

RESOLUTION NO. 2023-06

**A RESOLUTION OF THE BOARD OF DIRECTORS
OF THE SAN BENITO COUNTY WATER DISTRICT
ESTABLISHING GROUNDWATER CHARGES IN ZONE 6
FOR THE 2023-2024, 2024-2025 and 2025-2026 WATER YEARS**

WHEREAS, pursuant to Section 70-7.7 of the San Benito County Water District Act, the Board of Directors held a public hearing on the second Monday of January 2023 to review and receive public comment on the Final Annual Groundwater Report for Water Year 2022; and

WHEREAS, on January 9, 2023 the Board of Directors accepted the Annual Groundwater Report for Water Year 2022 with the findings read into the record as set forth in Water Code Appendix 70-7.6; and

WHEREAS, the Final Annual Groundwater Report recommends that a groundwater charge be levied, and presents water supply, water usage, and water replenishment information and presents proposed rates (revenue levels); and

WHEREAS, the District mailed notices to all parcels upon which the charge is to be imposed setting forth the information required in Section 6 of Article XIII D of the California Constitution (Proposition 218) and notifying the owners thereof of a public hearing on January 25, 2023, to consider the charge; and

WHEREAS, after 45 days from the date said Notice was mailed, the Board conducted a public hearing on January 25, 2023, to determine whether or not the charge should be levied in Zone 6, and to consider the amount of any such charge; and

WHEREAS, less than a majority of the owners or lessees of parcels upon which the charge is proposed for imposition filed protests.

WHEREAS, a notice of a public hearing for January 25, 2023 was published in the newspaper as required by the District Act.

NOW, THEREFORE, BE IT RESOLVED AND ORDERED pursuant to Section 70-7.8 of the San Benito County Water District Act that the groundwater charges for the ensuing water years (March 1, 2023 through February 29, 2024, March 1, 2024 through February 28, 2025 and March 1, 2025 through February 28, 2026) are hereby levied assessed and fixed against all persons operating groundwater producing facilities within Zone 6 as follows:

Water Year 2023-2024
Water Primarily for Municipal and Industrial Purposes

\$ 13.75 per acre foot

Water Primarily for Agricultural Purposes

\$ 13.75 per acre foot

Water Year 2024-2025
Water Primarily for Municipal and Industrial Purposes

\$ 14.03 per acre foot

Water Primarily for Agricultural Purposes

\$ 14.03 per acre foot

Water Year 2025-2026
Water Primarily for Municipal and Industrial Purposes

\$ 14.31 per acre foot

Water Primarily for Agricultural Purposes

\$ 14.31 per acre foot

BE IT FURTHER RESOLVED AND ORDERED pursuant to Section 70-7.10 of the San Benito County Water District Act that each operator of a water producing facility not measured with a water measuring device and/or not producing water from said facility shall file a statement verified by a written declaration made under penalty of perjury on or before the 31st day of January in each year until such time as said facility has been permanently abandoned, setting forth a total production in acre feet of water for the preceding calendar year (excluding the month in which the statement is due), a general description or number locating each water-producing facility, and the method or basis of the computation of such water production or that no water has been produced from said water-producing facility.

BE IT FURTHER RESOLVED AND ORDERED that should the operation of a water-producing facility fail to file the aforementioned statement, said operator shall be assessed in addition to an interest charge calculated at the rate of 1% for each month on the delinquent amount of the groundwater charge, a penalty representing 10% of the amount found by the District to be due.

BE IT FURTHER RESOLVED that continued replenishment of the groundwater supplies of Zone 6 is necessary;

BE IT FURTHER RESOLVED that the above groundwater charge does not exceed the costs reasonably borne by the District in the period of the charge in providing the water supply service authorized by the District Act in Zone 6, which costs are set forth in **Exhibits "A1 and A2"**, attached hereto and incorporated by this reference.

BE IT FURTHER RESOLVED AND ORDERED that the term "primary" or "primarily" is defined in **Exhibit "B"** attached hereto and incorporated herein by this reference.

BE IT FURTHER RESOLVED that the following criteria shall be used in computing the amount of water produced from a water-producing facility, which is not measured by a measuring device:

Inside water use shall be determined on the basis of 0.05 acre feet per person, per residence or dwelling unit, plus a base water use of 0.10 acre feet per residence or dwelling unit.

Outside water use for irrigation shall be determined on the basis of 0.09 acre feet per 1000 square feet of watered land up to 2.0 acres. For water areas greater than 2.0 acres generally accepted unit water duties based on crop type and irrigation method as determined by the District shall be used.

Outside water use for livestock watering shall be determined on the basis of 0.02 acre feet per animal unit up to 10 and 0.01 acre feet per animal unit for each unit above 10.

Outside water use for fowl shall be determined on the basis of 0.005 acre feet per 100 fowl.

