

May 9, 2026

Board of Directors
Advisory Committee
Salinas Valley Basin Groundwater Sustainability Agency
P.O. Box 1350
Carmel Valley, CA 93924
board@svbgsa.org

Re: Brackish Groundwater Restoration Project Feasibility Study Economic

Analysis Dear Members of the Board and Advisory Committee:

On behalf of LandWatch Monterey County, please consider these comments on the Economic Analysis presented as Appendix I to the March 2026 Brackish Groundwater Restoration Project Feasibility Study.

The Economic Analysis relies on an assumption about SWRCB actions in the scenario in which the GSA fails to act, i.e., the No Action Alternative (NAA). In particular, the analysis assumes that the SWRCB would order Valley-wide pumping cuts of from 30% to 50% of current pumping in every subbasin.

The analysis purports to find that the Brackish Groundwater Restoration Project (BGRP) is economically feasible by finding that the economic benefits of avoiding these SWRCB-mandated Valley-wide pumping cuts would be greater than the BGRP's long term capital and operating costs. The assumption of SWRCB-mandated Valley-wide cuts is critical to the finding of economic feasibility because two-thirds of the lost farm income is attributed to the southern subbasins. If the cuts were confined to the 180/400, or to the northern subbasins, the finding of economic feasibility would not be supported.

The GSA has not identified a rationale for SWRCB cuts to the Upper Valley or Forebay subbasins in the NAA. Without an express rationale, the GSA should not assume that the avoided costs of pumping reductions in southern subbasins is a benefit of the BGRP.

The Economic Analysis should not be used to determine the economic feasibility of any proposed projects or management actions unless and until the GSA can justify its assumptions about SWRCB actions in the NAA scenario. This requires that the GSA provide at least tentative resolution of hydrological and legal issues related to the southern subbasins' responsibility to mitigate SWI.

May 10, 2026

Page 2

- A. The finding of economic feasibility in the Economic Analysis is critically dependent on the assumption that the BGRP avoids SWRCB mandated pumping cuts to southern subbasins. If those cuts are unlikely, the Economic Analysis has not demonstrated the BGRP is economically feasible.

The NAA scenario assumes the SWRCB would order equal percentage pumping cuts to each subbasin. The critical economic benefit assumed for the BGRP project is avoidance of the lost net farm income from fallowing due to pumping cuts. The Economic Analysis projects these benefits would be 1.3 times the BGRP's cost if the BGRP avoids 30% cuts and would be 2.3 times its costs if the BGRP avoids 50% cuts.

The attached tables, based on data from the Economic Analysis, illustrate that the economic benefits of the BGRP would not exceed its cost if the SWRCB did not order pumping cuts to the southern subbasins, i.e., the Upper Valley and the Forebay. For example, if the SWRCB ordered cuts only in the critically overdrafted 180/400 Subbasin, the benefit to cost ratio (B/C ratio) would only be 0.4 for 30% cuts or 0.6 for 50% cuts. That is, the BGRP's economic benefits would fall well short of its costs.

If it were reasonable to assume that the SWRCB would order cuts in the two subbasins actually experiencing seawater intrusion (SWI), the 180/400 and the Monterey, the B/C ratios would remain essentially unchanged since the Monterey subbasin has very little farm income. Only if the SWRCB ordered 50% cuts in the 180/400, the Monterey, and the Eastside would the B/C ratio even approach breakeven.

Restricting cuts to just the three coastal subbasins eliminates the two largest contributors to the valley-wide agricultural benefit. From Table 11, the Forebay (\$60M) and Upper Valley (\$54M) together account for \$114M of the \$171M in annual agricultural losses at the 30% cut — two-thirds of the total economic benefit the analysis claims for the BGRP. If SWRCB only orders cuts in 180/400, Eastside, and Monterey, those benefits disappear.

