

July 11, 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

Dear Members of the Board and Advisory Committee:

I write on behalf of LandWatch Monterey County.

The Advisory Committee and Board must consider project portfolios that do not depend on the Brackish Groundwater Restoration Project (BGRP) for two reasons. First, both CEQA and the Bureau of Reclamation require that the GSA consider alternatives to the BGRP. Second, and more importantly, the BGRP portfolios may not be financially feasible if their costs are allocated either to the 180/400 alone or to both the 180/400 and the Eastside. The calculations set out below demonstrate that cost allocation determines the potential feasibility of these projects.

The Advisory Committee and the Board should make express and principled assumptions about cost allocation for all of the portfolios to determine their feasibility. If the BGRP portfolios are not financially feasible, the GSA must consider portfolios that are.

BGRP LIKELY INFEASIBLE IF COSTS ALLOCATED ONLY TO THE 180/400:

At the July 9 Board meeting, the only portfolios identified as meeting or nearly meeting SGMA mandates, Portfolios 1 and 3a, rely on the BGRP. But ERA identified the **annual** cost of Portfolios 1 and 3a to be \$225 million and \$150 million respectively.¹ If the cost of Portfolios 1 and 3a were allocated only to the 180/400 and in proportion to pumping, the cost would be \$2,119 and \$1,413 per AF respectively.²

¹ ERA Economics, SVBGSA IIS PMA Portfolio Costs and Funding Strategy Update, presented July 9, 2026. This cost includes planning, construction, financing costs, and O&M, but not other local financial impacts.

² Annual pumping for the 180/400 is 117,960 afy, but with the 10% DM reduction in these portfolios it would be 106,124 afy. (GSA, 180/400 2025 Periodic Evaluation, Table 2-3.)

In addition to this cost, landowners would incur the direct cost of fallowing 10% of irrigated acreage required by both Portfolio 1 and 3a, which would add \$195 to \$233 per AF when that fallowing cost is spread over the remaining 90% of the pumping.³

Thus, Portfolios 1 and 3a would increase water cost by at least \$1,608 per AF (\$1,413 + \$195) to as much as \$2,352 per AF (\$2,119 + \$233).

It is unclear that landowners would vote to pay \$1,608 to \$2,352 per AF for these portfolios because they have a cheaper alternative – to cease irrigation through permanent land fallowing. ERA determined that direct cost of permanent land fallowing for the 180/400 is only \$645 to 1,010 per AF.⁴ ERA explained this direct cost is a measure of the “expected range of costs to compensate the landowner for the market value of the land in irrigated crop production” through “permanent fallowing assuming land is idled (no applied irrigation water) and is purchased outright.”⁵

Even the higher direct costs of temporary fallowing – \$1,750 to \$2,100 per AF – represent a potentially less expensive alternative for a landowner.⁶ These costs “represent direct economic costs associated with fallow banking and pumping limits and reflect the change in returns to management, risk, and non-cash capital overhead.”⁷

BGRP LIKELY INFEASIBLE EVEN IF COSTS ALLOCATED TO BOTH THE 180/400 AND EASTSIDE: Even if the costs were allocated to both the 180/400 and the Eastside, it is unclear that landowners would vote to pay for the portfolios. If the cost of Portfolios 1 and 3a were allocated to the 180/400 and Eastside and in proportion to pumping, the cost per AF would be \$1,278 and \$852 respectively.⁸

As noted above, for the 180/400, the additional direct cost of the 10% pumping reduction, spread over the remaining 90% acreage, would come to \$195 to \$233 per AF. For the Eastside, based on its lower temporary fallowing costs, the additional direct cost of the

³ The direct cost of temporary land fallowing to achieve a 10% reduction in pumping is \$1,750 to \$2,100 per AF. (ERA Economics, SVBGSA Demand Management Economic Impact Analysis, March 2026, Table 16.) This cost per AF would be incurred for 11,796 AF, representing 10% of 180/400 pumping. The total direct cost of fallowing would come to \$20,643,000 to \$24,771,600 (11,796 AF times \$1,750 to \$2,100 per AF.) Spread over the remaining 90% of pumping (106,164 AF), this would come to \$195 to \$233 per acre.

⁴ ERA Economics, SVBGSA Demand Management Economic Impact Analysis, March 2026, Table 18.

⁵ Id., p. 38.

⁶ Id., Table 16.

⁷ Id., p. 36.