1. Findings:

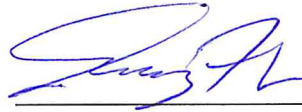
The Board of Directors hereby finds and determines that:

- a) Revenues derived from the charge imposed herein do not exceed the funds required to pay for operation and maintenance and costs associated with Zone 6 of the San Benito County Water District, San Felipe Division of the Central Valley Project, as authorized by the voters in Zone 6 on November 8, 1977 and shall not be used for any other purpose;
- b) The amount of the charge does not exceed the proportional cost of the service attributable to the parcel;
- c) The service for which the charge is imposed (see 1.a) above) is actually used by or is immediately available to the owner in question;
- d) The charge is not imposed for general governmental services.

PASSED AND ADOPTED at a Regular Meeting of the Board of Directors of the San Benito County Water District held on the 25th day of January, 2023 by the following vote:

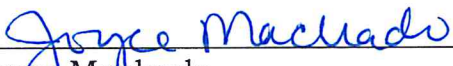
AYES: DIRECTORS: Flores, Shelton, Tonascia, Williams and Wright
NOES: DIRECTORS: None
ABSENT: DIRECTORS: None
ABSTAIN: DIRECTORS: None

*(Signature of presiding Board member
Attested by Board Secretary
Resolution #2023-06)*



Sonny Flores
President

ATTEST:



Joyce Machado
Manager of Administration, Finance
and Business Services

Table 5-2: Net O&M Allocation

Line Item	Test Year	Ground-water All	San Felipe							Power Charge		Finished Water	Recycled	
			SF - Stored & Acquired[1]		SLDMWA	SCVWD	SBCWD	SBCWD Ag Only	SBCWD M&I Only	All	Sub9		Water	Water
		COW/USBR	Semltropic											
O&M	\$15,410,208	\$776,783	\$1,689,541	\$40,000	\$215,232	\$567,000	\$5,394,314	\$0	\$249,862	\$643,175	\$129,137	\$5,454,055	\$200,235	\$50,873
Revenue Offsets														
Other Operating Revenue	-\$28,826	-\$3,008	\$0	\$0	\$0	\$0	-\$20,888	\$0	-\$968	-\$2,490	-\$500	\$0	-\$775	-\$197
Finished Water	-\$5,454,055	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	-\$5,454,055	\$0	\$0
Cost of Water [1]	-\$1,689,541	\$0	-\$1,689,541	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Taxes & Assessment	-\$4,448,387	-\$507,703	\$0	\$0	\$0	\$0	-\$3,743,260	\$0	\$0	\$0	\$0	\$0	-\$197,424	\$0
Other Non-Operating	-\$349,414	-\$36,460	\$0	\$0	\$0	\$0	-\$253,191	\$0	-\$11,728	-\$30,188	-\$6,061	\$0	-\$9,398	-\$2,388
Grants	-\$87,400	-\$9,120	\$0	\$0	\$0	\$0	-\$63,331	\$0	-\$2,933	-\$7,551	-\$1,516	\$0	-\$2,351	-\$597
Change in Funds Available	\$361,099	\$37,679	\$0	\$0	\$0	\$0	\$261,658	\$0	\$12,120	\$31,198	\$6,264	\$0	\$9,713	\$2,468
Net O&M Rev. Req.	\$3,713,684	\$258,171	\$0	\$40,000	\$215,232	\$567,000	\$1,575,302	\$0	\$246,354	\$634,143	\$127,324	\$0	\$0	\$50,159

[1] This is a pass-through cost.

Table 5-3: Net Capital-Related Allocation

Line Item	Test Year	Ground Water		Stored & Acquired [1]	San Felipe					Power Charge		Finished Water	Recycled Water
		Ag Only	M&I Only		SLDMWA	SCVWD	SBCWD	SBCWD Ag Only	SBCWD M&I Only	All	Sub9		
WIIN Debt Service	\$226,227	\$0	\$0	\$0								\$0	\$0
Citi National DS	\$463,117	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$336,812	\$126,305
UAL Sterling	\$243,190	\$993	\$198	\$0	\$0	\$0	\$0	\$47,213	\$1,349	\$26,011	\$0	\$160,791	\$6,634
RW Repayment	\$231,003	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$231,003
Cash Funded Capital	\$983,567	\$4,017	\$802	\$0	\$0	\$0	\$0	\$190,951	\$5,455	\$105,199	\$0	\$650,310	\$26,832
Reach 1 Major R&R	\$437,976	\$0	\$0	\$0	\$0	\$437,976	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Supply-Reliability Capital	\$5,941,352	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$5,941,352	\$0	\$0	\$0	\$0
Revenue Offsets													
Finished Water	-\$2,552,337	\$0	\$0	\$0	\$0	\$0	\$0	\$0	-\$1,484,567	\$0	\$0	-\$1,067,770	\$0
Taxes & Assessments	-\$4,588,538	-\$4,516	-\$902	\$0	\$0	\$0	\$0	\$0	-\$4,341,866	\$0	\$0	\$0	-\$241,255
Interest Income	-\$213,248	-\$871	-\$174	\$0	\$0	\$0	\$0	-\$41,400	-\$1,183	-\$22,808	\$0	-\$140,994	-\$5,817
Supply-Reliability Charge [2]	-\$114,919	\$0	\$0	\$0	\$0	\$0	\$0	\$0	-\$114,919	\$0	\$0	\$0	\$0
Change in Funds Available	\$92,035	\$376	\$75	\$0	\$0	\$0	\$0	\$17,868	\$510	\$9,844	\$0	\$60,851	\$2,511
Net Capital-Related Rev. Req.	\$1,149,424	\$0	\$0	\$0	\$0	\$437,976	\$0	\$397,876	\$49,114	\$118,245	\$0	\$0	\$146,212

