

REGULAR MEETING MINUTES

SANTA YNEZ RIVER WATER CONSERVATION DISTRICT JUNE 15, 2026

A regular meeting of the Board of Directors of the Santa Ynez River Water Conservation District was held on Monday, June 15, 2026, at 10:00 a.m. at the Buellton City Council Chambers, 140 West Highway 246, Buellton, California.

Directors Present: Philip Carpenter, Robert Dunlap, Larry Lahr, and Brett Marymee

Director Absent: Steve Jordan

Others Present (in-person): Bill Buelow, Anthony Elowsky (RDN), Paeter Garcia, Randy Murphy, Alex Pappas, Amber Thompson, and Steve Torigiani (Young Wooldridge)

Others Present (teleconference): Michael Colantuono (CHW Law) and Brett Stroud (Young Wooldridge)

1. CALL TO ORDER

President Lahr called the meeting to order at 10:02 am.

2. ROLL CALL

Ms. Thompson called roll. Three Directors were present providing a quorum. Director Marymee arrived at 10:42 am during discussion of Agenda Item No. 10.

3. PLEDGE OF ALLEGIANCE

President Lahr led the Pledge of Allegiance.

4. ADDITIONS, IF ANY, TO THE AGENDA

There were no additions to the agenda.

5. PUBLIC COMMENT

There was no public comment.

6. CONSENT AGENDA

- a. Minutes of the Special Meeting and Public Hearing of April 20, 2026, and Special Meeting of May 15, 2026
- b. Financial Reports FY 2025-26 Period 9, March 2026
- c. Warrant Lists for February, March, and April 2026
- d. Quarterly Investment Report

Director Carpenter made a **MOTION** to approve the Consent Agenda items. Director Dunlap seconded the motion. The motion passed 3-0-2 by voice vote with Director Jordan and Director Marymee being absent.

7. CONSIDER ADOPTION OF ANNUAL BUDGET FOR FISCAL YEAR 2026-2027

Mr. Buelow presented the Annual Budget for Fiscal Year 2026-2027. Discussion followed. Public comment was received.

Director Carpenter made a **MOTION** to adopt the Annual Budget for Fiscal Year 2026-2027, as presented. Director Dunlap seconded the motion. The motion passed 3-0-2 by voice vote with Director Jordan and Director Marymee being absent.

8. REPORT ON PUBLICATION OF ORDINANCE 2026-01 – GROUNDWATER CHARGE ORDINANCE

Mr. Buelow reported that, with regard to SYRWCD Ordinance 2026-01: Groundwater Charge Ordinance adopted during the May 15, 2026 special meeting of the Board of Directors, as required by the ordinance notices were duly and timely published in the Santa Ynez Valley News and Lompoc Record. Affidavits of publishing were provided in the meeting packet. There was no discussion, no public comment was received, and no action taken.

9. PUBLIC HEARING ON THE 2026 RATE STUDY REPORT BY ROBERT D. NEIHAUS, INC.

a. Open Hearing

President Lahr opened the Public Hearing at 10:08 a.m.

b. Presentation by Robert D. Neihaus, Inc.

Mr. Buelow introduced Mr. Elowsky, Robert D. Neihaus, Inc, who presented a summary of the Santa Ynez River Water Conservation District 2026 Rate Study, Draft Report, dated May 12, 2026 (“2026 Rate Study”). Discussion followed.

In accordance with Ordinance 2026-01: Groundwater Charge Ordinance, on May 15, 2026, the 2026 Rate Study was published to the District’s website and a copy was made available for public inspection at the District office.

c. Public Comment

Written and verbal comments were received from representatives of Santa Ynez River Water Conservation District, Improvement District No. 1 (Paeter Garcia), and the City of Solvang (Randy Murphy). The written comment from Solvang was read and presented by Mr. Murphy for the first time at the meeting. Solvang’s written comment was not provided before the close of the period for comments on the rate study as required by the Groundwater Charge Ordinance, and the comment was received without waiver of the District’s right to contend it was not timely provided as required by the ordinance. After comments were made, Mr. Torigiani noted that Solvang’s comment included a threat of litigation, and, based thereon, advised the Board that it could decide to convene to closed session to discuss such matter pursuant to the Brown Act (Gov. Code, §§ 54956.9(d)(2), (e)(4).).

d. Response to Comments Presented by Legal Counsel

Mr. Stroud, Young Wooldridge, LLP and Mr. Colantuono, Colantuono, Highsmith & Whatley, PC, presented the written response to comments received on the FYE2027 Rate Study (aka 2026 Rate Study) by The Law Offices of Young Wooldridge, LLP (General Counsel) and Colantuono, Highsmith & Whatley, PC (Special Counsel), dated June 11, 2026, which was included in the meeting packet. Mr. Stroud stated the District reserved the right to consider late comments and not respond but nothing in the comments made at the hearing merited a change to the written response to comments.

Additional public comment was received. Discussion followed.

Director Marymee arrived at 10:42 am.

e. Close Hearing

President Lahr closed the Public Hearing at 10:43 am.

Director Dunlap made a **MOTION** for the Board to enter into CLOSED SESSION because of threat of litigation received in the City of Solvang written comment letter delivered during the public hearing. Director Carpenter seconded the motion. The motion passed 4-0-1 by voice vote with Director Jordan being absent.

CLOSED SESSION

The Board convened into Closed Session from 10:43 am to 11:00 am and at about 11:05 am reconvened into open session continuing with Agenda Item No. 10.

Mr. Murphy left during Closed Session and did not return. Mr. Garcia returned to the meeting when the Board reconvened into open session.

RECONVENE INTO OPEN SESSION / CLOSED SESSION REPORT

The Board reconvened into Open Session. President Lahr reported the threat of litigation was discussed in closed session but no reportable action was taken.

10. CONSIDER ADOPTION OF RESOLUTION NO. 742 MAKING FINDINGS AND DETERMINATIONS, ESTABLISHING ZONES, SETTING RATES, AND LEVYING A GROUNDWATER CHARGE FOR WATER YEAR 2026-2027

Legal Counsel Mr. Torigiani proposed the following revisions be made to Resolution No. 742 and to the 2026 Rate Study based on discussion with the Board:

Resolution No. 742, page 4:

2. The Board hereby approves the “Rate Study Report” prepared by Robert D. Niehaus, Inc. dated May 12, 2026, with the following sentence on page 6 deleted: “The specific privilege granted to those who pay the groundwater charge is the right to extract groundwater from within the District’s boundaries, which is granted only to those who pay for that right.” The Rate Study Report with that sentence deleted is attached as Exhibit A.

2026 Rate Study, Draft Report, dated May 12, 2026, page 6:

The rates and charges recommended in this study are not considered taxes under Proposition 26 because the costs bear a fair and reasonable relationship to the payor's burdens on, or benefits received from, the governmental activity. ~~The specific privilege granted to those who pay the groundwater charge is the right to extract groundwater from within the District's boundaries, which is granted only to those who pay for that right.~~ One could also reasonably describe the District's activities as regulating water use in its area of responsibility and conducting investigations as required by its organic statute. In any event, the important point under Proposition 26 is that the District's rates are firmly tethered to its costs and are allocated proportionately among water users.

Director Dunlap made a **MOTION** to Adopt Resolution No. 742 Making Findings and Determinations, Establishing Zones, Setting Rates and Levying a Groundwater Charge for Water Year 2026-2027, with above proposed revisions made to the resolution and the 2026 Rate Study. Director Marymee seconded the motion. The motion passed 4-0-1 by voice vote with Director Jordan being absent.

Mr. Elowsky, Robert D. Neihaus, Inc, left the meeting.

11. GENERAL MANAGER REPORT, STATUS AND DISCUSSION ON THE FOLLOWING TOPICS:

a. Surface Water Program

Mr. Pappas provided an update on the Surface Water Program, presented the Santa Barbara County Rainfall and Reservoir Report, and NOAA prediction for El Nino winter. There was no discussion, no public comment, and no action.

b. Groundwater Program

Mr. Buelow reported that the online database, reporting, and payment system developed by Stetson Engineers is ready to use for the current groundwater reporting period ending June 30, 2026 beginning on July 1, 2026. He provided an update on public outreach and engagement efforts. Discussion followed. There was no public comment and no action.

c. Sustainable Groundwater Management Act:

i. Receive updates for WMA, CMA, and EMA

Mr. Buelow provided updates on the basin wide Monitoring Network improvements, including well drilling and the findings from the demonstration projects that are almost completed; WMA GSA's stormwater recharge project evaluation at Mission Hills CSD's Rucker Ponds; and the EMA GSA's adoption of mechanical metering ordinance.

Discussion followed. There was no public comment or action.

ii. Proposition 68 Grant Reimbursements, Projects, and Management Actions

Mr. Buelow reported that the Prop. 68 Grant Invoice and Progress Report #10 that

summarized grant funded project efforts during the quarter January through March 2026 was submitted to DWR in May 2026 and is included in the meeting packet.

There was no discussion, no public comment, and no action.

12. CONSIDER APPROVAL OF PROPOSED FIRST AMENDMENT TO THE JOINT EXERCISE OF POWERS AGREEMENT FOR THE SANTA YNEZ RIVER VALLEY GROUNDWATER BASIN WESTERN MANAGEMENT AREA GROUNDWATER SUSTAINABILITY AGENCY

Mr. Buelow introduced a letter received from the WMA GSA Board of Directors, dated June 11, 2026, and the First Amendment to Joint Exercise of Powers Agreement for Santa Ynez River Valley Groundwater Basin Western Management Area Groundwater Sustainability Agency (“WMA GSA JPA Amendment No.1”). The WMA GSA JPA Amendment No.1 intended to add a voting agricultural representative director to the WMA GSA Board and change the voting structure. Discussion followed. There was no public comment.

The Board expressed concerned that the WMA GSA JPA Amendment No.1 changed the voting structure and reduced the number of SYRWCD votes but did not change the cost sharing percentages. The Board directed Mr. Buelow to report its concerns to the WMA GSA.

13. CONSIDER PROPOSED CHANGES TO EMPLOYEE BENEFITS

a. Life Insurance: Consider approval to increase maximum employee life insurance

Mr. Buelow presented a request to update employee benefits increasing the Basic Life insurance maximum benefit from 100% to 200% of annual salary, with the maximum Guaranteed Issue Amount remaining at \$200,000. There will be minimal additional premium cost to the District.

b. Cell Phone: Consider approval of a monthly employee cellphone stipend

Mr. Buelow presented a request to update employee benefits adding a monthly employee cellphone stipend to provide a \$25 stipend for business-related use of personal mobile devices with minimal financial impact to the District.

He also presented an optional action to consider extending the cellphone stipend to Directors, at an estimated annual cost of \$1,500. The consensus of the Board members was to not approve a stipend for Directors.

Director Carpenter made a **MOTION** to approve the proposed changes to the Employee Benefits to increase the employee life insurance benefit to 200% salary, with maximum Guaranteed Issue Amount of \$200,000, and to add a \$25 per month employee cellphone stipend to the employee benefits package. Director Dunlap seconded the motion. The motion passed 4-0-1 by voice vote with Director Jordan being absent.

14. RECEIVE CONFLICT OF INTEREST CODE-2026 LOCAL BIENNIAL NOTICE

Based on advice from Mr. Torigiani, this item was tabled to the September 21, 2026 meeting.

15. DISCUSS AND CONSIDER ALTERNATIVE DIRECTOR INFORMATION ACCESS OPTIONS (REQUEST BY DIRECTOR MARYMEE)

Mr. Buelow reported he received complaint about an issue with accessing the District's provided email and the 2-factor authentication requirements. Director Marymee reported he is having problems. Discussion followed.

Director Carpenter made a **MOTION** to approve purchase of an ipad with wi-fi connectivity at the request of any Director for District use. Director Dunlap seconded the motion. The motion passed 4-0-1 by voice vote with Director Jordan being absent.

16. ATTORNEY REPORT

Mr. Torigiani reported on legislation, including AB2026 making changes to the water code and a California Aqueduct subsidence funding bill (SB 872) under consideration.

17. REPORTS, ACTS BY BOARD MEMBERS, QUESTIONS OF STAFF, STATUS REPORTS, ANNOUNCEMENTS, OBSERVATIONS, AND OTHER MATTERS, AND/OR COMMUNICATIONS NOT REQUIRING ACTION

Director Marymee announced that the Santa Ynez Community Services District is conducting a productivity assessment by an independent consultant and asked if this operations audit is something SYRWCD should complete.

18. REQUESTS FROM THE BOARD OF DIRECTORS FOR ITEMS TO BE INCLUDED ON THE NEXT AGENDA

There were no requests.

19. NEXT REGULAR MEETING IS SCHEDULED FOR MONDAY, SEPTEMBER 21, 2026, 10:00 AM, AT BUELLTON CITY COUNCIL CHAMBERS, 140 WEST HIGHWAY 246, BUELLTON, CALIFORNIA

President Lahr announced the next regular meeting of the Board meeting is scheduled for Monday, September 21, 2026, at 10:00 a.m., at the Buellton City Council Chambers, 140 West Highway 246, Buellton, California.

20. CLOSED SESSION

The Board convened into Closed Session from 11:47 am to 12:11 pm to discuss the following items:

- a. Conference with Legal Counsel – Pending Litigation (Gov. Code, § 54956.9, subd. (d)(1)): In the matter of Petition for Change of City of Solvang for Water Right Permit No. 15878 (Application A022423), which authorizes diversion of water from the Santa Ynez River (underflow) in Santa Barbara County, pending before the State Water Resources Control Board Office of Administrative Hearings
- b. Conference with Legal Counsel – Anticipated Litigation (Gov. Code, § 54956.9, subd. (d)(2)): Significant exposure to litigation (One Matter)

21. RECONVENE INTO OPEN SESSION / CLOSED SESSION REPORT

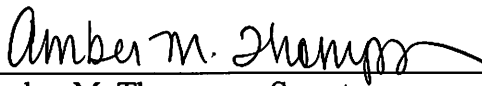
The Board ended Closed Session at 12:11 pm., reconvened into Open Session and President Lahr stated there was no reportable action taken in Closed Session.

