



**Santa Ynez River Valley Groundwater Basin
Eastern Management Area
Groundwater Sustainability Agency**

Groundwater Extraction Fee Frequently Asked Questions (FAQ)

1. WHAT IS SGMA?

The “Sustainable Groundwater Management Act” (“SGMA”) became effective January 1, 2015. In essence, SGMA allows local agencies with water supply, water management or land use responsibilities to form Groundwater Sustainable Agencies (“GSAs”) for the purpose of achieving groundwater sustainability through the adoption and implementation of Groundwater Sustainability Plans (“GSPs”) for California groundwater basins. The Eastern Management Area (EMA) within the larger Santa Ynez River Valley Groundwater Basin (Basin) formed a Groundwater Sustainability Agency (GSA) to implement the GSP. The GSA Board is made up of representatives from the City of Solvang, Santa Ynez River Water Conservation District (SYRWCD), Santa Barbara County Water Agency, Santa Ynez River Water Conservation District Improvement District No. 1 (ID-1), and an appointed agricultural representative. SGMA gives the authority to the GSA to assess a groundwater extraction fee to implement projects described in the GSP and to manage the EMA.

2. WHAT IS THE BENEFIT OF THE GROUNDWATER SUSTAINABILITY PLAN (GSP)?

Every resident and landowner located within the GSA boundaries will benefit from having a secure and reliable water supply. SGMA requires the EMA GSA, representing local governments, water agencies, and agricultural landowners, to balance pumping with recharge so that the basin is sustainable. GSPs are detailed road maps for how groundwater basins will accomplish SGMA requirements and maintain long term sustainability. The EMA GSP was developed with stakeholder input and was approved by the Department of Water Resources (DWR) in 2024. It includes a number of elements intended to improve monitoring, address data gaps, register and meter wells, improve water use efficiency, and report to DWR over the next 20 years.

3. WHAT IS THE PURPOSE OF THE GROUNDWATER EXTRACTION FEE?

The purpose of the groundwater extraction fee is to generate revenue to cover the costs incurred by the GSA to manage the EMA portion of the Basin and to implement the GSP in accordance

with SGMA. The groundwater extraction fee is critical for achieving long-term groundwater management goals and avoiding state intervention due to a failure to comply with SGMA in the EMA. Accordingly, the GSA is collaboratively working with the public, including well owners, regarding the implementation of the groundwater extraction fee.

4. WHAT GRANTS THE AUTHORITY FOR GROUNDWATER EXTRACTION FEES?

California Water Code Section 10730, enacted through SGMA, authorizes the GSA the authority to impose a groundwater extraction fee. Pursuant to Section 10730(a), the fees may be used “to fund the costs of a groundwater sustainability program, including, but not limited to, preparation, adoption, and amendment of a groundwater sustainability plan, and investigations, inspections, compliance assistance, enforcement, and program administration, including a prudent reserve.” In addition, Water Code Section 10725(a) authorizes the GSA to “perform any act necessary or proper to carry out the purposes of this part [SGMA]”.

5. ARE ALL PUMPERS SUBJECT TO THE FEE? WHO IS EXEMPT?

Pursuant to SGMA, all pumpers are subject to the groundwater extraction fee except for Tribal entities and those that pump underflow from the Santa Ynez River. De minimis extractors, those that pump less than 2 Acre-Feet per year for domestic purposes, are subject to the fee.

6. I ALREADY PAY A FEE TO THE CITY OF SOLVANG OR ID-1 FOR MY WATER. IS THIS EXTRACTION FEE IN ADDITION TO THAT FEE?

Only those Property owners who pump upland groundwater from a well are subject to the fee directly. Those that receive water from a public water utility (City of Solvang or ID-1) will not be charged directly, but subject to each jurisdiction’s Proposition 218 process, they may see an increase in their utility water bill.

7. I GET MY WATER FROM A MUTUAL WATER COMPANY; WILL I HAVE TO PAY THE FEE?

Only those Property owners who pump upland groundwater from a well are subject to the fee directly. Those that receive water from a mutual water company will not be charged directly, but subject to the mutual water companies’ rate increase process, they may see an increase in their utility water bill.

8. WHAT IS A MUTUAL WATER COMPANY?

Mutual water companies are created by several properties to supply water from a mutual well. They are corporations formed under California Corporations Code 14300. Mutual water companies are regulated by California’s Water Code, Health and Safety Code and must abide by open meeting and records disclosure laws similar to many public water utilities.