[1] This is a pass-through cost from USBR.

[2] Charge to cover supply reliability projects for the benefit of existing customers.

5.3. Unit Cost Derivation

The next step of the cost-of-service analysis is to calculate the unit cost. The unit cost is determined for each customer class based on the amount of flow projected for the test year (Table 4-2 and Table 4-3) and the net revenue requirements from Table 5-2 and Table 5-3. Table 5-4 shows the development of the unit costs. The bold unit rates shown in the last row of Table 5-4 are the FY 2023 costs-of-service based rates for each charge (or component of a charge). For example, the SBCWD component of the San Felipe Ag rate is the sum of the SBCWD and SBCWD Ag Only unit rates. The SBCWD component of the San Felipe M&I rate is the sum of the SBCWD unit rate and SBCWD M&I Only unit rate. The total Subsystem 9 power charge is the sum of the All power unit rate and the Subsystem 9 unit rate.

Table 5-4: Unit Cost-of-Service, FY 2023

Line Item	Test Year	Groundwater			San Felipe							Power Charge		Recycled	
		All	Ag Only	M&I Only	Stored & Acquired [1]		SBCWD			All	Subsystem 9	Water	Power		
					COW/USBR	Semitropic	SLDMWA	SCVWD	SBCWD					Ag Only	M&I Only
Units, AF		18,776	15,740	3,036			18,701	18,701	18,701	13,176	5,525	18,705	2,367	496	496
Net O&M Rev. Req.	\$3,713,684	\$258,171	\$0	\$0	\$0	\$40,000	\$215,232	\$567,000	\$1,575,302	\$0	\$246,354	\$634,143	\$127,324	\$0	\$50,159
Net Capital-Related Rev. Req.	\$1,149,424	\$0	\$0	\$0	\$0	\$0	\$0	\$437,976	\$0	\$397,876	\$49,114	\$118,245	\$0	\$146,212	\$0
Total	\$4,863,108	\$258,171	\$0	\$0	\$0	\$40,000	\$215,232	\$1,004,976	\$1,575,302	\$397,876	\$295,468	\$752,389	\$127,324	\$146,212	\$50,159
Unit Cost, \$/AF		\$13.75	\$0.00	\$0.00		\$11.51	\$53.74	\$84.24	\$30.20	\$53.47	\$40.22	\$53.78	\$294.70	\$101.10	
Total Unit Cost, \$/AF		\$13.75	\$13.75			\$7.24	\$11.51	\$53.74	\$114.43	\$137.71	\$40.22	\$94.01	\$294.70	\$101.10	

[1] This is a pass-through cost.

EXHIBIT B

ESTABLISHING THE PRIMARY USE OF WELLS IN ZONE 6

The primary use must be established on all wells that are used for both agricultural and municipal and industrial purposes.

Agricultural water shall mean water used primarily in the commercial production of agricultural crops or livestock, including domestic use incidental thereto, on tracts of land operated in units of more than 2 acres.

Municipal, Industrial and domestic water (hereinafter referred to as M & I water) shall mean water used for other than agricultural purposes.

IN ORDER TO QUALIFY AS AN AGRICULTURAL WELL, THERE MUST BE AT LEAST 2 ACRES OF AGRICULTURAL LAND FOR EVERY DWELLING THAT THE WELL ALSO SERVES.

Examples of various ratios applied in the classification of wells:

2 Acres of Agricultural Land & 1 Dwelling =	Agricultural or M & I (as determined by District)
4 Acres of Agricultural Land & 2 Dwellings =	Agricultural or M & I (as determined by District)
2 Acres of Agricultural Land & 2 Dwellings =	M & I
4 Acres of Agricultural Land & 3 Dwellings =	M & I
4 Acres of Agricultural Land & 1 Dwelling =	Agricultural
6 Acres of Agricultural Land & 2 Dwellings =	Agricultural