22. ADJOURNMENT

President Lahr adjourned the meeting at 12:11 pm.



Larry Lahr, President



Amber M. Thompson, Secretary

Santa Ynez River Water Conservation District
Balance Sheet
As of March 31, 2026

	<u>Mar 31, 26</u>
ASSETS	
Current Assets	
Checking/Savings	
1325-00 · Mechanics Checking #7071-01	601.30
1330-00 · Five Star Checking #5935	25,598.90
1340-05 · Mechanics #7311 (GW Revenue)	3,386.33
1345-00 · Five Star MM #5986	439,496.94
1350-01 · LAIF	815,315.77
1350-03 · California Class	1,246,972.83
1360-00 · LAIF/SBIF FMV Adjustment	-3,384.00
1374-00 · Prepaid Expenses	<u>962.62</u>
Total Checking/Savings	<u>2,528,950.69</u>
Accounts Receivable	
1500-00 · Accounts Receivable	<u>327,861.65</u>
Total Accounts Receivable	<u>327,861.65</u>
Other Current Assets	
1501-00 · Accounts Receivable - CMA Loan	218,875.54
1502-00 · Accounts Receivable - EMA Loan	112,438.75
1503-00 · Accounts Receivable - WMA Loan	275,000.00
1504-00 · Grants Receivable	<u>19,702.57</u>
Total Other Current Assets	<u>626,016.86</u>
Total Current Assets	<u>3,482,829.20</u>
TOTAL ASSETS	<u><u>3,482,829.20</u></u>
LIABILITIES & EQUITY	
Liabilities	
Current Liabilities	
Accounts Payable	
2220-00 · Accounts Payable	<u>73,912.78</u>
Total Accounts Payable	<u>73,912.78</u>
Other Current Liabilities	
2225-00 · Accrued Payroll Taxes	4,480.26
2225-06 · Deferred Comp - Lincoln Nat'l	2,216.00
2225-07 · Medical Insurance Withheld	<u>499.97</u>
Total Other Current Liabilities	<u>7,196.23</u>
Total Current Liabilities	<u>81,109.01</u>
Total Liabilities	<u>81,109.01</u>
Equity	
3200-00 · Unappropriated Reserves	2,376,337.95
32000 · Retained Earnings	713,469.37
Net Income	<u>311,912.87</u>
Total Equity	<u>3,401,720.19</u>
TOTAL LIABILITIES & EQUITY	<u><u>3,482,829.20</u></u>

Santa Ynez River Water Conservation District
Profit & Loss Budget vs. Actual
July 2025 through March 2026

	FY 25-26, Period 9		TOTAL FY 25-26, Periods 1-9			
	Mar 26	Budget	Jul '25 - Mar 26	Budget	\$ Over Budget	% of Budget
Ordinary Income/Expense						
Income						
4500-00 · DWR Grant Reimbursement	7,863.82	12,000.00	43,817.57	35,000.00	8,817.57	125.19%
4600-00 · GSA Administrative Services	6,183.75	3,000.00	42,065.40	31,000.00	11,065.40	135.7%
4910-00 · Ground Water Charges	17,345.17	19,000.00	729,123.84	717,000.00	12,123.84	101.69%
4930-00 · SB County Property Taxes	0.00	0.00	248,637.35	211,000.00	37,637.35	117.84%
4934-00 · Interest Income, all sources	13,407.64	8,250.00	74,228.44	56,250.00	17,978.44	131.96%
4937-00 · Miscellaneous Income	139.20	250.00	5,387.63	250.00	5,137.63	2,155.05%
Total Income	44,939.58	42,500.00	1,143,260.23	1,050,500.00	92,760.23	108.83%
Gross Profit	44,939.58	42,500.00	1,143,260.23	1,050,500.00	92,760.23	108.83%
Expense						
5500-00 · Employee Compensation	37,980.48	37,795.00	345,318.62	340,155.00	5,163.62	101.52%
5505-00 · Payroll (SS and Medicare)	3,026.04	3,180.00	24,667.28	28,620.00	-3,952.72	86.19%
5506-00 · Employee Benefits	4,328.04	4,136.00	36,851.59	36,268.00	583.59	101.61%
5507-00 · Retirement Costs	2,682.50	2,645.50	24,068.57	23,809.50	259.07	101.09%
5512-00 · Outside Staff Support	519.00	660.00	5,201.00	4,850.00	351.00	107.24%
5513-00 · Director Fees	875.00	875.00	2,860.84	5,425.00	-2,564.16	52.73%
5513-50 · Director Fees SGMA	700.00	2,100.00	2,575.00	6,200.00	-3,625.00	41.53%
5514-00-5514-07: Groundwater Charges Admin	13,184.90	17,000.00	88,150.81	71,000.00	17,150.81	124.16%
5521-00 · Office Supplies - Incl Computer	1,399.39	6,000.00	10,189.69	11,785.00	-1,595.31	86.46%
5522-00 · IT Services	150.00	125.00	1,513.83	1,750.00	-236.17	86.51%
5523-00 · Communications	664.44	350.00	8,362.39	5,800.00	2,562.39	144.18%
5524-00 · Travel & Training	677.32	1,000.00	8,704.02	20,500.00	-11,795.98	42.46%
5527-00 · Audit/Accounting	0.00	0.00	20,877.78	20,000.00	877.78	104.39%
5529-00 · Insurance, Bonds, Worker's Comp	0.00	0.00	21,306.66	24,150.00	-2,843.34	88.23%
5530-00 · Miscellaneous Expense	0.00	100.00	400.00	250.00	150.00	160.0%
5531-00 · Dues	0.00	0.00	5,977.77	5,300.00	677.77	112.79%
5540-00 · LAFCO Cost	0.00	0.00	1,001.00	1,000.00	1.00	100.1%
5560-00 · Office Occupancy	2,670.16	2,050.00	25,433.26	18,700.00	6,733.26	136.01%
5570-00 · Records Services	183.60	180.00	1,780.13	1,780.00	0.13	100.01%
5590-00 · Credit Card Processing Fees	109.29	80.00	1,541.23	350.00	1,191.23	440.35%
5600-20 · SGMA WMA	172.68	1,150.00	1,920.71	2,480.00	-559.29	77.45%
5600-30 · SGMA CMA	0.00	150.00	-257.06	1,150.00	-1,407.06	-22.35%
5600-40 · SGMA EMA	3,362.50	150.00	3,226.62	1,050.00	2,176.62	307.3%
5600-90 · SGMA Legal	0.00	2,000.00	6,740.25	17,970.00	-11,229.75	37.51%
5626-00 · Legal - General Counsel	3,914.17	3,000.00	18,751.00	23,000.00	-4,249.00	81.53%
5626-12 · Legal - WR 2019-0148 Decision	647.50	3,000.00	5,278.75	24,000.00	-18,721.25	22.0%
5626-14 · Legal - Fisheries	5,009.50	2,000.00	13,379.00	5,000.00	8,379.00	267.58%
5626-20 · Legal - HR	0.00	225.00	1,316.25	1,825.00	-508.75	72.12%
5626-50 · Legal - GW Program	3,202.00	1,600.00	9,579.50	6,500.00	3,079.50	147.38%
5626-60 · Legal - Assessments/Charges	4,825.50	0.00	39,756.72	100,000.00	-60,243.28	39.76%
5633-00 · Engineer - General & Misc	759.78	670.00	2,795.75	4,990.00	-2,194.25	56.03%
5633-01 · Annual G.W. Report	11,235.60	13,000.00	16,538.79	23,000.00	-6,461.21	71.91%
5633-02 · WR 89-18 Operations (WRR)	4,424.25	0.00	32,019.46	40,000.00	-7,980.54	80.05%
5633-08 · Upper SYR Operations	635.25	200.00	1,451.25	1,400.00	51.25	103.66%
5633-12 · WR 2019-0148 Decision,	0.00	0.00	0.00	2,000.00	-2,000.00	0.0%
5633-14 · Fisheries Hydrology	1,331.00	1,440.00	5,496.25	10,680.00	-5,183.75	51.46%
5633-16 · Special Studies	0.00	5,000.00	7,113.00	20,500.00	-13,387.00	34.7%
5633-20 · Rate Study	0.00	0.00	4,082.50	6,500.00	-2,417.50	62.81%

Santa Ynez River Water Conservation District
Profit & Loss Budget vs. Actual
July 2025 through March 2026

	FY 25-26, Period 9		TOTAL FY 25-26, Periods 1-9			
	Mar 26	Budget	Jul '25 - Mar 26	Budget	\$ Over Budget	% of Budget
5633-31 · Engineer - GW Prog - Zone A	0.00	0.00	1,602.50	0.00	1,602.50	100.0%
5633-32 · Engineer - GW Prog - Zone B	0.00	0.00	422.00	0.00	422.00	100.0%
5700-00 · Contengencies All Zones General	148.00	0.00	451.25	15,000.00	-14,548.75	3.01%
5700-10 · Tenant Improvements	0.00	0.00	22,901.40	23,000.00	-98.60	99.57%
Total Expense	108,817.89	111,861.50	831,347.36	957,737.50	-126,390.14	86.8%
Net Ordinary Income	-63,878.31	-69,361.50	311,912.87	92,762.50	219,150.37	336.25%
Net Income	-63,878.31	-69,361.50	311,912.87	92,762.50	219,150.37	336.25%

SANTA YNEZ RIVER WATER CONSERVATION DISTRICT
FEBRUARY 2026 WARRANT LIST FOR BOARD APPROVAL
(Account held at Five Star Bank)

<u>NUMBER</u>	<u>DATE</u>	<u>PAYEE</u>	<u>DESCRIPTION</u>	<u>AMOUNT</u>
1502	2/1/2026	Jim Heyerly	February 2026 Rent	\$ 1,600.00
1503 -1504	-	see January 2026 Warrant List		\$ -
1505	-	VOID. Lost check. Stop payment issued with bank.		\$ -
ACH	2/3/2026	Payroll	January 16-31, 2025 Salary	\$ 11,955.30
ACH	2/3/2026	Stepen Jordan	Meeting: EMA 1/22/26	\$ 69.26
ACH	2/3/2026	J. Brett Marymee	Meeting: EMA 1/22/26	\$ 69.26
ACH	2/3/2026	Employment Development Dept.	EDD Tax Deposit (Jan. 16-31, 2026)	\$ 757.20
ACH	2/3/2026	Five Star Bank (Payroll Acct)	Payroll Tax Deposit (Jan. 16-31, 2026)	\$ 5,074.14
ACH	2/6/2026	Lincoln Financial Group	401a Plan Employer Match (partial 1/31/26)	\$ 634.41
ACH	2/6/2026	Lincoln Financial Group	457 Plan Employee Deferred Comp. (1/31/26) & Employer Match (partial 1/31/26)	\$ 2,922.84
ACH	2/9/2026	Pacific Gas & Electric	Dec. 2025-January 2026 Electric Service	\$ 125.09
1506	2/17/2026	Phil Carpenter	Expense Reimbursement: January 2026 SBCSDA meeting dinner	\$ 40.00
1507	2/17/2026	Hawkins Pappas	January 2026 support: groundwater program and District's WMA efforts	\$ 688.15
1508	2/17/2026	Barlett, Pringle & Wolf, LLP	FY 2024-25 Audit and Accounting Consulting	\$ 20,877.78
1509	2/17/2026	US Bank Corp	January 2026 CalCard	\$ 3,157.57
1510	2/17/2026	Stetson Engineers	December 2025 Engineering Service	\$ 23,886.73
1511	2/17/2026	Young Wooldridge	January 2026 Legal Service	\$ 8,839.81
1512	2/17/2026	Valley Bookkeeping Services	January 2026 Bookkeeping	\$ 475.00
1513	2/17/2026	Onsite Computers and Design	Technology Service	\$ 150.00
ACH	2/17/2026	SDRMA	Employee Benefits: March 2026 Medical and Ancillary Insurance	\$ 5,327.98
ACH	2/18/2026	Payroll	February 1-15, 2026 Salary	\$ 11,928.03
ACH	2/18/2026	Employment Development Dept.	EDD Tax Deposit (Feb. 1-15, 2026)	\$ 756.45
ACH	2/18/2026	Five Star Bank (Payroll Acct)	Payroll Tax Deposit (Feb. 1-15, 2026)	\$ 5,042.55
ACH	2/24/2026	Lincoln Financial Group	401a Plan Employer Match (partial 01/15/26)	\$ 634.41
ACH	2/24/2026	Lincoln Financial Group	457 Plan Employee Deferred Comp. (01/15/26) & Employer Match (partial 01/15/26)	\$ 2,922.84
TOTAL				\$ 107,934.80

SANTA YNEZ RIVER WATER CONSERVATION DISTRICT
MARCH 2026 WARRANT LIST FOR BOARD APPROVAL
(Account held at Five Star Bank)

