partner with the Agency was driven by stakeholder support for leveraging the Agency's groundwater monitoring expertise and historical, long-term trend data to avoid creating a duplicative program, with additional costs. The partnership establishes one cohesive [Groundwater Monitoring Program](#) (GMP)⁸ to comply with the SGMA driven monitoring requirements, while ensuring efficiency and transparency. The key goal is to improve the availability of accurate, timely, and reliable groundwater information, which aids in effectively managing all water resources.

To meet the rigorous requirements of 23 CCR § 354.32 et seq., the Agency must establish a reliable funding mechanism to recover the reasonable costs⁹ necessary to ensure regulatory compliance. To meet this need, the Agency initiated a nexus study in July 2024, the initial draft of which was presented to the public in March 2025. Subsequently, through numerous public meetings and stakeholder engagement, the draft was refined and presented in its [final form](#)¹⁰ for consideration at the Agency's Board of Supervisors (Board) June 3, 2025, meeting. During development of the new ordinance, GMP Manual, and the nexus study, stakeholders and governance bodies have raised many questions that have been addressed directly and through development of a list of Frequently Asked Questions maintained on the Agency's GMP web page referenced above, which is also linked to a reciprocal SVB web page. At the June 3, 2025, meeting, the Board raised additional questions that are the subject of this memorandum.

QUESTIONS FROM JUNE 3, 2025, BOARD OF SUPERVISORS MEETING:

Q: Can we exclude de minimis¹¹ groundwater users from the monitoring network?

A: No, 23 CCR § 354.32 requires monitoring networks to be developed to collect data of sufficient quality, frequency, and distribution to accurately and reliably characterize the groundwater subbasin, and related surface water conditions, to allow for evaluation of changing conditions through GSP implementation to ensure compliance with SGMA, including § 354.34 (b)(2) to "Monitor impacts to the beneficial uses or users of groundwater".

Q: How do de minimis well owners benefit from the GMP?

A: Quality of Life: While all well owners benefit from the decision to access a groundwater basin, de minimis well owners are the most vulnerable as they are often wholly dependent upon that single source of water for their domestic needs, including health and safety. Being both at greatest

⁶ <https://www.countyofmonterey.gov/home/showpublisheddocument/135947/638651013205370000>

⁷ <https://www.countyofmonterey.gov/home/showpublisheddocument/135929/638648527079730000>

⁸ <https://www.countyofmonterey.gov/government/government-links/water-resources-agency/programs/groundwater-monitoring-program>

⁹ Gov. Code § 53758(c): "...that the amount is no more than necessary to cover the reasonable costs to the local government in providing the specific benefit or specific government service..."

¹⁰ <https://www.countyofmonterey.gov/home/showpublisheddocument/140514/638841376022900000>

¹¹ De minimis groundwater users are defined by the State as: "a person who extracts, for domestic purposes, two acre-feet or less (of groundwater) per year."

risk to the potential disruption of groundwater and, often, most challenged to respond when disruptions occur, the need for a monitoring network becomes essential. Indeed, SGMA recognizes this reality thus mandating monitoring networks for the protection of de minimis well owners. In addition to quality of life and legal compliance reasons, there are financial benefits that accrue from monitoring and managing groundwater at scale.

Economy of Scale: While industrial and large service providers can afford individual well monitoring equipment, de minimis well owners often cannot; therefore, dependence upon an external entity to provide the monitoring service becomes necessary and is cost effective due to the economy of scale achieved by not monitoring each, individual well but, rather, monitoring an appropriately sized, representative network of wells to inform management decisions on a subbasin scale. Absent high quality, comprehensive, reliable data, management decision may be too much, wasting resources and incurring avoidable costs, or too little, risking disruption of the groundwater subbasin and/or State intervention, both of which come at an additional cost. Good monitoring data supports right-sized, cost effective, management decisions.