9. HOW MUCH IS THE GROUNDWATER EXTRACTION FEE AND HOW WAS IT CALCULATED?

The extraction fee was developed to meet the EMA GSA’s financial obligations for implementing the GSP, including an annual operating contingency as directed by the Board of Directors and an operating reserve over the planning period from FY 2026 through FY 2030. A breakdown of the estimated costs for operating the EMA GSA and maintaining compliance with SGMA are provided in the EMA GSA Rate Study Report, prepared by Water Resources Economics, LLC (WRE), and is available for review on the EMA GSA website at: ema-santaynezwater.org. In the EMA GSA Rate Study Report, WRE calculated the rate for a groundwater extraction fee that

would be necessary to cover the EMA GSA operating and SGMA compliance costs (see Table 1-1 below). A five-year average of groundwater extractions within the EMA between 2020 and 2024 was used to calculate the rates to account for annual fluctuations in hydrologic conditions (wet years and dry years). Estimated or metered groundwater extractions for each year will be used to calculate the annual bills of each customer; therefore, the actual rate revenues may differ from the estimates presented in the rate study report based on annual groundwater extractions.

Table -1: Proposed EMA GSA Groundwater Extraction Rates

Line	Fiscal Year	Effective Date	Proposed Rates (\$/Acre-Feet)
1	FY 2026	July 2025	\$39.50
2	FY 2027	July 2026	\$41.50
3	FY 2028	July 2027	\$43.60
4	FY 2029	July 2028	\$45.80
5	FY 2030	July 2029	\$48.10

10. IS THE EXTRACTION FEE SUBJECT TO PROPOSITION 218 AND WHAT ARE THE REQUIREMENTS?

Proposition 218 states that “property-related fees and charges” (which include GSA rates) may not exceed the proportional cost of providing the service to the customer and may not be used for any purpose other than providing said service. The practical implication is that public agencies in California must demonstrate a sufficient nexus between the costs incurred by the agency to provide service and the rates charged to customers.

Proposition 218 also affects the rate adoption process by requiring agencies to hold a public hearing to adopt rates. The agency must mail public hearing notices to the record owner of each parcel upon which the fee is proposed no fewer than 45 days prior to the public hearing. The public hearing notices must clearly show all proposed rate changes, provide information on the public hearing date/time/location, and provide instructions on how customers may protest the proposed rate. If a majority of customers submit a protest, the proposed rate cannot be adopted.

11. WHEN DOES THE GROUNDWATER EXTRACTION FEE GO IN EFFECT AND FOR HOW LONG?

The ordinance establishing the fee will be considered on June 26, 2025 at the EMA GSA Board Meeting/Public Hearing at 4:00 PM. If adopted, the ordinance goes into effect on July 1, 2025 and pumpers will be charged based on their estimated groundwater production in Water Year 2024 (October 1, 2023 through September 30, 2024). The extraction fee, if adopted, will remain in effect until removed by the GSA.

12. WILL THE FEE CHANGE OVER TIME?

The extraction fee cannot be raised by the GSA Board above the rates listed in the table above without performing an additional rate study and issuing an additional Proposition 218 Notice. The GSA Board does not have to increase the fee according to the rates shown in the table above, but may choose to do so to cover the costs for implementing the GSP or if future groundwater production is less than anticipated.

13. HOW WILL GROUNDWATER PRODUCTION BE RECORDED AND FEES ADMINISTERED?

Groundwater production will be reported or estimated in different ways specific to the type of groundwater extractor, including agriculture, rural domestic, mutual water companies, and municipal.

Agriculture - Agricultural groundwater production will be estimated using a combination of current crop mapping and remotely sensed evapotranspiration data. Agriculture parcels will be charged via the Santa Barbara County Tax Roll based on the estimated amount of groundwater produced to meet their crop water demands.

Rural Domestic - Rural domestic or residential groundwater producers pumping less than 2 Acre-Feet of groundwater per year will be charged a flat rate based on the estimated average amount of groundwater produced by rural domestic pumpers in the basin. Rural Domestic pumpers will be charged via the Santa Barbara County Tax Roll.

Mutual Water Companies – Many Mutual Water Companies have meters on their wells and municipal water utilities will be charged based on their reported groundwater production via direct billing from the EMA GSA.

Municipal - Municipal groundwater production is metered and municipal water utilities (i.e. City of Solvang and ID 1) will be charged based on their reported groundwater production via direct billing from the EMA GSA.

Property owners that pump groundwater would see the groundwater extraction fee charges on their next and future property tax bills. Property owners that receive water from a municipal water utility or mutual water company will not be charged directly, but subject to each jurisdiction's Proposition 218 process, they may see an increase in their utility water bill.

14. WHO CAN I TALK TO WITH ADDITIONAL QUESTIONS?

Questions can be directed to Dan Heimel, EMA Executive Director, at ema@santaynezwater.org.

Note: These Frequently Asked Questions are for general informational purposes only and should not be construed to supersede SGMA or the Groundwater Extraction Fee ordinance.