<u>NUMBER</u>	<u>DATE</u>	<u>PAYEE</u>	<u>DESCRIPTION</u>	<u>AMOUNT</u>
1514	3/1/2026	Jim Heyerly	March 2026 Rent	\$ 1,600.00
ACH	3/3/2026	Payroll	February 16-28, 2026 Salary	\$ 12,119.01
ACH	3/3/2026	Philip Carpenter	Meeting: WMA 2/25/26	\$ 161.61
ACH	3/3/2026	Robert Dunlap	Meeting: CMA 2/23/26 - partial paid in Jan. 26	\$ 92.35
ACH	3/3/2026	Stephen Jordan	Meetings: WMA 2/25/26; EMA 2/26/26	\$ 323.22
ACH	3/3/2026	J. Brett Marymee	Meetings: CMA 2/23/26; EMA 2/26/26	\$ 323.22
ACH	3/3/2026	Employment Development Dept.	EDD Tax Deposit (Feb. 16-28, 2026)	\$ 761.69
ACH	3/3/2026	Five Star Bank (Payroll Acct)	Payroll Tax Deposit (Feb. 16-28, 2026)	\$ 5,252.04
ACH	3/3/2026	Lincoln Financial Group	401a Plan Employer Match (partial 2/28/26)	\$ 634.41
ACH	3/3/2026	Lincoln Financial Group	457 Plan Employee Deferred Comp. (2/28/26) & Employer Match (partial 2/28/26)	\$ 2,922.84
ACH	3/9/2026	Pacific Gas & Electric	January-February 2026 Electric Service	\$ 126.72
1515	3/11/2026	Stetson Engineers	January 2026 Engineering Service	\$ 20,232.95
1516	3/11/2026	Valley Bookkeeping Services	February 2026 Bookkeeping	\$ 475.00
1517	3/11/2026	Santa Barbara County Water Agency	IRWM Participation Cost (7/1/25-12/31/25)	\$ 37.13
1518	3/11/2026	Hawkins Pappas	February 2026 support: groundwater program and District's WMA efforts	\$ 931.68
1519	3/11/2026	Onsite Computers and Design	Technology Service; Annual Office 365 software licenses; Adobe Pro license pro-rated	\$ 1,304.30
1520	3/11/2026	US Bank Corp	February 2026 CalCard	\$ 2,800.84
1521	3/11/2026	Young Wooldridge	February 2026 Legal Service	\$ 8,511.42
ACH	3/17/2026	Payroll	March 1-15, 2026 Salary	\$ 11,873.45
ACH	3/17/2026	Lincoln Financial Group	401a Plan Employer Match (partial 03/15/26)	\$ 634.41
ACH	3/17/2026	Lincoln Financial Group	457 Plan Employee Deferred Comp. (03/15/26) & Employer Match (partial 03/15/26)	\$ 2,922.84
ACH	3/17/2026	Employment Development Dept.	EDD Tax Deposit (March 1-15, 2026)	\$ 754.95
ACH	3/17/2026	Five Star Bank (Payroll Acct)	Payroll Tax Deposit (March 1-15, 2026)	\$ 5,025.35
ACH	3/19/2026	SDRMA	Employee Benefits: April 2026 Medical and Ancillary Insurance	\$ 5,327.98
TOTAL				\$ 85,149.41

SANTA YNEZ RIVER WATER CONSERVATION DISTRICT
APRIL 2026 WARRANT LIST FOR BOARD APPROVAL
(Account held at Five Star Bank)

<u>NUMBER</u>	<u>DATE</u>	<u>PAYEE</u>	<u>DESCRIPTION</u>	<u>AMOUNT</u>
1522	4/1/2026	Jim Heyerly	April 2026 Rent	\$ 1,600.00
ACH	4/2/2026	Payroll	March 16-31, 2026 Salary	\$ 11,982.60
ACH	4/2/2026	Philip Carpenter	Meetings: 3/17/26; WMA (Joint GSAs) 3/13/26	\$ 323.22
ACH	4/2/2026	Robert Dunlap	Meetings: 3/17/26; CMA (Joint GSAs) 3/13/26	\$ 323.22
ACH	4/2/2026	Stepen Jordan	Meetings: 3/17/26; WMA (Joint GSAs) 3/13/26	\$ 323.22
ACH	4/2/2026	Larry Lahr	Meeting: 3/17/26	\$ 161.61
ACH	4/2/2026	J. Brett Marymee	Meetings: 3/17/26; EMA (Joint GSAs) 3/13/26	\$ 323.22
ACH	4/2/2026	Employment Development Dept.	EDD Tax Deposit (March. 16-31, 2026)	\$ 757.94
ACH	4/2/2026	Five Star Bank (Payroll Acct)	Payroll Tax Deposit (March. 16-31, 2026)	\$ 5,300.80
ACH	4/8/2026	Lincoln Financial Group	401a Plan Employer Match (partial 3/31/26)	\$ 634.41
ACH	4/8/2026	Lincoln Financial Group	457 Plan Employee Deferred Comp. (3/31/26) & Employer Match (partial 3/31/26)	\$ 2,922.84
ACH	4/9/2026	Pacific Gas & Electric	February-March 2026 Electric Service	\$ 90.14
1523	4/10/2026	Hawkins Pappas	March 2026 support: groundwater program and District's WMA efforts	\$ 315.68
1524	4/10/2026	Inklings	48th Engineering & Survey Annual Report, draft	\$ 39.40
1525	4/10/2026	Onsite Computers and Design	Technology Service; Annual Office 365 software licenses, balance due	\$ 536.40
1526	4/10/2026	Stetson Engineers	February 2026 Engineering Service	\$ 34,715.38
1527	4/10/2026	Urban Water Institute	2026 Annual Conference (August 19-21, 2026) Registration for Director Marymee	\$ 645.00
1528	4/10/2026	US Bank Corp	March 2026 CalCard	\$ 2,952.87
1529	4/10/2026	Valley Bookkeeping Services	March 2026 Bookkeeping	\$ 475.00
1530	4/10/2026	Young Wooldridge	March 2026 Legal Service	\$ 17,746.67
ACH	4/17/2026	Payroll	April 1-15, 2026 Salary	\$ 11,408.45
ACH	4/17/2026	Employment Development Dept.	EDD Tax Deposit (April 1-15, 2026)	\$ 788.60
ACH	4/17/2026	Five Star Bank (Payroll Acct)	Payroll Tax Deposit (April 1-15, 2026)	\$ 5,044.98
ACH	4/24/2026	SDRMA	Employee Benefits: May 2026 Medical and Ancillary Insurance	\$ 5,327.98
TOTAL				\$ 104,739.63

SANTA YNEZ RIVER WATER CONSERVATION DISTRICT

JULY 1, 2026 - JUNE 30, 2027

APPROVED BUDGET (Approved June 15, 2026)

Corrected 6/24/2026

REVENUES:

Groundwater Charge Rates (cash basis)	737,025
SB County Property Taxes	424,360
Interest Income	68,000
Miscellaneous Income	250
Administrative Support to GSAs	40,000
GSA Loan Pay-Back	0
SGMA Grant Reimbursement - Comp 1 only	85,000
SGMA Grant Reimbursement - Comp 2-8 (pass through)	1,079,515
TOTAL INCOME	\$ 2,434,150
<i>SYRWCD Total Income (No Grant Pass Through): \$ 1,354,635</i>	

EXPENSES

Internal Operations / Expenses

Employee Salaries	486,520
Payroll (SS and Medicare)	40,762
Employee Benefits	10,380
Retirement Plan Contributions	33,519
Outside Services	6,860
Office Expense	67,000
Director Fees	23,000
Training & Travel	31,000
Travel (FY 26-27 included with Training)	-
Annual Audit/Accounting Support	25,000
Insurance & Worker's Comp	25,000
Dues and LAFCO Fees	7,500
Groundwater Charges Program	12,000
Miscellaneous	250
SUB-TOTAL INTERNAL OPERATIONS	768,791

Legal

General and Misc.	32,200
Downstream Release/Upper SYR Ops/89-18	2,875
WR Decision (2019-0148)	34,500
Fisheries Issues	5,750
Employment/HR	2,875
Groundwater Program	8,050
SGMA Legal support	15,000
SUB-TOTAL LEGAL	101,250

Engineering / Environmental

Engineering Admin Services	7,000
Annual GW Report	30,000
Santa Ynez River Ops	79,000
Environmental Support	27,000
Software Engineering	50,000
SGMA Tech Support	15,000
Special Studies	200,000
SUB-TOTAL ENGINEERING / ENVIRONMENTAL	408,000

CONTINGENCIES	50,000
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SUB-TOTAL O&M EXPENSES	\$ 1,328,041
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Grant Pass Through	1,079,515
SYRWCD GSA Loan Contributions	-

TOTAL EXPENSES	\$ 2,407,556
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<i>SYRWCD Total Expenses (No Grant Pass Through):</i>	<i>\$ 1,328,041</i>
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INCOME LESS EXPENSES	\$ 26,594
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CASH ON HAND	\$ 258,594
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Amount to or (from) Reserves	-
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INVESTMENT RESERVES	\$ 2,310,747
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RESOLUTION NO. 742

A RESOLUTION OF THE BOARD OF DIRECTORS OF THE SANTA YNEZ RIVER WATER CONSERVATION DISTRICT MAKING FINDINGS AND DETERMINATIONS, ESTABLISHING ZONES, SETTING RATES, AND LEVYING A GROUNDWATER CHARGE WITHIN THE DISTRICT FOR THE WATER YEAR 2026-2027

WHEREAS, in accordance with Water Code section 75560, et seq., an engineering investigation and report (entitled Forty-Eighth Annual Engineering and Survey Report on Water Supply Conditions of the Santa Ynez River Water Conservation District, A Summary of Findings for the Previous Water Year (2024-2025), Current Water Year (2025-2026), and Ensuing Water Year (2026-2027), dated March 10, 2026) was duly prepared by the District's consulting engineer, Stetson Engineers, Inc. (hereinafter "Annual Report"), which Annual Report delivered to the Santa Ynez River Water Conservation District's ("District") Secretary on or before the regular meeting of the District's Board of Directors ("Board") in March of 2025 as required by Water Code section 75570, and, as detailed herein below, the Annual Report was made available for public examination as required by law, submitted to and approved following a public hearing by the District's Board at its April 20, 2026 meeting pursuant to Water Code section 75570 et seq., and provides specific factual data and other evidence to permit the District to make findings and determinations as required by law including Water Code section 75574; and

WHEREAS, the District duly noticed a public hearing pursuant to Water Code section 75570 et seq. and in accordance with Government Code section 6061, for the April 20, 2026 meeting of the District's Board, which notice, among other information, provided notice of receipt of the Annual Report and hearing thereon and invited all operators of water-producing facilities within the District to examine such report and appear and submit evidence concerning the groundwater conditions and the surface water supplies of the District; and

WHEREAS, the Annual Report among other evidence presented at the April 20, 2026 hearing and meeting of the District's Board was in accord with and in support of the continuation of such a groundwater charge on all water-producing facilities within the District to finance the District activities and purposes as set forth in Water Code section 74000 et seq., for the water year 2026-2027; and

WHEREAS, evidence was also presented at said hearing and meeting regarding benefits of the District's activities which different zones of the District enjoy; and

WHEREAS, continuation of such a charge is exempt from the provisions of the California Environmental Quality Act by Public Resources Code Section 21080(b)(8); and

WHEREAS, the Annual Report was approved and accepted by the Board of Directors at said April 20, 2026, board meeting, with the approved version of the Annual Report being dated March 10, 2026, and filed with the District, which includes findings and determinations set forth on pages 11 and 12 of the Report; and

WHEREAS, this District performs essential regulatory activities in managing, protecting, conserving, augmenting, replenishing, and enhancing the water supplies for users within the District, including groundwater resources within the District. The groundwater charge rates herein establish a reasonable relationship to each user's burdens on or benefits of the District's activities including those activities described on pages 2 through 5 of the Annual Report; and

WHEREAS, the District's Board approved and adopted Ordinance No. 2026-01 – Groundwater Charge Ordinance on May 15, 2026, being in full force and effect upon adoption; and

WHEREAS, the District published Ordinance No. 2026-01, in full, on May 20, 2026 in the Lompoc Record and on May 21, 2026 in the Santa Ynez Valley News, newspapers of general circulation printed, published, and circulated in the district; and

WHEREAS, groundwater charges herein established are levied upon those electing to pump groundwater (as defined in Water Code section 75502, including, but not limited to, percolating groundwater and Santa Ynez River underflow and subsurface water that flows in known and definite channels) and to the extent of groundwater pumping, and such charges enable the District to perform its essential regulatory activities to manage, protect, conserve, replenish, augment, and enhance the water supplies for users within the District, including groundwater resources within the District; and

WHEREAS, it is necessary for the District to continue to provide these activities, which require concentrated, coordinated action on behalf of all District water users, including groundwater users within the District, who by their extraction of groundwater burden the underlying groundwater basins and benefit from the District's services in a manner that non-payers do not, rather than to leave such activities to individuals who could neither afford nor effectively act to protect or augment their water resources as individuals; and

WHEREAS, the groundwater charges fund the continuation of groundwater management services performed by the District to mitigate the burdens imposed on the groundwater basin within the District by groundwater extractors for the benefits of the groundwater basin; and

WHEREAS, the District has commissioned preparation of a Rate Study Report by Robert D. Niehaus, Inc. to, among things, develop a financial plan and conduct a costs of service study for the District and demonstrate its groundwater charge rates are necessary to cover the reasonable costs of the District's activities and are allocated to persons extracting groundwater within the District in a manner that bears a fair or reasonable relationship to the benefits received from the District's activities consistent with Proposition 26 (California Constitution, Article 13C, § 1); and

WHEREAS, Robert D. Niehaus, Inc. prepared a Rate Study Report dated May 12, 2026, which report was made available for public inspection and review, distributed to the members of the Board, and posted on the District's website on May 15, 2026, and presented to, discussed with and considered by the District's Board of Directors at its hearing during the meeting of June 15, 2026; and

WHEREAS, in accordance with Ordinance No. 2026-01, the annual rate study was published on the District's website and a copy made available for public inspection at the District's office no later than the 30th day before the hearing on the annual rate study provided for in said Ordinance.