Avoided Costs and Preserved Property Value: While extraction data is not collected from de minimis groundwater users, de minimis wells are frequently the shallower wells within a basin. To ensure that groundwater level goals to achieve and maintain sustainability for all users are set to a target that is protective of de minimis users, knowing where and how deep their wells are screened aids in assessing how wells could be affected by changing groundwater conditions. DWR's approvals of the SVB's 2022 GSPs¹² include "recommended corrective actions"¹³ to obtain additional well information and consider potential impacts to supply wells, including domestic wells, at the selected minimum threshold for chronic lowering of groundwater levels. This requirement includes consideration of the degree/extent of potential impacts including the percentage, number, and location of potentially impacted wells at the proposed minimum thresholds for chronic lowering of groundwater levels. Implementation of the GMP is needed to obtain additional well information through the registration component and to conduct this analysis of potential impacts.

The GMP monitoring data and analysis of groundwater conditions relative to sustainability criteria sets the basis for effective management actions, which reduces the risk of de minimis well owners having to pay for well repairs, replacement, or water treatment to maintain viable use of the groundwater, thus reducing well ownership cost and preserving private property value.

Compliance with the Law: SGMA was enacted in 2014 and mandates monitoring networks be established for each GSP to meet the requirements of 23 CCR § 354.32 et seq., including for the protection of de minimis well owners. Therefore, the question is not whether groundwater monitoring will occur but by whom and at what cost. As the SVB considered the question of how to meet its new legal requirements, it was widely agreed that the Agency stood as the best and most cost effective

¹² The Eastside, Forebay, Langley, Monterey, and Upper Valley Subbasins. The 180/400 Amendment 1 review by DWR is still pending but the same Recommended Corrective Actions are expected.

¹³ DWR Recommended Corrective Actions apply to GSPs that have been **approved** but need additional information, detail, and/or clarification. DWR expects Recommended Corrective Actions to be addressed in the GSP 5-Year Update, in this case by 2027 – see: <https://water.ca.gov/-/media/DWR-Website/Web-Pages/Programs/Groundwater-Management/Sustainable-Groundwater-Management/Groundwater-Sustainability-Plans/Files/GSP/SGMA-Evaluation-Pathways-Factsheet.pdf>

solution, culminating in the adoption of Ordinance 5426 in October 2024. Absent a reliable revenue stream, the Agency cannot meet the SVB's 21st century monitoring needs. In the alternative, the SVB would establish and recover its own fee from the very same well owners rather than risk intervention by the State. Costs for the SVB to establish its own program would be greater, as it would have to acquire the specialized staff, systems, and equipment the Agency already has to perform the necessary work.

Q: What if a GSA fails to implement a GSP's monitoring network?

A: SGMA describes GSA powers and authorities, which include the authority to charge fees, conduct investigations, register wells, require reporting, and take other actions to sustainably manage the basin. To ensure groundwater resources are sustainably managed, SGMA gives the State Water Resources Control Board (SWRCB) authority to protect groundwater resources through a process called "intervention", which is triggered if DWR determines that a GSA is unable or unwilling to sustainably manage their basin(s). Lack of compliance by well owners, or suitable funding, could lead to a determination that the GSA is unable to implement the GSP, thus triggering the State intervention process.

Intervention¹⁴ is **additional** to local management and is intended to be temporary, lasting only until local agencies demonstrate that they are ready to adequately manage their respective basin(s). Under intervention, any well owner who extracts or pumps groundwater must file an annual groundwater extraction report with the SWRCB, unless it decides to exclude certain types of groundwater extractions, which is considered on a basin-by-basin basis through a public hearing process. De minimis users in probationary basins can be required to report if collectively they make up a significant amount of the groundwater pumping, as would be the case for the Langley and Monterey Subbasin Corral de Tierra Management Area. When intervention occurs, the SWRCB imposes fees and other requirements on all well owners required to report, including an annual fee of \$300 per well (\$100 per well for de minimis users) plus a volumetric charge of \$20 per acre-foot of groundwater extracted during the preceding water year. Fees can increase due to lack of remedy and fines may be imposed due to lack of compliance [23 CCR § 1040(b) & (c)].

Q: Why are the proposed GMP costs allocated on a per-well basis?

A: During the 2024 development of Ordinance 5426, different GMP cost allocation methods were considered. Ultimately, a per-well fee was decided upon because the cost of the GMP program relates most directly to the number of wells in the program, not the number of acres in a subbasin or the volume of water extracted. Each owner of a well benefits specifically and equally from the information gathered to determine groundwater conditions and whether minimum thresholds are being met to ensure sustainability for all beneficial uses, including de minimis.

