

- Small GSAs are struggling to pay for the **fixed, administrative tasks** required to comply with the Sustainable Groundwater Management Act (SGMA).
- Costs include annual reports and monitoring, along with the basic costs of running a public agency, including legal, insurance, bookkeeping, fee studies, and holding and complying with the Brown Act for public meetings.
- In basins with large populations or extensive commercial agriculture, these costs can be spread out over many users, but **smaller basins do not benefit from such an economy of scale.**
- Small basins that have done fee studies find that **fees can be as high as \$200-\$400 per acre foot of groundwater pumped annually** for managing groundwater sustainability (not providing/delivering water).
- Previous state grant funding helped GSAs complete their Groundwater Sustainability Plans
- As part of the budget negotiations in 2021 on how to allocate surpluses, a deal was reached to allocate \$180M over three years for SGMA implementation
- The second \$60M round of appropriation is currently being implemented by DWR for the projects and programs needed to implement the GSPs and for the basins to achieve sustainability.
- The grant applications were due in December and the draft awards will be announced in June.
- Unfortunately, **despite this round of funding coming from state General Fund dollars,** the DWR grant guidelines **do not allow GSA administrative costs to be funded and instead just continue the guidelines from** the Prop 1 and Prop 68 grant funding.
- We are concerned that very-small GSAs (in basins that pump under 10,000 AFY) and small basins (under 20,000 AFY) with large disadvantaged communities **could fail to comply with SGMA,** if the state does not assist in covering some of the basic compliance costs to avoid exorbitant fees being placed on users.
- **A coalition of small GSAs is asking for state help:** \$5 million in FY 23-24 and \$5 million in FY 24-25 to assist with basic compliance.
- One solution would be to utilize the last \$60M SGMA implementation round that is currently proposed in the Governor's budget.
- **In last year's budget, \$10M of the \$60 was specifically directed to support small farmers. The legislature could take a similar approach with small GSAs this year.**
- Alternatively, the California Department of Water Resources is asking for \$14 million to fund new positions and for additional technical assistance. **Some of this funding could be directed to small GSAs in the form of non-competitive grants** – especially as DWR grant guidelines do not allow for GSAs to receive funding for administrative costs.