The threshold pumping cut for the three coastal subbasins needed to get to B/C ratio greater than one is about 50%. However, the Economic Analysis does not rely on the assumption that the SWRCB would target cuts only at these three coastal subbasins, and for several reasons this scenario may be improbable.

First, the report's own groundwater modeling establishes that even 100% cessation of agricultural pumping Valley-wide cannot meet the SWI minimum threshold by 2040. A 50% cut limited to three subbasins unambiguously fails to halt seawater intrusion. The cut level required to produce a positive B/C ratio in a

northern-subbasin-targeted scenario is the same cut level the hydrology demonstrates to be futile as an SWI management tool. The economic "benefit" being claimed — avoided agricultural following losses — is predicated on a NAA that cannot achieve the BGRP's stated purpose.

Second, the marginal loss figures from Table 11 likely understate three-subbasin losses in a targeted cuts scenario. Those figures come from the Valley-wide model, where price increases from reduced total supply partially cushion individual grower losses. If only three subbasins are cut, Forebay and Upper Valley growers — operating the same or

May 10, 2026

Page 3

similar vegetable crops on unaffected land — could expand production to fill market gaps, dampening the price support that reduces losses in the Valley-wide scenario. The actual economic damage to 180/400 and Eastside farmers from targeted cuts would likely be higher per AF than the Table 11 figures reflect, meaning the threshold cut level in the NAA scenario would have to be even higher than 50% for the B/C ratio to exceed one.

Third, it is not clear that SWRCB would actually impose 50% cuts on these three subbasins as a coherent enforcement action. SWRCB intervention is triggered by a specific subbasin's GSP being found inadequate — here primarily the 180/400, which is critically overdrafted. Eastside and Monterey have approved GSPs and are not yet in undesirable results territory for SWI. A 50% cut targeted at only the 180/400 subbasin — without cuts to Eastside and Monterey — would produce even lower total economic losses, yielding a B/C well below 1.0 for the BGRP, even at the maximum modeled cut level.

In sum, under a targeted three-subbasin cut scenario, the BGRP only achieves a positive B/C ratio at the very maximum cut level modeled (~50%) — a level that: (a) cannot physically halt SWI, (b) would eliminate roughly a quarter of net agricultural income in the affected subbasins, (c) probably understates actual losses in a targeted-cut context. The project's economic justification depends critically on the Valley-wide uniform cut assumption, which inflates the benefit by including large losses to inland subbasins.

Unless the NAA includes some plausible rationale for the SWRCB to order cuts to southern subbasins or even deeper cuts to northern subbasins, it cannot be used to demonstrate that the BGRP is economically feasible.

- B. The GSA has not identified a rationale for SWRCB cuts to the Upper Valley or Forebay subbasins. Without a plausible and express rationale, the GSA should not assume that avoiding costs of pumping reductions in southern subbasins is a benefit of the BGRP.

The GSA has not provided a rationale for assuming the SWRCB would order any pumping cuts to the Upper Valley or Forebay subbasins, much less the same level of cuts it might order in the northern subbasins. It is no secret that stakeholders fundamentally disagree whether there is any hydrological or legal rationale for compelling southern subbasins to assume responsibility to mitigate SWI. If there is no such responsibility, then it may be unreasonable to assume

the SWRCB would order cuts to these subbasins in the NAA scenario.

Presumably any rationale for holding the southern subbasins partially responsible to mitigate SWI would require resolution of multiple contentious issues, all of which bear on the authority and duty of GSA to pursue other physical solutions to SWI by using water resources now benefitting southern subbasins in a different manner. These issues include:

May 10, 2026

Page 4

- the nature of inter-subbasin groundwater flows;
- common law groundwater rights to inter-subbasin flows;
- the authority and duty of MCWRA and the GSA to manage the Valley as an integrated system of surface and groundwater to modify the use of surface water to address SWI;
- the existing constraints on integrated surface and groundwater management, including fish flows, prior settlement agreements, and the ability to amend existing surface water permits.