WHEREAS, no written comments on the annual rate study were received prior to 5:00p.m. on June 5, 2026, the 10th day before the hearing on the annual rate study provided for in Ordinance No. 2026-01; and

WHEREAS, one untimely written comment letter was received on the annual rate study from the District's Improvement District No. 1, and the District's Board of Directors considered those comments as well as written responses provided by legal counsel at the public hearing; and

WHEREAS, such groundwater charges do not exceed the reasonable costs of the District carrying out its activities, and the manner in which the costs are allocated bears a fair or reasonable relationship to the payor's burden on or benefits received from the District's activities consistent with applicable law, including Proposition 26; and

WHEREAS, while property taxes can be used to finance a portion of the costs of the District's activities, existing limitations on property tax revenues which historically were used to finance District purposes preclude continuation of District activities without additional financing; and

WHEREAS, the District first implemented a groundwater charge prior to January 1, 1982, to implement the transition from the property taxation system in effect prior to June 1, 1978; and

WHEREAS, the groundwater charges are reasonably related to the District's activities, including regulatory and groundwater management services, and the need to maintain appropriate financial reserves for such purposes, and do not generate a surplus for general revenue purposes; and

WHEREAS, District staff has determined that continuation of groundwater charges is exempt from the provisions of the California Environmental Quality Act by Public Resources Code section 21080, subdivision (b)(8); and

WHEREAS, this Board determines that it is in the best interest of the residents, landowners, and water users within the District, including persons operating ground water-producing facilities, that a groundwater charge and several zones be established within the District, and that a groundwater charge be levied at the rates provided for herein within those zones upon those persons who elect to produce groundwater from a water-producing facility within the District.

NOW, THEREFORE, BE IT RESOLVED, by this Board of Directors as follows:

1. The foregoing recitals of fact are true and correct;
2. The Board hereby approves the "Rate Study Report" prepared by Robert D. Niehaus, Inc. dated May 12, 2026, with the following sentence on page 6 deleted: "The specific privilege granted to those who pay the groundwater charge is the right to extract groundwater from within the District's boundaries, which is granted only to those who pay for that right." The Rate Study Report with that sentence deleted is attached as Exhibit A.
3. The Board hereby makes the following findings and determinations pursuant to Water Code section 75574:
 - (a) The average annual overdraft for the immediate past ten (10) water years (October 2014-September 2025): 1,060 ± acre-feet;
 - (b) The estimated annual overdraft for the current (2026) water year (October 2025-September 2026): 700 ± acre-feet;
 - (c) The estimated annual overdraft for the ensuing (2027) water year (October 2026-September 2027): 2,300 ± acre-feet;
 - (d) The accumulated overdraft as of the last day of the preceding (2025) water year (September 30, 2025): 137,400 ± acre-feet in terms of accumulated dewatered storage. Accumulated overdraft as defined in Water Code Section 75505 is nominal, at this time;

- (e) The estimated accumulated overdraft as of the last day of the current (2026) water year (September 30, 2026): 124,500 ± acre-feet in terms of accumulated dewatered storage. Accumulated overdraft as defined in Water Code 75505 is nominal, at this time;
 - (f) The estimated amount of agricultural and special irrigation water to be withdrawn from the groundwater supplies of the District for the ensuing (2027) water year (October 2026-September 2027): 31,255 acre-feet of agricultural water and 1,905 acre-feet of special irrigation water;
 - (g) The estimated amount of water other than agricultural water or special irrigation water to be withdrawn from the groundwater supplies of the District for the ensuing (2027) water year (October 2026-September 2027): approximately 12,410 acre-feet;
 - (h) The estimated amount of water necessary for surface distribution for the ensuing (2027) water year (October 2026-September 2027): approximately 3,700 acre-feet scheduled to be delivered by the Central Coast Water Agency to contractors within the District;
 - (i) The amount of water which is necessary for the replenishment of the groundwater supplies of the District: 124,500 ± acre-feet to completely replenish accumulated dewatered storage;
 - (j) The amount of water the District is obligated by contract to purchase: The District is not obligated by contract to purchase water.
4. The Board hereby establishes the following zones within the District:
- Zone A: District portion of the Santa Ynez River alluvial channel from San Lucas Bridge downstream to the Lompoc Narrows, as depicted on Figure 2, Page 14, of the “Forty-Eighth Annual Engineering and Survey Report on Water Supply Conditions of the Santa Ynez River Water Conservation District, A Summary of Findings for the Previous Water Year (2024-2025), Current Water Year (2025-2026), and Ensuing Water Year (2026-2027)”, dated March 10, 2026, which is incorporated herein by reference.
 - Zone B: District portion of the Lompoc Plain, Lompoc Upland, and Lompoc Terrace groundwater subareas, as depicted on said Figure 2;
 - Zone C: All other portions of the District not included in Zones A, B, D, E, and F, as depicted on said Figure 2;
 - Zone D: District portion of the Buellton Upland subarea, as depicted on said Figure 2, including that portion of the principal groundwater aquifer in Zone D that underlies the alluvial aquifer in Zone A;

Zone E: District portion of the Santa Ynez Upland subarea, as depicted on said Figure 2;

Zone F: District portion of the Santa Rita Upland subarea, as depicted on said Figure 2;

5. A groundwater charge is hereby levied against all persons operating ground water-producing facilities, and the following rates are hereby established and applied to all water produced from such facilities within each zone as shown below for the fiscal year 2026-2027:

Zone A (all water types)	\$23.40 per acre-foot
Zone B (all water types)	\$15.30 per acre-foot
Zone C (all water types)	\$9.80 per acre-foot
Zone D (all water types)	\$9.80 per acre-foot
Zone E (all water types)	\$9.80 per acre-foot
Zone F (all water types)	\$9.80 per acre-foot

6. The Board hereby finds and determines, based on substantial evidence including information provided in the above-referenced Annual Report, Rate Study, and Response to Comments, that the rates set forth above bear a fair or reasonable relationship to the groundwater producers' benefits on, or burdens received from, the District's activities that are funded by these fees. The Board hereby adopts, as the District's response to comments required by the Groundwater Charge Ordinance, the response presented at the hearing.
7. The Board hereby establishes the following methods to compute the amounts of water produced from a ground water-producing facility within the District:
 - (a) If the well production is metered by a flow meter, then the meter reading will be utilized.
 - (b) If the well is not metered, but has a separate electric meter, then production may be determined from electrical consumption and pump test results, if available. Annual pump tests shall be run whenever possible with the results of the most recent test used to verify and/or adjust meter readings.
 - (c) Production may be estimated based upon type of water use, estimated applied unit use, area irrigated, and types of crops grown on land, or number of connections or persons served, or type and quantity of units produced.
 - (d) Other criteria may be recommended by the District's engineer from time to time which will allow the Board to determine with reasonable accuracy the amount of water produced from a ground water-producing facility.

8. In accordance with Public Resources Code section 21080, subdivision (b)(8), the Board hereby finds said groundwater charges are for the purposes set forth therein including meeting the District's operating expenses, purchasing or leasing supplies, materials or equipment, and meeting financial reserve needs and requirements, as demonstrated in the Rate Study Report.
9. In response to the untimely comment letter from Improvement District No. 1, the Board of Directors hereby clarifies the meaning of the following language from page 6 of the Rate Study: "The specific privilege granted to those who pay the groundwater charge is the right to extract groundwater from within the District's boundaries, which is granted only to those who pay for that right." The District does not grant, confirm, or adjudicate water "rights" in the sense of overlying, appropriative, or riparian rights. Neither did the public agency described in *Great Oaks*. But all water rights are subject to appropriate regulation. (*Turlock Irrigation Dist. v. Zanker* (2006) 140 Cal.App.4th 1047, 1061.) One such regulation enacted by the Legislature is that groundwater pumpers who do not pay an appropriate share of the cost of the District's investigation and management of groundwater resources can be prohibited from pumping. (See Wat. Code, § 75630–75632.)

The foregoing resolution being on motion of Director Dunlap, seconded by Director Marymee, was authorized by the following vote:

AYES, and in favor thereof, Directors: Carpenter, Dunlap, Lahr, Marymee

NOES, Directors: None

ABSENT/ABSTAINING, Directors: Jordan

I HEREBY CERTIFY that the foregoing resolution is the resolution of said district as duly passed and adopted by said Board of Directors on the 15th of June 2026.



Larry Lahr, President



Amber M. Thompson, Secretary

EXHIBIT A

Santa Ynez River Water Conservation District

2026 Rate Study

Final Report

June 16, 2026

Santa Ynez River

WATER CONSERVATION DISTRICT

SANTA YNEZ RIVER WATER CONSERVATION DISTRICT 2026 RATE STUDY

FINAL REPORT

Prepared for:

Santa Ynez River Water Conservation District
P.O. Box 719
Santa Ynez, CA 93460

Prepared by:

ROBERT D. NIEHAUS, INC.
140 East Carrillo Street
Santa Barbara, CA 93101
(805) 962-0611

RDN Project Number 400

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EXECUTIVE SUMMARY

Purpose of Study

The major objectives of this study include the following:

- Develop a financial plan to support financial sufficiency, meet operation and maintenance (O&M) costs, and provide adequate reserves;
- Conduct a water cost-of-service study that is based on the District's costs;
- Calculate proposed, updated water rates for Fiscal Year 2026-27;
- Conduct an analysis of the effects of the proposed rates on District groundwater producers; and
- Demonstrate that the amount raised by the proposed groundwater rates are necessary to cover the reasonable costs of the District's required activities, and that proposed rates are allocated to District producers in a manner that bears a fair or reasonable relationship to the payor's burdens on, or benefits received, from the District's activities, consistent with Proposition 26 (Cal. Const., Art. XIII C, § 1).

This report summarizes the rate study's 5-year financial plan and FY 2026-27 rate development. The District intends to update this 5-year plan every year with a new 5-year projection so that the Board can maintain a 5-year outlook. However, the District's rates are set on an annual basis under Water Code sections 75500-75642.

Summary of Recommendations

The District bills all customers based on the groundwater they draw from wells within the District's service area, as defined by Water Code Section 75502. Water is billed in acre foot (AF) increments, where each AF of water drawn is billed an equal portion of the costs which are allocated to one of six zones based on the costs which are allocable to that zone. The six zones are:

- **Zone A** – District portion of the Santa Ynez River alluvial channel from San Lucas Bridge downstream to Lompoc Narrows
- **Zone B** – District portion of the Lompoc Plain, Lompoc Upland, and Lompoc Terrace groundwater subareas
- **Zone C** – All other portions of the District not included in Zones A, B, D, E, and F
- **Zone D** – District portion of the Buellton Upland subarea (including a portion of the groundwater aquifer extending under Zone A)
- **Zone E** – District portion of the Santa Ynez Upland subarea
- **Zone F** – District portion of the Santa Rita Upland subarea

The recommended charges outlined in this report were developed using industry standard methodologies set out in the American Water Works Association (AWWA) *Principles of Water Rates, Fees, and Charges*

– *Manual of Water Supply Practices* (M1 Manual)¹ and adhere to the cost of service principals required by California’s Proposition 26 and related California Law.

Table 1 displays the current and proposed rates for each zone and the difference with the current rates.

Table 1. Current and Proposed Water Rates per Acre Foot²

Zone	Current Rate (AF)	Proposed Rate (AF)	Difference (AF)
Zone A	\$22.00	\$23.40	\$1.40
Zone B	\$14.80	\$15.30	\$0.50
Zone C	\$9.20	\$9.80	\$0.60
Zone D	\$9.20	\$9.80	\$0.60
Zone E	\$9.20	\$9.80	\$0.60
Zone F	\$9.20	\$9.80	\$0.60

¹ Section III of the M1 Manual details the process to develop units of service by customer class and apply those based on the proportional impact which satisfies the proportionality requirements of Proposition 26. The primary unit of service used in this study is AF of water use.

² Note that one acre foot is equal to 325,851 gallons of water. The proposed rate per gallon of water is between \$0.00003 and \$0.000072 depending on the zone.

1. INTRODUCTION

District Overview

The Santa Ynez River Water Conservation District (“District”) was formed in 1939. At the time of the District’s formation, investigations were under way to build a new reservoir that would divert Santa Ynez River water from the watershed of the Santa Ynez River to the South Coastal Area of Santa Barbara County. The District was formed for the purpose of, among other things, making surveys and investigations of water supplies and resources, and protecting, conserving and augmenting water rights and supplies, within the District, including, but not limited to, Santa Ynez River and groundwater supplies. The District’s boundaries include “the entire watershed of the Santa Ynez River and its tributaries below Gibraltar drainage basin and excepting portions of the government land. ... [The District] is limited to the watershed of the Santa Ynez River and its tributaries because [the] district represents a unit area in which the problems of control and conservation are intimately associated and must be considered and solved together.” (See, FACTS About The Proposed Santa Ynez River Water Conservation District, Santa Ynez River Water Conservation District Organization Committee, (May 1939), p. 7).

The District’s boundaries cover approximately 180,000 acres of land in two discontinuous areas within the watershed and Santa Ynez River Valley Groundwater Basin, extending from Lake Cachuma to the Pacific Ocean. The Santa Barbara County Local Agency Formation Commission (“LAFCO”) recognizes the District’s sphere of influence to be the entire Santa Ynez River Watershed and its tributaries (<https://www.sblafco.org/santa-ynez-river-water-conservation-map>).

The District is a California Water Conservation District formed pursuant to the Water Conservation District Law of 1931 (Wat. Code, §§ 74000 et seq.). Pursuant to Water Code sections 74508 and 75500, et seq., the District is expressly authorized to impose groundwater charges within its boundaries, which the Legislature has declared to be in furtherance of District activities in the protection and augmentation of the water supplies for users within the District or a zone or zones thereof which are necessary for the public health, welfare, and safety of the people of this state. (Wat. Code, § 75521.) The District has, since 1979, levied groundwater charges on all public and private operators of groundwater-producing facilities registered within the District to help recover its costs, including the costs of protecting, augmenting, conserving, and enhancing water rights and water supplies within the District.