Well ownership subjects the well owner to the provisions of SGMA. SGMA requires groundwater monitoring to protect and preserve the resource on a regional basis for all well owners

¹⁴ https://www.waterboards.ca.gov/water_issues/programs/gmp/intervention.html

through annual reporting and ongoing GSP implementation. In order to achieve the SGMA mandates, GPSs have been prepared with extensive input from local interests engaged with the SVB. The GPSs contain the mandated monitoring requirements and implementation of these subbasin specific monitoring networks results in the estimated costs for specific services being provided by the Agency, as described in the regulatory fee study referenced above.

The cost to implement the monitoring plan depends upon the staff time, equipment, software, supplies, and lab costs necessary to perform the work. The amount of staff time to register a well or process an extraction report does not vary by the volume of extraction from each well, but it does vary by the number of wells that must be registered and report. The cost to perform groundwater level and water quality sampling does not vary by the number of wells because the respective, representative monitoring networks are fixed annually; however, the information developed by the monitoring effort benefits every well owner in the subbasin specifically and equally. In the end, monitoring actions are not management actions, but monitoring is required to assess the effects of management actions. The level of monitoring is equal throughout a subbasin whereas the level of management may vary, depending upon the issue being managed and the type of action. The costs of management actions will require separate and specific funding mechanisms and are unrelated to the cost of monitoring. Each well owner in a subbasin has equal access to its groundwater and equal access to the monitoring information developed to inform sustainable management of the resource.

The GMP per-well cost allocation was proposed for both practical and legal reasons. First, not all landowners are well owners. While there are over 500,000 acres in the Salinas Valley groundwater basin but there are only an estimated 3,500 wells, almost all of which are privately owned. The Agency knows not every parcel of land has a well, in fact, many do not. Allocating costs on a per-acre basis, as one might under a Prop 218 special benefit assessment, would have meant all landowners pay for a program that only confers a specific benefit to well owners. Also, hypothetically, two landowners that own the same amount of land, but have a different number of wells, would have paid the same amount though the one with more wells requires more service. In addition to this equity issue, there are legal restrictions that affect the Agency's allocation of cost for the GMP.

Under Government Code § 53758, the GMP is considered a "specific government service", which means a service that is provided by a local government directly to the payor, the well owner in this case, and is not provided to those not charged, and that the costs allocated to a payor bear a fair or reasonable relationship to the payor's burdens on, or benefits received from, the governmental activity. Landowners without wells have no need for a groundwater monitoring program. Under SGMA, individual well ownership comes with the responsibility to safeguard the resource that all well owners are so dependent upon, today and in the future. This is especially true for domestic well owners, who have limited ability to independently manage their groundwater, therefore are dependent upon local government to achieve sustainability, and limited means to respond if it is not done adequately.

Q: Under Proposition 26, can we charge some well owners more, e.g. ag/industrial wells, to subsidize others, e.g. low-income/single family residences?

A: No, voter approved Prop 26 does not allow the Agency to charge one group of well-owners more in order to subsidize others.

This has been tested in a number of different contexts, but as a general rule: Prop 26 regulatory fees can't exceed the reasonable cost of providing the service and/or regulatory activity and can't be levied for an unrelated revenue purpose.

If that end result (reduced costs to a certain group) is one the Board wants to pursue, it would need to levy the charge as a special tax subject to standard balloting requirements or implement some other offset not funded by Prop 26 (general fund or grant revenue) in order to achieve the same functional result.

Q: What are the water quality services being provided by the Agency and how are they different?

A: There are three entities performing groundwater quality sampling in the Basin: 1) the County's Health Department, Environmental Health Bureau; 2) Central Coast Water Quality Preservation, Inc., and 3) the Agency. Each entity performs a specific service.

The Environmental Health Bureau, in addition to being the entity responsible for the issuance of permits to construct, repair, or destroy a well, is responsible for the Drinking Water Protection Services (DWPS) program that regulates domestic water systems serving 2-199 connections or systems that serve at least 25 people at least 60 days a year. The DWPS is responsible for permitting, inspection and enforcement of over 1,250 water systems throughout the County. The DWPS provides assistance to non-State regulated public and private potable water distribution systems to comply with local, State and Federal regulations, and to resolve water quality and quantity issues; operates a cross-connection control program and a water reuse program; and permits and inspects desalination treatment facilities. This water quality monitoring program focuses on the possible contamination of a well used for potable water by constituents that may affect human health, such as arsenic, and is fiscally supported by an independent, per-well, annual fee. DWPS performs its monitoring at each domestic connection (e.g., at a faucet or tap), not at the well. If a problem is detected, it may ultimately be traced back to the well, but otherwise the wells themselves are not monitored directly.