If the assumptions about the SWRCB actions in the current NAA are inconsistent with plausible resolutions of these issues, then they are not realistic. If so, the current NAA scenario cannot reasonably be used to determine the economic feasibility of projects and management actions.

The GSA should be able demonstrate that the NAA is a reasonable assumption about the likely reaction by the SWRCB if the GSA fails to timely implement a solution to SWI. This requires that the GSA openly and expressly articulate at least a tentative resolution of the issues listed above, all of which bear on the responsibility of southern subbasins to assume part of the burden to mitigate SWI.

We appreciate the Board's consideration of these comments and are available to discuss them further.

Yours sincerely,

M.
R.



WOLFE & ASSOCIATES, P.C.

John Farrow

JHF:hs

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Michael DeLapa, LandWatch Monterey County

Ag benefits from avoided net revenue losses based on
Table 11
share
of



share of

scenario

annual loss at 30% cut
valley wide
PV of annual loss at 30% cut

annual loss at 50% cut
valley wide

PV of annual loss at 50% cut

valley wide cuts

180/400 + Monterey + Eastside cuts 180/400 + Monterey cuts

180/400 only cuts
171,000,000 100.0%

57,200,000 33.5%
31,200,000 18.2%
31,000,000 18.1%
3,798,000,000

1,270,442,105
692,968,421
688,526,316
320,000,000 100.0%

122,400,000 38.3%
68,400,000 21.4%
68,000,000 21.3%
7,017,000,000

2,684,002,500
1,499,883,750

1,491,112,500

Domestic benefit from avoided shortage costs based on Table 12 annual
consumer
surplus loss at
share of
valley
PV of annual consumer
scenario

cut to 42 GPCD
wide

surplus loss

787,000,000

677,682,101

valley wide cuts

Salinas, Marina, Castroville only cuts
35,420,000 100%

30,500,000 86%

SWRCB avoided administrative costs based on Table14 scenario

admin costs at 30% cut

share of
valley wide
PV of admin cost at 30% cut

admin cost at 50% cut

share
of
valley
wide

PV of admin cost at 50% cut

valley wide cuts

180/400 + Monterey + Eastside cuts

180/400 + Monterey cuts

180/400 only cuts

Summary of PV scenario benefits based on Table 15
13,310,000 100%

5,940,000 45%

3,350,000 25%

3,220,000 24% share

295,000,000

131,652,893

74,248,685

71,367,393

9,670,000 100%

4,335,000 45%

2,445,000 25%

2,350,000 24%

215,000,000

96,383,144

54,361,427

52,249,224

scenario

PV of avoided cost benefits at 30% cut

of
valley
wide

PV of avoided cost benefits at 50% cut
share of valley wide

8,019,000,000 100%

3,458,067,744 43%

2,231,927,278 28%

2,221,043,825 28%

valley wide cuts

180/400 + Monterey + Eastside cuts 180/400 + Monterey cuts

180/400 only cuts
4,880,000,000 100%

2,079,777,098 43%

1,444,899,207 30%

1,437,575,809 29%

May 10, 2026

Page 7

Benefit to cost ratios for BGRP based on Table 18 Note: PV of BGRP cost

scenario

valley wide cuts

3,459,000,000

30% ag cut, 42
gpcd domestic,
SWRCB fees

50% ag cut, 42 gpcd domestic, SWRCB fees

8,019,000,000

2.3183

180/400 + Monterey + Eastside cuts
PV of benefits B/C ratio

4,880,000,000
1.4108

3,458,067,744

0.9997

180/400 + Monterey cuts
PV of benefits B/C ratio

2,079,777,098

0.6013

2,231,927,278

0.6453

180/400 only cuts
PV of benefits B/C ratio

1,444,899,207

0.4177

PV of benefits B/C ratio

1,437,575,809

0.4156

2,221,043,825

0.6421