The Santa Ynez River, including associated younger alluvium riparian deposits, is one of the largest water supply sources within the District and Basin. Due to the geographic nexus that the Santa Ynez River provides through the entire District, the adjacent upland groundwater aquifers benefit from the District’s activities including the augmentation of surface water of the Santa Ynez River, including the alluvium, and protection against water exports to the South Coast. Without the protection, conservation, and augmentation of the Santa Ynez River by the District through various activities, including the District’s continued advocacy for and making and coordination of releases of Santa Ynez River water downstream of Cachuma Project’s Bradbury Dam for beneficial uses within the District—as provided in SWRCB WRO 2019-0148 and the 2002 Settlement Agreement between the District, Improvement District No. 1, and the Cachuma Conservation Release Board (“CCRB”)—there would be additional pumping of groundwater from the upland groundwater zones adjacent to the Santa Ynez River zones (Zones A and B). The combined sustainable yield of the groundwater Zones C through F (17,000 AFY) are a fraction

of the average annual flow of the Santa Ynez River (100,000 AFY). This is because most of the rainfall in the Santa Ynez River watershed occurs upstream of Cachuma Lake at higher elevations.

The District's activities that are performed by its staff, consultants, and legal counsel include, but are not limited, to the following:

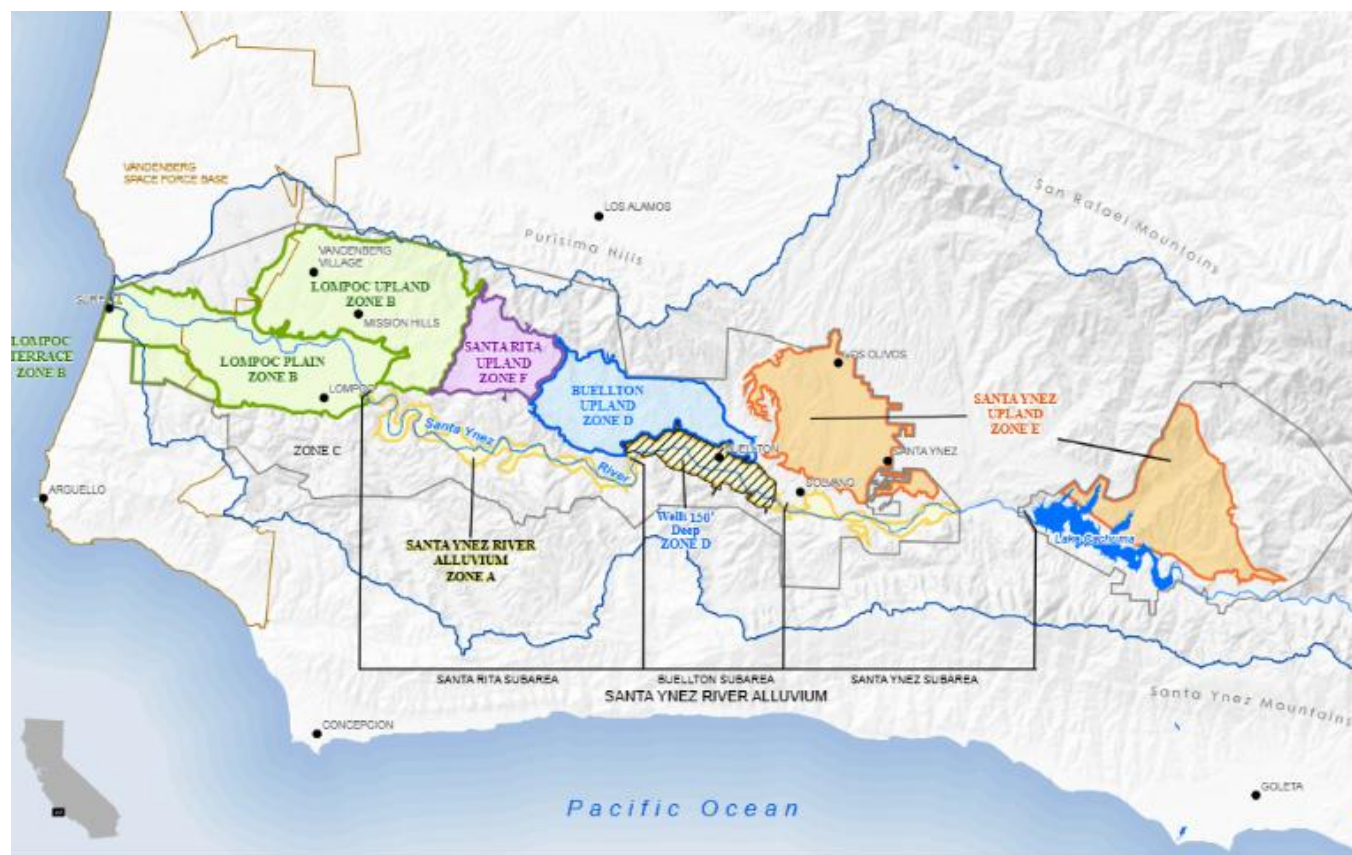
- Investigate, forecast, and report on surface water and groundwater conditions within the District, including estimates of surface water use, imported water purchased by contract; groundwater use, volume of groundwater overdraft; and amount of groundwater in storage, as required by Water Code section 75560 et seq.
- Plan, schedule, and administer the release of water from Bradbury Dam for the satisfaction and benefit of downstream water rights and water quality, including determining the timing, location, volume, and rate of flows needed to recharge the river alluvium and the Lompoc Plain for the Above Narrows Account ("ANA") and Below Narrows Account ("BNA"), as provided in State Water Resources Control Board Order No. WRO 2019-0148 and the 2002 Settlement Agreement, which describe in detail the District's role to protect and augment water supplies within the District.
- Coordinate and provide advance warning to District constituents downstream of Bradbury Dam regarding impending storm operations, minimizing potential damage to downstream assets along the lower Santa Ynez River.
- Review and contribute to the preparation of, and compliance with, applicable biological assessments and opinions, including associated consultations, revisions, and replacements, for the protection of endangered species in the Santa Ynez River, in a manner that assures that downstream water rights and water quality in the basin and downstream of Bradbury Dam are augmented, conserved, and protected.
- Require registration of groundwater production facilities and require, collect, record, and maintain reports of each individual groundwater producer's production within the District (since 1979) as part of its groundwater production reporting program.
- Levy and collect charges on groundwater production within the District to fund the District's operations.
- Provide technical and legal expertise to the District's constituents to protect downstream water rights.
- Participate in the Integrated Regional Water Management Plan process to promote regional water management strategies to ensure sustainable and reliable water supplies, including the protection of agriculture.
- Coordinate and support integrated watershed management within the Santa Ynez Basin, as a member agency of all three GSAs in the Basin, and as one of the largest and longest standing water-resource management agencies in the Santa Ynez River Valley Groundwater Basin.
- Support all three GSAs' implementation of their Groundwater Sustainability Plans (GSPs) to achieve their respective groundwater sustainability goals. This includes providing groundwater production and other data to support GSA activities, as requested by the GSAs, and data collected by the District as part of its groundwater production reporting program.

- Develop and submit grant applications and administer over \$6.5M in grant funding as Grantee on behalf of the three GSAs to support SGMA activities in the Basin.

The District comprises two non-contiguous areas and encompasses approximately 180,000 acres. It includes the cities of Lompoc, Solvang, and Buellton and the communities of Vandenberg Village, Mission Hills, Santa Ynez, Ballard, and Los Olivos. It includes the portion of the Santa Ynez River downstream of Bradbury Dam, the Lompoc Plain, the Santa Ynez Upland, the Lompoc Upland, the Buellton Upland, the Santa Rita Upland, and the Lompoc Terrace.

The zones are shown in **Figure 1**.

Figure 1. Service Area Map



Legal Framework

Proposition 26, codified in the California Constitution as Article XIII C, was approved by voters in 2010 to require a supermajority vote to pass new taxes. Furthermore, Proposition 26 expanded the definition of “tax.” Under the new definition, a tax is any levy, charge, or action of any kind imposed by a local government. Any fees or charges that are not exempted in the language of Proposition 26 are considered taxes and subject to voter approval.

Under Proposition 26, local water agencies must demonstrate their fees and charges are not taxes by showing that they fall within one of the exceptions in Proposition 26, which include, among others, the following:

(e) As used in this article, “tax” means any levy, charge, or exaction of any kind imposed by a local government, except the following:

(1) A charge imposed for a specific benefit conferred or privilege granted directly to the payor that is not provided to those not charged, and which does not exceed the reasonable costs to the government of conferring the benefit or granting the privilege.

(2) A charge imposed for a specific government service or product provided directly to the payor that is not provided to those not charged, and which does not exceed the reasonable costs to the local government of providing the service or product.

(3) A charge imposed for the reasonable regulatory costs to a local government for issuing licenses and permits, performing investigations, inspections, and audits, enforcing agricultural marketing orders, and the administrative enforcement and adjudication thereof.

In order not to be considered a tax, Prop 26 requires that local agencies must demonstrate “that the amount is no more than necessary to cover the reasonable costs of the governmental activity, and that the manner in which those costs are allocated to a payor bear a fair or reasonable relationship to the payor’s burdens on, or benefits received from, the governmental activity.”³

The rates and charges recommended in this study are not considered taxes under Proposition 26 because the costs bear a fair and reasonable relationship to the payor’s burdens on, or benefits received from, the governmental activity. ~~The specific privilege granted to those who pay the groundwater charge is the right to extract groundwater from within the District’s boundaries, which is granted only to those who pay for that right.~~ One could also reasonably describe the District’s activities as regulating water use in its area of responsibility and conducting investigations as required by its organic statute. In any event, the important point under Proposition 26 is that the District’s rates are firmly tethered to its costs and are allocated proportionately among water users.

Key Assumptions

A test year, FY 2026-27, was selected for which costs are to be analyzed, and rates established for this study. The financial plan was built for the next five years, FY 2026-27 through FY 2030-31 with a detailed revenue adjustment plan. The District’s fiscal year begins on July 1 and ends on June 30. In order to project financial results, the following assumptions were made based on either historical data provided by the District or data published by other governmental agencies.

Water Use

Water use was projected for each zone and activity based on a historical survey of data reported in the District 48th Annual Report⁴. Coefficients for projecting future water use were based on 10 years of historical water use trend averages. The FY 2026-27 water use level is taken from the projection in the District’s Annual Report. Future year use levels are linear regressions for each zone based on the coefficients shown in **Table 2**. The projected annual use by zone and a comparison of historical use and projected trends graphically are shown in **Table 3** and **Figure 2**, respectively.

³ California Constitution Article XIII C - Voter Approval for Local Tax Levies Section 1.

⁴ Santa Ynez River Water Conservation District (2026) Forty-Eighth Annual Engineering and Survey Report on Water Supply Conditions of the Santa Ynez River Water Conservation District, A Summary of Findings for the Previous Water year (2024-2025), Current Water Year (2025-2026), and Ensuing Water Year (2026-2027). Stetson.

Table 2. Zone Water Use Projection Coefficients⁵

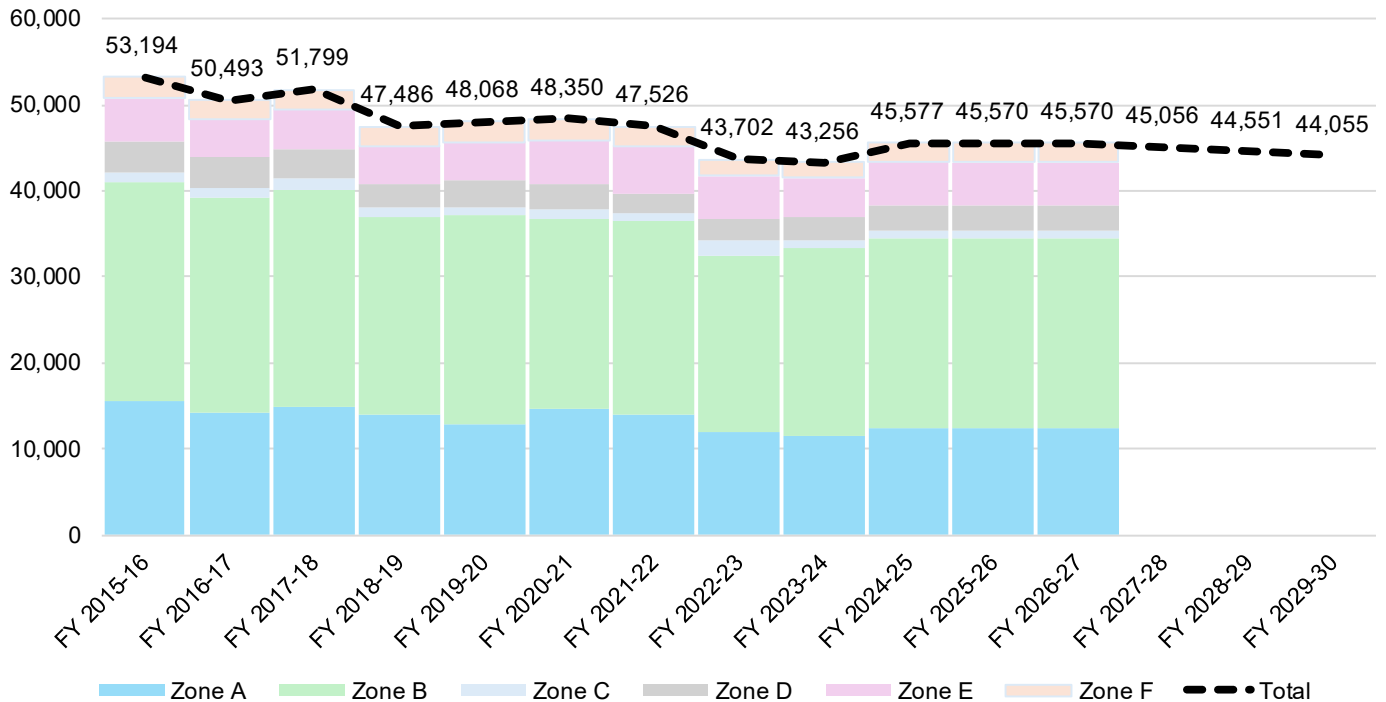
Zone	10 year average trend
Zone A	-1.84%
Zone B	-1.31%
Zone C	1.81%
Zone D	-1.47%
Zone E	0.61%
Zone F	-0.23%

Table 3. Projected Water Use by Zone

Zone	FY 2026-27	FY 2027-28	FY 2028-29	FY 2029-30	FY 2030-31
Zone A	12,485	12,255	12,030	11,809	11,592
Zone B	21,935	21,648	21,366	21,086	20,811
Zone C	1,000	1,018	1,036	1,055	1,074
Zone D	2,855	2,813	2,771	2,731	2,690
Zone E	5,090	5,121	5,152	5,183	5,215
Zone F	2,205	2,200	2,195	2,190	2,185
Total	45,570	45,056	44,551	44,055	43,567

⁵ Historical water use data is shown in the appendix

Figure 2. Historic and Future Water Use Total Use Trends



Inflation

The financial plan was built based on projected escalation of revenues and expenses associated with general operations. Escalation factors were calculated for four independent variables using historical Consumer Price Index (CPI) data from the Los Angeles-Long Beach-Riverside, CA between the year 2000 and the most current calendar year⁶, and projections by the Federal Reserve Bank of St. Louis (FRED) Economic Research Division, Quarterly Census of Employment and Wages (QCEW). All escalation factors were developed by calculating an average rate of change and projecting that rate into future years. The FY 2026-27 expenses are based on the District's preliminary budget. Expenses for future years are projected by multiplying the FY 2026-27 value by one of the inflationary categories shown in **Table 4**.