The Central Coast Water Quality Preservation, Inc., is responsible for compliance with a 1999 State law that relates to the California Porter-Cologne Water Quality Control Act and federal Clean Water Act. The law required the State Water Resources Control Board (SWRCB) to review waivers of water quality monitoring for irrigated agriculture and either renew them or adopt Waste Discharge Requirements (WDRs). In 2004, the Central Coast Regional Water Quality Control Board adopted a conditional waiver of waste discharge requirements for discharges from irrigated lands within the Central Coast Region. Given the large geographical range of the region, growers formed a non-profit organization to implement a Cooperative Monitoring Program (CMP) that would perform the surface water monitoring and reporting requirements for enrolled growers. The original waiver and the CMP have undergone two program updates, one in 2012 (Ag Order 2.0) and one in 2017 (Ag Order 3.0), with an Ag Order 4.0 currently in development. Preservation Inc. manages the CMP and reports to the Water Board on behalf of the Central Coast grower community. This water quality monitoring

program focuses on the possible contamination of irrigation drainage water, including shallow groundwater, by constituents that may affect human health, such as nitrogen, and is fiscally supported by an independent, per-acre, annual fee.

The Agency is responsible for monitoring the intrusion of seawater, which occurs in four of the SVB subbasins where the individual GSPs describe the presence or potential for seawater intrusion and establish a seawater intrusion monitoring network: the 180/400-Foot Aquifer, Eastside Aquifer, Langley Area, and Monterey Subbasins. Seawater intrusion monitoring involves the collection of groundwater samples from wells at specified depths, using protocols and equipment consistent with an approved Quality Assurance Project Plan approved by the U.S. Environmental Protection Agency to ensure that a representative sample of water from a specific aquifer is properly procured for analysis. Per Agency Ordinance 3790, the concentration of chloride ion is used to define the threshold for seawater intrusion; however, the Agency monitors a suite of constituents¹⁵ which allows for use of multiple geochemical tools in determining the phase of seawater intrusion, or lack thereof, that is occurring. Data from samples collected at a representative network of wells are used to map the regional extent of seawater intrusion, though site-specific data are also reported to capture localized variations in conditions that do occur.

ALTERNATIVE FUNDING SOURCES FOR CONSIDERATION:

While State law prohibits the Agency from cross-subsidizing one group using Proposition 26 regulatory fee revenue from another group, there are alternative approaches that could be exercised to support participation in the State mandated SGMA monitoring network by certain user groups. Agencies *may* lawfully use non-fee revenue sources, such as taxes, grants, or general fund revenues, to reduce costs for particular groups without violating Prop 26, so long as those subsidies are not funded by other users' fees. Most commonly, this offset comes in the form of alternative revenue from grants or general tax revenue.

Several examples may be useful when considering whether and how to alleviate the financial burden of the proposed Groundwater Monitoring Program fees on certain user groups:

- In its 2020 Proposition 218 proceeding, the Kings River East GSA established groundwater pumping fees but also allocated state grant funds from DWR to reduce those fees for disadvantaged communities. Because the subsidy came from grants, not from other ratepayers, the structure complied with Proposition 26.
- Through another grant program (DWR's LandFlex Program), GSAs in the Central Valley paid growers directly to fallow land and reduce pumping, thereby limiting the impact that groundwater extraction fees would otherwise have on this group. Payments from outside sources like this one can be used to offset the overall costs borne by a group of users (even if they do not alter the fee structure itself).

¹⁵ Samples collected for evaluating seawater intrusion are analyzed for calcium, cation-anion balance, chloride conductivity, magnesium, nitrate, pH, potassium, sodium, sulfate, total alkalinity, and total dissolved solids. This data enables the Agency to monitor the progression of seawater intrusion.