⁸ Combined subbasin pumping would be 195,690 before the 10% DM reduction and 176,121 with the 10% reduction. (GSA, Eastside Aquifer Subbasin WY 2025 Annual Report, Table 3-1; GSA, 180/400 2025 Periodic Evaluation, Table 2-3 [Eastside pumping is 77,730 AFY]; GSA, 180/400 2025 Periodic Evaluation, Table 2-3 [180/400 pumping is 117,960 AFY].)

10% pumping reduction for these portfolios, spread over the remaining 90% acreage, would come to \$167 to \$200 per AF.⁹

The combined costs for infrastructure and the 10% pumping reduction would range from \$1,047 to \$1,511 per AF in the 180/400 and from \$1,019 to \$1,478 per AF in the Eastside. These costs still exceed the \$645 to \$1,010 direct cost of permanent land fallowing for the 180/400 noted above. And these costs also exceed the direct cost of permanent land fallowing in the Eastside, which ERA determined to be from \$670 to \$760 per AF.¹⁰

GSA NEEDS TO DEVELOP A COST ALLOCATION APPROACH BEFORE SETTLING ON THE BGRP: Before the GSA decides to proceed with the BGRP, it must apply some principled method to determine whether other subbasins have mitigation responsibility for seawater intrusion and aquifer depletion in the northern subbasins, and, if so, how much.

Cost allocation should be consistent with common-law water rights and an equitable apportionment of the costs and benefits of projects affecting groundwater pumping, including surface water management facilities. For example, there is precedent in prior groundwater adjudications for interbasin and interarea flow requirements, including for connected surface waters.¹¹

Conceptually, the principled obligation to meet continuing inter-basin flow requirements and to operate infrastructure projects equitably could form the basis of a cost allocation model that takes both surface and groundwater into account. The analysis could be based on the increment to sustainable pumping afforded to each subbasin from the existing reservoirs and CSIP facility. The analysis could compare sustainable native pre-reservoir, pre-CSIP pumping to sustainable post-reservoir, post-CSIP pumping to determine each subbasin's groundwater pumping benefits from existing infrastructure projects. Arguably, a subbasin that enjoys a proportional groundwater pumping benefit greater than its proportional infrastructure assessments should contribute proportionally to mitigation of seawater intrusion and overdraft in affected subbasins.

There may be other principled methods for cost allocation. The point is that the GSA must identify some principled and defensible method for cost allocation before

⁹ For the Eastside, the direct cost of temporary land fallowing to achieve a 10% reduction in pumping is \$1,500 to \$1,800 per AF. (ERA Economics, SVBGSA Demand Management Economic Impact Analysis, March 2026, Table 16.) This cost per AF would be incurred for 7,773 AF, representing 10% of Eastside pumping. The total direct cost of fallowing would come to \$11,659,500 to \$13,991,400 (7,773 AF times \$1,500 to \$1,800 per AF.) Spread over the remaining 90% of pumping (69,957 AF), this would come to \$167 to \$200 per acre.

¹⁰ ERA Economics, SVBGSA Demand Management Economic Impact Analysis, March 2026, Table 18.

¹¹ Garner et al., The Sustainable Groundwater Management Act and the Common Law of Groundwater Rights—Finding a Consistent Path Forward for Groundwater Allocation, *Journal of Environmental Law* V38:2, 2020, pp. 178-181, available at https://www.edf.org/sites/default/files/documents/01JELP38-2_Garner_etal.pdf.

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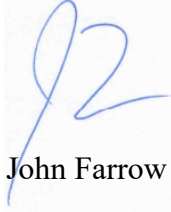
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committing itself to a project for which one or two subbasins are not likely to be able or willing to pay.

CONCLUSION: The Advisory Committee and the Board cannot reasonably decide to proceed with Portfolios 1 and 3a if they are not financially feasible. Determining financial feasibility requires that the GSA determine how costs will be allocated. If the costs were allocated only to the 180/400, or only to the 180/400 and Eastside, landowners may decline to incur those costs in a Proposition 218 vote. The GSA should either find some basis to allocate costs that makes Portfolios 1 and 3a feasible or consider alternative projects.

Yours sincerely,

M. R. WOLFE & ASSOCIATES, P.C.

A handwritten signature in blue ink, appearing to be 'JF', is written over a light blue rectangular background.

John Farrow

JHF:hs

cc: Piret Harmon, harmonp@svbgsa.org
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Michael DeLapa, LandWatch Monterey County