Table 4. Projected Inflationary Adjustments

Inflation Category	FY 2027-28	FY 2028-29	FY 2029-30	FY 2030-31
Employee	3.8%	3.8%	3.8%	3.8%
Equipment	0.8%	0.8%	0.8%	0.8%
Overall	2.7%	2.7%	2.7%	2.7%
Property Tax	1.0%	1.0%	1.0%	1.0%

Reserve Policy

The District tracks long-term financial performance by maintaining a reserve policy that ensures a minimum reserve, as established by Board policy, to cover emergencies and unexpected events,

⁶ Bureau of Labor Statistics (2026) *Consumer Price Indices Los Angeles-Long Beach-Riverside, CA, Not Seasonally Adjusted*.

including potential litigation. The target reserve balance is recommended to provide working capital for the District's expenses, given the required semiannual billing. Any proposed revenue plan is expected to maintain or achieve reserves at or above the target reserve requirements by the end of the five-year financial plan. The plan proposed in this report reaches the target reserve in FY 2029-30. The described reserve policy and FY 2026-27 policy targets are shown in **Table 5**.

Table 5. District Reserve Policies

Reserve		Policy	FY 2026-27
Minimum Reserve	\$2 million		\$2,000,000
Target Reserve	\$2 million plus 50% of Operating Expenses		\$2,695,334

2. FINANCIAL PLAN

RDN projected revenues and expenses based on data provided by the District and methodologies described in the introduction. Based on the results of the financial modelling, RDN recommends that the District plan to increase revenues by 5.0 percent per year. The proposed revenue adjustments will allow the District to keep up with increasing operating costs and attain target reserve levels. **Table 6** shows the proposed revenue adjustments for the next five years, which should be implemented on July 1 of that year. Only one year of rates is proposed based on the proposed financial plan so the District will reevaluate the proposed adjustments as part of the annual rate setting process. All revenues shown in the status quo are based on current rates. Proposed rate revenues are shown in the proposed financial plan.

Table 6. Proposed Revenue Adjustments

Category	FY 2026-27	FY 2027-28	FY 2028-29	FY 2029-30	FY 2030-31
Proposed Revenue Adjustment	5.0%	5.0%	5.0%	5.0%	5.0%

Revenues

Rate Revenue

Rate revenues were calculated by multiplying the projected use by zone by the respective rate per acre foot. Table 7 shows the projected revenue by one under the current rate structure as well as the total rate revenue projected to be collected by the District.

Table 7. Projected Status Quo Rate Revenue

Rate Revenues	FY 2026-27	FY 2027-28	FY 2028-29	FY 2029-30	FY 2030-31
Zone A	\$274,670	\$269,621	\$264,664	\$259,799	\$255,023
Zone B	\$324,638	\$320,397	\$316,211	\$312,080	\$308,003
Zone C	\$9,200	\$9,366	\$9,536	\$9,708	\$9,883
Zone D	\$26,266	\$25,879	\$25,497	\$25,122	\$24,751
Zone E	\$46,828	\$47,113	\$47,399	\$47,688	\$47,978
Zone F	\$20,286	\$20,240	\$20,193	\$20,147	\$20,101
Total Rate Revenue	\$701,888	\$692,615	\$683,501	\$674,543	\$665,739

Non-Operating Revenue

In addition to rate revenues, the District collects a variety of non-operating revenues, including property tax (the principal recurring source of non-rate revenue), interest income, miscellaneous income, and grant reimbursements. **Table 8** shows the projected status quo revenue under each non-operating category. Property taxes are projected to increase around 1.0 percent per year based on estimates provided by the District. Status quo interest income is projected based on a 3.7 percent annual return on District reserve funds. FY 2026-27 represents the final year of SGMA Grant Reimbursement, so those revenues do not continue. The GSA Loan Pay-Back was estimated by the District and represents reimbursements the three groundwater sustainability agencies (GSAs) within the District have agreed to make to the District for money previously loaned to the GSAs.

Table 8. Projected Status Quo Non-Operating Revenue

Non-Operating Revenue	FY 2026-27	FY 2027-28	FY 2028-29	FY 2029-30	FY 2030-31
SB County Property Taxes	\$424,360	\$428,604	\$432,890	\$437,219	\$441,591
Interest Income	\$68,000	\$79,460	\$82,318	\$87,516	\$88,840
Miscellaneous Income	\$250	\$250	\$250	\$250	\$250
Administrative Support to GSA(s)	\$40,000	\$40,000	\$40,000	\$40,000	\$40,000
GSA Loan Pay-Back	\$0	\$341,565	\$110,437	\$110,437	\$0
SGMA Grant Reimbursement - Comp 1 only	\$85,000	\$0	\$0	\$0	\$0
SGMA Grant Reimbursement - Comp 2-8 (pass thru)	\$1,079,515	\$0	\$0	\$0	\$0
Total Non-Operating Revenue	\$1,697,125	\$889,878	\$665,895	\$675,421	\$570,681

Operating Expense

Operating expense projections are based on the District's FY 2026-27 budget. For future years, each budget line-item is multiplied by the corresponding inflationary value. Routine operating costs include the salaries and benefits of District staff, the expenses of maintaining the District's office, insurance, and other expenses that occur regardless of what functions the District is pursuing. The significant decrease in total expenses between FY 2026-27 and FY 2027-28 occurs due to the passthrough SGMA Grant Reimbursements and payments being completed.

Table 9 shows the projected operating expenses and the respective inflationary category.

Table 9. Projected Operating Expenses

Operating Expenses	Inflation Category	FY 2026-27	FY 2027-28	FY 2028-29	FY 2029-30	FY 2030-31
Internal Operations / Expenses						
Employee Salaries	Employee	\$482,726	\$500,905	\$519,770	\$539,344	\$559,656
Payroll (SS and Medicare)	Employee	\$40,458	\$41,982	\$43,563	\$45,203	\$46,906
Employee Benefits	Employee	\$54,533	\$56,587	\$58,718	\$60,929	\$63,224
Retirement Plan Contributions	Employee	\$33,091	\$34,337	\$35,630	\$36,972	\$38,365
Outside Services	Employee	\$6,860	\$7,118	\$7,386	\$7,665	\$7,953
Office Expense	Equipment	\$67,000	\$67,565	\$68,135	\$68,710	\$69,290
Director Fees	Employee	\$23,000	\$23,866	\$24,765	\$25,698	\$26,665
Training (10-conferences) & Travel	Overall	\$31,000	\$31,832	\$32,686	\$33,563	\$34,463
Travel (FY 26-27 included with Training)	Overall	\$0	\$0	\$0	\$0	\$0
Annual Audit/Accounting Support	Employee	\$25,000	\$25,942	\$26,918	\$27,932	\$28,984
Insurance & Worker's Comp	Employee	\$25,000	\$25,942	\$26,918	\$27,932	\$28,984
Dues and LAFCO Fees	Overall	\$7,500	\$7,701	\$7,908	\$8,120	\$8,338
Groundwater Charges Program	Overall	\$35,000	\$35,939	\$36,903	\$37,893	\$38,910
Miscellaneous	Overall	\$250	\$257	\$264	\$271	\$278
SUB-TOTAL INTERNAL OPERATIONS		\$831,418	\$859,973	\$889,565	\$920,232	\$952,016
Legal						
General and Misc.	Equipment	\$32,200	\$32,472	\$32,746	\$33,022	\$33,301
Downstream Release/Upper SYR Ops/89-18	Overall	\$2,875	\$2,952	\$3,031	\$3,113	\$3,196
WR Decision (2019-0148)	Overall	\$34,500	\$35,426	\$36,376	\$37,352	\$38,354
Fisheries Issues	Overall	\$5,750	\$5,904	\$6,063	\$6,225	\$6,392
Employment/HR	Overall	\$2,875	\$2,952	\$3,031	\$3,113	\$3,196
Groundwater Program	Overall	\$8,050	\$8,266	\$8,488	\$8,715	\$8,949
SGMA-legal support (sub task each GSA)	Overall	\$15,000	\$15,402	\$15,816	\$16,240	\$16,676
Assessments/Charges (approved at later mtg)	Overall	\$0	\$0	\$0	\$0	\$0
SUB-TOTAL LEGAL		\$101,250	\$103,374	\$105,551	\$107,780	\$110,065
Engineering / Environmental						
General & Misc.	Equipment	\$7,000	\$7,059	\$7,119	\$7,179	\$7,239
Annual GW Report	Overall	\$30,000	\$30,805	\$31,631	\$32,480	\$33,352
Downstream Releases Operations / 89-18	Overall	\$79,000	\$81,120	\$83,296	\$85,531	\$87,826
Upper SYR Operations	Overall	\$0	\$0	\$0	\$0	\$0
WR Decision (2019-0148)	Overall	\$27,000	\$27,724	\$28,468	\$29,232	\$30,016
Fisheries Hydrology	Overall	\$50,000	\$51,342	\$52,719	\$54,133	\$55,586
SGMA-Tech Support (subtask each GSA)	Overall	\$15,000	\$15,402	\$15,816	\$16,240	\$16,676
Special Studies	Overall	\$200,000	\$130,000	\$30,000	\$30,805	\$31,631
SUB-TOTAL ENGINEERING / ENVIRONMENTAL		\$408,000	\$343,452	\$249,049	\$255,600	\$262,326
SYRWCD SGMA Expenses	Overall	\$0	\$0	\$0	\$0	\$0
Contingencies	No Escalation	\$50,000	\$50,000	\$50,000	\$50,000	\$50,000
Subtotal Operating		\$1,390,668	\$1,356,799	\$1,294,164	\$1,333,613	\$1,374,406
SGMA Passthrough	No Escalation	\$1,079,515	\$0	\$0	\$0	\$0
SYRWCD GSA Loan Contributions	No Escalation	\$0	\$0	\$0	\$0	\$0
Total Expense		\$2,470,183	\$1,356,799	\$1,294,164	\$1,333,613	\$1,374,406

Reserve Balance

Reserves are designed to allow the District to maintain cash flows throughout the year as well as having funds available for unforeseen expenses, including potential litigation. **Table 10** shows the minimum and target reserve levels for each year of the financial plan as well as the ending balance under the status quo revenues.

Table 10. Annual Reserve Targets and Status Quo Balance

Reserve	FY 2026-27	FY 2027-28	FY 2028-29	FY 2029-30	FY 2030-31
Minimum Reserve	\$2,000,000	\$2,000,000	\$2,000,000	\$2,000,000	\$2,000,000
Target Reserve	\$2,695,334	\$2,678,399	\$2,647,082	\$2,666,806	\$2,687,203
Status Quo Ending Balance	\$2,111,977	\$2,337,672	\$2,392,903	\$2,409,255	\$2,271,269

Financial Plan and Revenue Adjustments

Under the status quo financial plan, the District maintains the minimum reserve balance but does not reach the proposed reserve target. **Table 11** shows the status quo financial plan pro forma.

Table 11. Status Quo Financial Plan Pro Forma⁷

Status Quo	FY 2026-27	FY 2027-28	FY 2028-29	FY 2029-30	FY 2030-31
Cash Position Opening Balance	\$2,183,147	\$2,111,977	\$2,337,672	\$2,392,903	\$2,409,255
Revenues					
Rate Revenue	\$701,888	\$692,615	\$683,501	\$674,543	\$665,739
Property Tax Revenue	\$424,360	\$428,604	\$432,890	\$437,219	\$441,591
Investment Revenue	\$68,000	\$79,460	\$82,318	\$87,516	\$88,840
Other Non Operating Revenue	\$125,250	\$381,815	\$150,687	\$150,687	\$40,250
SGMA Grant Reimbursement	\$1,079,515				
Total Revenue	\$2,399,013	\$1,582,493	\$1,349,396	\$1,349,964	\$1,236,420
Operating Expenses	\$2,470,183	\$1,356,799	\$1,294,164	\$1,333,613	\$1,374,406
Net Operating Revenue	-\$71,170	\$225,695	\$55,232	\$16,352	-\$137,986
Ending Balance	\$2,111,977	\$2,337,672	\$2,392,903	\$2,409,255	\$2,271,269
Minimum Reserve	\$2,000,000	\$2,000,000	\$2,000,000	\$2,000,000	\$2,000,000
Reserve Target	\$2,695,334	\$2,678,399	\$2,647,082	\$2,666,806	\$2,687,203

Based on the results of the financial modelling, RDN recommends that the District should increase revenues by 5.0 percent per year. The proposed revenue adjustments will allow the District to keep up with increasing operating costs and attain reserve targets. **Table 12** shows the proposed revenue adjustments for the next five years, which should be implemented on July 1, or the beginning of each fiscal year.