- In the related context of water service, Santa Clara Valley Water District uses property tax revenues collected under separate statutory authority to fund flood protection and safe drinking water projects. This allows it to lower water rates for some customer classes without violating cost-of-service principles, as those funds are not derived from other ratepayers.
- The City of Sacramento uses a combination of general fund contributions and external grants to support water affordability programs. These programs reduce water bills for qualifying low-income customers. The general fund revenue is not considered a user fee, so it does not implicate Proposition 26. Similar programs in other municipalities provide rebates to target groups separate and apart from their regulatory fee levy.

DISCUSSION:

The Agency and SVB recognize that, notwithstanding SGMA was enacted over 10 years ago, to many, SGMA requirements, the GMP, and the associated regulatory fee will be unfamiliar. To help facilitate GMP implementation, the SVB has proposed that the first year be grant funded. Subject to DWR approval, the SVB would make minor amendments to its current grant agreements with the State and modify its sub-grant agreement with the Agency to fund the full cost of GMP implementation for the 2025-2026 fiscal-year. The Agency would produce a GMP regulatory fee invoice for each well owner currently of record so that well owners could see the specific services that apply to each well, and then concurrently apply a credit from the SVB grant funds to entirely offset the initial cost for all well owners within the Basin.

Utilizing grant funding for the 2025-2026 fiscal-year provides many advantages:

- First, it would ease entry into the GMP, particularly for those well owners unfamiliar with the SGMA mandates, the planning and management work of the SVB, and the specific monitoring services provided by the Agency.
- Second, it would provide an opportunity for well-owners currently unidentified in existing databases to register cost-free. By incentivizing entry into the mandatory monitoring program, the quality of well data – presence, location, characteristics, etc. – would be improved. This improved data would enhance understanding of each subbasin, resulting in better future management decisions, while reducing future monitoring costs, as all well owners benefit from the GMP’s economy of scale.
- Third, initiating the first year of the GMP cost-free to well owners would alleviate the year-one impact to low-income, rural residents and provide the Agency time to consider development of non-fee revenue sources, such as taxes, grants, or general fund revenues, to reduce costs for particular groups.
- Fourth, adopting and invoicing the proposed 2025-2026 GMP Regulatory Fees, with the grant funded offset credit, would transparently introduce to well owners the

specific services and costs that apply to each of their wells. Establishment of the fee, and going through the administrative process, will improve the Agency's administrative practice and refine future fee calculations. Too, adopting the fee will avoid the need for the SVB to establish and recover its own fee, which would ultimately be applied to the very same well owners.

- Fifth, providing year-one funding for the GMP will maintain the quality and reliability of the data reported to DWR annually; will help inform the GSP updates required in 2027; and alleviate the risk State intervention.

NEXT STEPS:

The Agency will work with the SVB to roll out the recommended GMP implementation approach. This would entail preparation of a letter from the SVB to all parcels of record within the six affected subbasins to explain the requirements of SGMA, the role of the SVB in governance, planning, and implementation of management actions to achieve the State mandated, locally developed, sustainability objectives, and the role of the Agency in performing the specific monitoring services. The letter would summarize the GMP requirements and direct well owners to contact the Agency for further information and well registration. This outreach effort would be attended by traditional and social media outreach efforts. In order to achieve the DWR reporting requirements, the letter and outreach would need to occur in late August or early September.

CONCLUSION:

With all the technical and legal complexities relating to development and implementation of the GMP, it is easy to lose sight of its objectives. Paramount is protecting today's groundwater resources for tomorrow because it is the lifeblood of the County's economy, communities, and culture. By implementing a robust, yet cost effective, monitoring network, the SVB and Agency strive to maintain local control of governance and planning, improve operational efficiency while maintaining regulatory compliance, and, with the benefit of high quality, reliable data, develop and implement right-sized projects that minimize the risk of over managing – avoidably wasting resources and increasing costs – or under managing, which could result in further degradation of groundwater levels and quality, and risk State intervention. Does SGMA require groundwater monitoring networks? Yes. But, moreover, we should be striving to implement the GMP, and resultant regulatory fee, because it is the best practice, one that ensures better management decisions for all well owners. As State Water Resource Control Board member, Sean Maguire, said at the recent Association of California Water Agencies conference, "You can't manage what you can't measure."