Table 12. Proposed Revenue Adjustments

Category	FY 2026-27	FY 2027-28	FY 2028-29	FY 2029-30	FY 2030-31
Proposed Revenue Adjustment	5.0%	5.0%	5.0%	5.0%	5.0%

Under the proposed financial plan, which includes the 5 percent recommended revenue adjustments, the District reaches the proposed reserve target in FY 2029-30 and will maintain sufficient reserves through

⁷ The cash position opening balance for FY 2026-27 is based on estimates provided by the District

year 5. **Table 13** shows the proposed pro financial plan forma. Additional revenues produced by the revenue adjustment are shown in the Adjusted Rate Revenue row.

Table 13. Proposed Financial Plan Pro Forma

Proposed	FY 2026-27	FY 2027-28	FY 2028-29	FY 2029-30	FY 2030-31
Cash Position Opening Balance	\$2,183,147	\$2,147,071	\$2,444,408	\$2,610,001	\$2,777,712
Revenues					
Rate Revenue	\$701,888	\$692,615	\$683,501	\$674,543	\$665,739
Adjusted Rate Revenue	\$35,094	\$70,993	\$107,737	\$145,368	\$183,931
Property Tax Revenue	\$424,360	\$428,604	\$432,890	\$437,219	\$441,591
Investment Revenue	\$68,000	\$80,109	\$84,942	\$93,507	\$99,673
Other Non Operating Revenue	\$125,250	\$381,815	\$150,687	\$150,687	\$40,250
SGMA Grant Reimbursement	\$1,079,515	\$0	\$0	\$0	\$0
Total Revenue	\$2,434,107	\$1,654,136	\$1,459,757	\$1,501,323	\$1,431,184
Operating Expenses	\$2,470,183	\$1,356,799	\$1,294,164	\$1,333,613	\$1,374,406
Net Operating Revenue	-\$36,076	\$297,337	\$165,593	\$167,711	\$56,778
Ending Balance	\$2,147,071	\$2,444,408	\$2,610,001	\$2,777,712	\$2,834,489
Minimum Reserve	\$2,000,000	\$2,000,000	\$2,000,000	\$2,000,000	\$2,000,000
Reserve Target	\$2,695,334	\$2,678,399	\$2,647,082	\$2,666,806	\$2,687,203

Figure 3 and **Figure 4** graphically show the results of the status quo and proposed financial plan and the resulting reserve balances.

Figure 3. Proposed Financial Plan

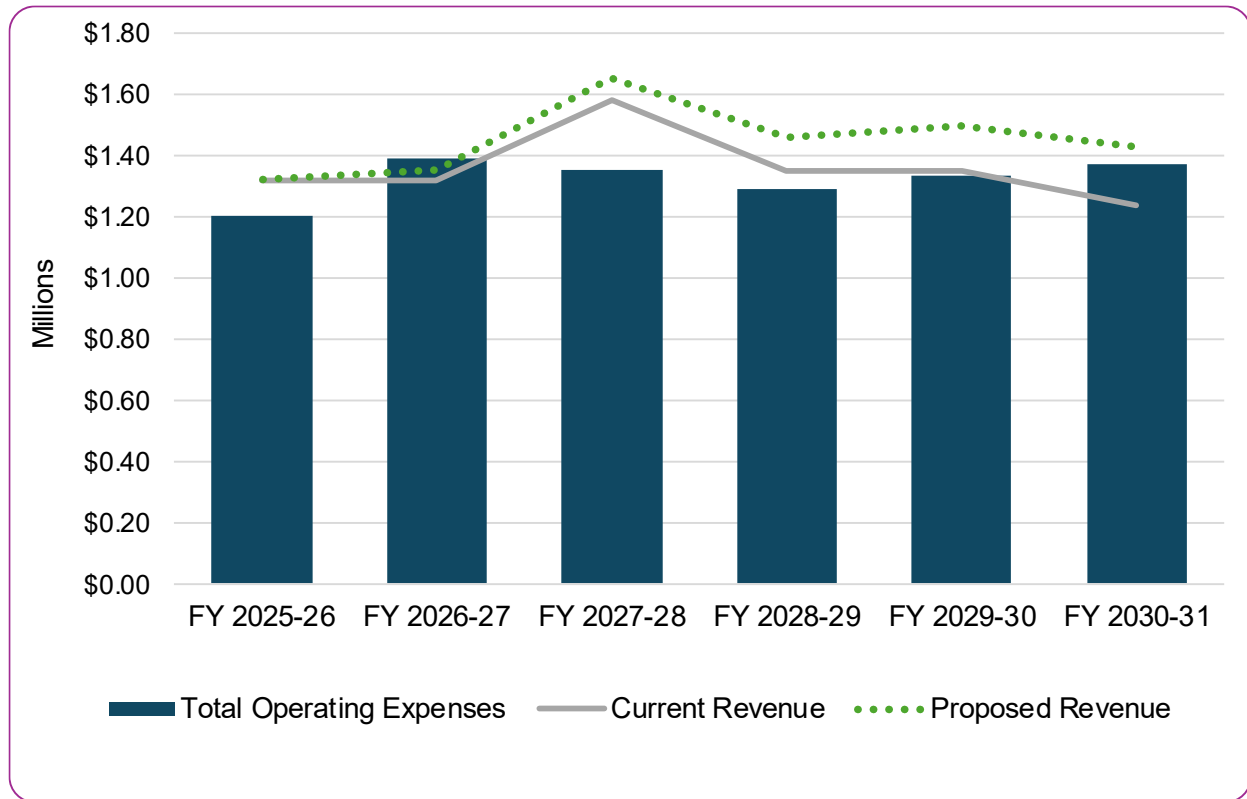
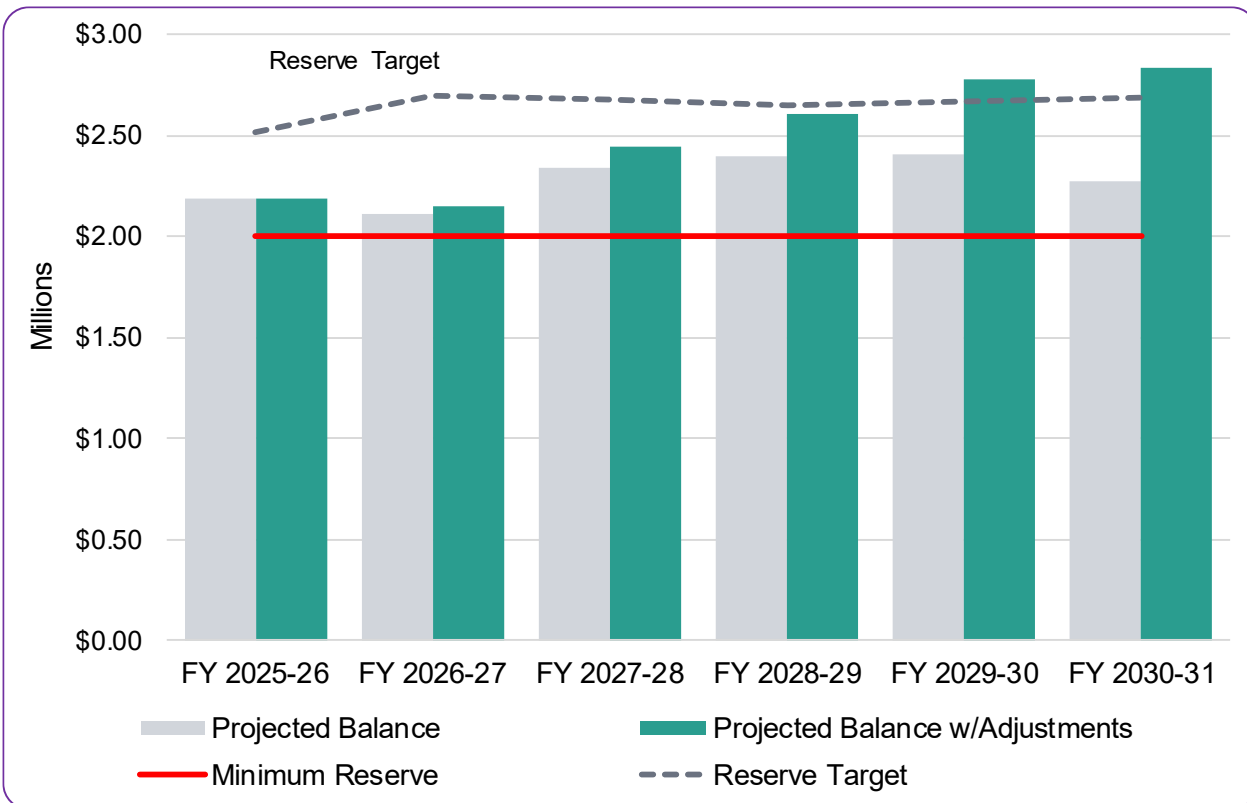


Figure 4. Status Quo and Proposed Fund Balances



3. COST OF SERVICE

In order to allocate costs to each zone, the cost of service applies a percentage of the rate revenue requirement to each based on their service requirements. The rate revenue requirement is determined by calculating the revenue which needs to be generated by rates under the proposed financial plan for FY 2026-27. **Table 14** shows the calculation used to determine the rate revenue requirement. The need to collect total operating expenses is offset by the District's non-operating revenues which include property taxes. Additionally, the rate revenue requirement is reduced by the projected net operating revenue, which the analysis assumes will be drawn from the reserves in FY 2026-27.

Table 14. Rate Revenue Requirement Calculation⁸

Category	FY 2026-27
Operating Expenses	\$1,390,668
SGMA Passthrough	\$1,079,515
SGMA Grant Reimbursement - Comp 2-8 (pass thru)	-\$1,079,515
SB County Property Taxes	-\$424,360
Other Non-Operating Revenue	-\$193,250
Net Operating Revenue	-\$36,076
Rate Revenue Requirement	\$736,982

It is the practice of the District to use property tax revenues, SGMA grant administration revenue, and revenue from the District's GSA administrative support to cover SGMA related costs and a portion of other general costs. Because these non-operating funds are used to cover those costs, groundwater charge payers are not being charged to pay those costs and they are not considered in determining the proportionality of the groundwater charge rates. **Table 15** illustrates the use of the described non-operating funds on specific line item expenses. The remaining non-operating revenue will be used to offset rate revenue requirements more generally at the end of the cost of service analysis.

⁸ SGMA Grant Reimbursements and SGMA Passthrough costs are not included in the cost of service analysis because they are a direct passthrough of grant funding and have no impact on rates

Table 15. Use of Non-operating Revenues⁹

Category	FY 2026-27
Source of Funds	
SB County Property Taxes	\$424,360
Administrative Support to GSA(s)	\$40,000
SGMA Grant Reimbursement - Comp 1 only	\$85,000
Total	\$549,360
Use of Funds	
Salary & Benefits for SGMA-time	\$40,000
SGMA Expenses	\$0
General & Misc.	\$50,125
Special Studies	\$200,000
Total	\$290,125
Remaining Non-Operating Revenue	\$259,235

Operating costs are allocated to each zone based on the amount of groundwater pumped by that zone. **Table 16** shows the projected FY 2026-27 groundwater use by zone and the percent of the total groundwater pumped throughout the District's service area. The percentages shown in Table 16 are applied to most operating expenses as a reflection of the impact each zone has on the District's groundwater supply as a whole.

Table 16. Total and Percent of Total Water Use by Zone

Zone	Water Use (AF)	Percent of Use
Zone A	12,485	27.4%
Zone B	21,935	48.1%
Zone C	1,000	2.2%
Zone D	2,855	6.3%
Zone E	5,090	11.2%
Zone F	2,205	4.8%
Total	45,570	100.0%

Expenses related to water rights releases are allocated to Zones A and B (only), because those zones encompass the aquifers that are recharged directly through the water rights releases. The proportion of those costs allocated to each of those two zones is based on the average water rights release deliveries from the Above Narrows Account (which recharges Zone A) and the Below Narrows Account (which recharges Zone B) from 1990-2022 (33 years) based on Table 6 in the District's 48th Annual Report. The proportion of the charge for the work related to water rights releases between Zones A and B is based on the average annual delivery of water rights releases since the SWRCB Water Rights Order 89-18. From 1990-2022 (33 years), the average yearly water rights releases delivered to Zones A and B were

⁹ The specific costs under each category are starred in Table 17

4,438 and 1,761 acre-feet per year, respectively. Therefore, Zones A and B will be charged 72 percent and 28 percent, respectively, for all work by the District related to water rights releases.

Other expenses, related to general operations, are allocated by acre-foot of total pumping in each zone. This even, volumetric distribution of expenses reflects the District's role in investigating, reporting on, and protecting the surface water and groundwater resources within its boundaries. The District's general operations, including maintaining the well registration and reporting programs, conducting the annual engineering investigation, and publishing the annual groundwater report, benefit all users of groundwater within the District.

Table 17 shows the percentage of each budget item allocated to each zone.

Table 17. Operating Cost Allocation¹⁰

Operating Expense	FY 2026-27	Zone A	Zone B	Zone C	Zone D	Zone E	Zone F
Internal Operations / Expenses							
Employee Salaries*	\$442,726	27.4%	48.1%	2.2%	6.3%	11.2%	4.8%
Payroll (SS and Medicare)	\$40,458	27.4%	48.1%	2.2%	6.3%	11.2%	4.8%
Employee Benefits	\$54,533	27.4%	48.1%	2.2%	6.3%	11.2%	4.8%
Retirement Plan Contributions	\$33,091	27.4%	48.1%	2.2%	6.3%	11.2%	4.8%
Outside Services	\$6,860	27.4%	48.1%	2.2%	6.3%	11.2%	4.8%
Office Expense	\$67,000	27.4%	48.1%	2.2%	6.3%	11.2%	4.8%
Director Fees	\$23,000	27.4%	48.1%	2.2%	6.3%	11.2%	4.8%
Training (10-conferences) & Travel	\$31,000	27.4%	48.1%	2.2%	6.3%	11.2%	4.8%
Travel (FY 26-27 included with Training)	\$0	27.4%	48.1%	2.2%	6.3%	11.2%	4.8%
Annual Audit/Accounting Support	\$25,000	27.4%	48.1%	2.2%	6.3%	11.2%	4.8%
Insurance & Worker's Comp	\$25,000	27.4%	48.1%	2.2%	6.3%	11.2%	4.8%
Dues and LAFCO Fees	\$7,500	27.4%	48.1%	2.2%	6.3%	11.2%	4.8%
Groundwater Charges Program	\$35,000	27.4%	48.1%	2.2%	6.3%	11.2%	4.8%
Miscellaneous	\$250	27.4%	48.1%	2.2%	6.3%	11.2%	4.8%
Legal							
General and Misc.*	\$0	Offset by Non-Operating Revenue					
Downstream Release/Upper SYR Ops/89-18	\$2,875	72.0%	28.0%	0.0%	0.0%	0.0%	0.0%
WR Decision (2019-0148)	\$34,500	72.0%	28.0%	0.0%	0.0%	0.0%	0.0%
Fisheries Issues	\$5,750	72.0%	28.0%	0.0%	0.0%	0.0%	0.0%
Employment/HR*	\$0	Offset by Non-Operating Revenue					
Groundwater Program*	\$0	Offset by Non-Operating Revenue					
SGMA-legal support (sub task each GSA)	\$15,000	27.4%	48.1%	2.2%	6.3%	11.2%	4.8%
Assessments/Charges (approved at later mtg)	\$0	27.4%	48.1%	2.2%	6.3%	11.2%	4.8%
Engineering / Environmental							
General & Misc.*	\$0	Offset by Non-Operating Revenue					
Annual GW Report	\$30,000	27.4%	48.1%	2.2%	6.3%	11.2%	4.8%
Downstream Releases Operations / 89-18	\$79,000	72.0%	28.0%	0.0%	0.0%	0.0%	0.0%
Upper SYR Operations	\$0	72.0%	28.0%	0.0%	0.0%	0.0%	0.0%
WR Decision (2019-0148)	\$27,000	72.0%	28.0%	0.0%	0.0%	0.0%	0.0%
Fisheries Hydrology	\$50,000	72.0%	28.0%	0.0%	0.0%	0.0%	0.0%
SGMA-Tech Support (subtask each GSA)	\$15,000	27.4%	48.1%	2.2%	6.3%	11.2%	4.8%
Special Studies*	\$0	Offset by Non-Operating Revenue					
SYRWCD SGMA Expenses	\$0						
Contingencies	\$50,000	27.4%	48.1%	2.2%	6.3%	11.2%	4.8%
Total	\$1,100,543	\$390,335	\$489,650	\$19,781	\$56,475	\$100,685	\$43,617
Percent of Total	100.0%	35.5%	44.5%	1.8%	5.1%	9.1%	4.0%

¹⁰ Starred line items are either fully or partially offset by non-operating revenues as shown in **Table 15**

Operating expenses allocated to each zone are offset by the available non-rate revenue, which includes the remaining property tax which was not used for offsetting specific costs as shown in **Table 15**. The allocation of all non-rate revenue, besides the remaining property tax, is based on the percentage of total costs allocated to each zone. To determine the percentage of total remaining property tax revenue is allocated to each zone, the percent of the total allocated to that block of zones (either zone A and B or zone C, D, E, and F) is then subdivided by the total water pumped within the block. **Table 18** shows the remaining property taxes allocated to each block, subdivided to each zone in that block, then finally divided by the percent of total available property taxes.

Table 18. Remaining Property Tax Allocation

Category	Total	Zone A and B		Zone C through F			
Remaining Property Tax %	100%	65%		35%			
Remaining Property Tax \$	-\$259,235	-\$168,503		-\$90,732			
Category		Zone A	Zone B	Zone C	Zone D	Zone E	Zone F
Percent of Use in Block		36%	64%	9%	26%	46%	20%
Remaining Property Tax \$	-\$259,235	-\$61,120	-\$107,383	-\$8,137	-\$23,232	-\$41,419	-\$17,943
Remaining Property Tax %	100%	24%	41%	3%	9%	16%	7%

The above allocation results in a greater decrease in unit rates to Zones C through F than would have been the case if property tax revenue offsets had been allocated based on total pumping. Such allocation of remaining District non-rate revenue is a policy decision intended to partially mitigate the impact of the GSAs' SGMA groundwater management charges imposed on extractions of groundwater in Zones C through F. **Table 19** shows the percent of each non-operating revenue allocated to each zone and the total rate offset. Interest income, miscellaneous income, and net balance adjustments are allocated to each zone based on the total operating expenses shown in **Table 17**. The remaining non-operating revenue, determined in **Table 15**, are allocated based on the percentages shown in **Table 18**.

Table 19. Non-operating Revenue Allocation

Revenue Category	FY 2026-27	Zone A	Zone B	Zone C	Zone D	Zone E	Zone F
Miscellaneous Income	-\$250	35.5%	44.5%	1.8%	5.1%	9.1%	4.0%
Interest Income	-\$68,000	35.5%	44.5%	1.8%	5.1%	9.1%	4.0%
Remaining Non-Operating Revenue	-\$259,235	23.6%	41.4%	3.1%	9.0%	16.0%	6.9%
Net Balance Adjustment	-\$36,076	35.5%	44.5%	1.8%	5.1%	9.1%	4.0%
Total	-\$363,561	-\$98,122	-\$153,799	-\$10,013	-\$28,586	-\$50,964	-\$22,078

The total cost of service allocated to each zone is the sum of the operating expenses offset by the non-operating revenue. **Table 20** shows the total cost of service allocated to each zone which will be used to determine the rate per AF.

Table 20. Total Cost of Service Allocation by Zone

Category	FY 2026-27	Zone A	Zone B	Zone C	Zone D	Zone E	Zone F
Total Operating	\$1,100,543	\$390,335	\$489,650	\$19,781	\$56,475	\$100,685	\$43,617
Non-operating Offset	-\$363,561	-\$98,122	-\$153,799	-\$10,013	-\$28,586	-\$50,964	-\$22,078
Total Cost Allocation	\$736,982	\$292,213	\$335,851	\$9,768	\$27,889	\$49,721	\$21,539

4. RATE DESIGN AND IMPACT

The District bills all groundwater producers (customers) based on the groundwater they extract from wells within the District's service area, as defined by Water Code Section 75502. Water is billed in acre foot (AF) increments, where each AF of water extracted is billed an equal portion of the costs which are allocated to one of six zones based on the costs which are allocable to that zone. To calculate the unit cost per acre foot for each zone, the total costs allocated to that zone are divided by the projected water use. **Table 21** shows the calculation used to determine the rate per acre foot in each zone. The unit rate is rounded to the nearest ten cents to increase administrative ease.

Table 21. Unit Rate Calculation

Zone	Total Cost Allocation	Water Use (AF)	Rounded Unit Rate
Zone A	\$292,213 ÷	12,485 =	\$23.40
Zone B	\$335,851 ÷	21,935 =	\$15.30
Zone C	\$9,768 ÷	1,000 =	\$9.80
Zone D	\$27,889 ÷	2,855 =	\$9.80
Zone E	\$49,721 ÷	5,090 =	\$9.80
Zone F	\$21,539 ÷	2,205 =	\$9.80
Total	\$736,982	45,570	

Table 22 shows a comparison of the current and proposed rates per acre foot. The dollar changes range between \$0.50 and \$1.40 and percent change ranges between 3.4 percent and 6.5 percent based on the cost of service allocations.

Table 22. Comparison of Current and Proposed Rates per Acre Foot

Zone	Current Rate (AF)	Proposed Rate (AF)	Difference \$	Difference %
Zone A	\$22.00	\$23.40	\$1.40	6.4%
Zone B	\$14.80	\$15.30	\$0.50	3.4%
Zone C	\$9.20	\$9.80	\$0.60	6.5%
Zone D	\$9.20	\$9.80	\$0.60	6.5%
Zone E	\$9.20	\$9.80	\$0.60	6.5%
Zone F	\$9.20	\$9.80	\$0.60	6.5%

Table 23 shows revenues under the current and proposed rates. While total revenues from each zone increase at different percentages, because of the service requirement of that zone, the total revenue increase reflects the 5.0 percent proposed in the financial plan.

Table 23. Comparison of Current and Proposed Revenues

Zone	Water Use (AF)	Current Rate (AF)	Current Revenue	Proposed Rate	Proposed Revenue	Percent Difference
Zone A	12,485	\$22.00	\$274,670	\$23.40	\$292,149	6.4%
Zone B	21,935	\$14.80	\$324,638	\$15.30	\$335,606	3.4%
Zone C	1,000	\$9.20	\$9,200	\$9.80	\$9,800	6.5%
Zone D	2,855	\$9.20	\$26,266	\$9.80	\$27,979	6.5%
Zone E	5,090	\$9.20	\$46,828	\$9.80	\$49,882	6.5%
Zone F	2,205	\$9.20	\$20,286	\$9.80	\$21,609	6.5%
Total	45,570		\$701,888		\$737,025	5.0%

RDN also analyzed the impact on different types of customers within each zone. **Table 24** through **Table 26** show the impact of the proposed rates on the average agricultural, special irrigation, and non-agricultural users in each zone. The average acre foot use per statement was derived from data in the District's 48th Annual Report.

Table 24. Average Agricultural Rate Impact by Zone

Agricultural	Zone A	Zone B	Zone C	Zone D	Zone E	Zone F
Average AF/Statement	35.200	49.075	0.268	11.897	6.510	15.816
Current Statement	\$774.40	\$726.31	\$2.47	\$109.45	\$59.89	\$145.51
Proposed Statement	\$823.68	\$750.85	\$2.63	\$116.59	\$63.79	\$155.00
Statement Change, \$	\$49.28	\$24.54	\$0.16	\$7.14	\$3.91	\$9.49
% Change	6.4%	3.4%	6.5%	6.5%	6.5%	6.5%

Table 25. Average Special Irrigation Rate Impact by Zone

Special Irrigation	Zone A	Zone B	Zone C	Zone D	Zone E	Zone F
Average AF/Statement	2.498	3.224	0.130	0.299	0.051	0.000
Current Statement	\$54.95	\$47.71	\$1.20	\$2.75	\$0.47	\$0.00
Proposed Statement	\$58.45	\$49.33	\$1.28	\$2.93	\$0.50	\$0.00
Statement Change, \$	\$3.50	\$1.61	\$0.08	\$0.18	\$0.03	\$0.00
% Change	6.4%	3.4%	6.5%	6.5%	6.5%	0.0%

Table 26. Average Non-Agricultural Rate Impact by Zone

Non-Agricultural	Zone A	Zone B	Zone C	Zone D	Zone E	Zone F
Average AF/Statement	8.182	17.913	11.670	5.446	5.132	1.553
Current Statement	\$180.00	\$265.11	\$107.37	\$50.10	\$47.21	\$14.28
Proposed Statement	\$191.45	\$274.07	\$114.37	\$53.37	\$50.29	\$15.22
Statement Change, \$	\$11.45	\$8.96	\$7.00	\$3.27	\$3.08	\$0.93
% Change	6.4%	3.4%	6.5%	6.5%	6.5%	6.5%

5. APPENDIX

Gross pumping by Zone

Gross Pumping, AF	FY2015-16	FY2016-17	FY2017-18	FY2018-19	FY2019-20	FY2020-21	FY2021-22	FY2022-23	FY2023-24	FY2024-25	FY2025-26	FY2026-27
Zone A	15,539	14,140	14,974	13,862	12,854	14,543	14,008	12,008	11,596	12,486	12,485	12,485
Zone B	25,376	25,016	25,193	23,084	24,234	22,169	22,542	20,502	21,693	21,937	21,935	21,935
Zone C	1,170	1,188	1,330	1,237	1,072	1,238	931	1,628	1,063	1,001	1,000	1,000
Zone D	3,687	3,617	3,252	2,520	3,167	2,715	2,233	2,536	2,544	2,855	2,855	2,855
Zone E	4,994	4,470	4,782	4,523	4,358	5,222	5,527	5,004	4,632	5,091	5,090	5,090
Zone F	2,428	2,062	2,268	2,260	2,383	2,463	2,285	2,024	1,728	2,206	2,205	2,205
Total	53,194	50,493	51,799	47,486	48,068	48,350	47,526	43,702	43,256	45,577	45,570	45,570

Gross Pumping by Type

Gross Pumping, AF	FY2015-16	FY2016-17	FY2017-18	FY2018-19	FY2019-20	FY2020-21	FY2021-22	FY2022-23	FY2023-24	FY2024-25	FY2025-26	FY2026-27
Agricultural	39,742	37,642	37,661	34,431	35,275	33,523	32,532	30,185	30,226	31,259	31,255	31,255
Non-Agricultural	11,995	11,242	12,303	11,457	11,059	12,951	12,424	12,000	11,380	12,414	12,410	12,410
Special Irrigation	1,457	1,609	1,835	1,598	1,734	1,876	2,570	1,517	1,650	1,903	1,905	1,905
Total Gross Pumpin	53,194	50,493	51,799	47,486	48,068	48,350	47,526	43,702	43,256	45,577	45,570	45,570

