

**Vandalia Water District
Groundwater Sustainability Agency
Policies**

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POLICY 1: WATER MEASUREMENT AND METERING

1.0 The landowners within the GSA utilize both surface water and groundwater to meet the needs of the business operations and producing agricultural products. A key component to manage the sustainability of groundwater is to measure quantitatively the total amount of water used by each landowner within the GSA. This will allow the GSA to track groundwater water usage by landowner which can then be correlated to the amounts allowed to achieve sustainability.

The GSA will hire a third party to monitor crop demand on each parcel within the GSA boundaries utilizing satellite imagery to calculate Evapotranspiration at the parcel level as described in more detail below:

1.1 Calculate Groundwater Consumed using Evapotranspiration

To calculate the amount of groundwater consumed by the crop, the following equation is applied:

1.1.1 Total Applied Surface Water is supplied and metered by the Water District, and recorded by the GSA on a parcel basis.

1.1.2 Total Applied Surface Water is supplied and metered by the Water District and recorded by the GSA on a parcel basis.

1.1.3 Total Crop Demand (Evapotranspiration or ET) is calculated by a third party, using NASA LandSat satellite imagery, and recorded by the GSA on a parcel basis.

a. If surface water applied is more than ET, the landowner will receive a credit for over application of surface water according to the following schedule:

Over Application of Surface Water for Irrigation Purposes

i. The credit calculated using this equation will be tracked For every acre-foot of over applied surface water,

90% credit goes to the landowner account, 10% to the GSA.

ii. For all groundwater credits issued to the landowners from over application of irrigation water, the credits will be available as the first water used in the month following the overapplication.

1.2 The satellite imagery used to determine the ET values, will be audited by the GSA through spot checking land use for cropping patterns and compared to available District metered data.

1.3 A landowner may submit meter data to contest the ET consumption by the 15th of the following month for the previous 30 days. After the 15th of the following month, consumption and charges will be final. The GSA will review landowner submitted data for accuracy and coordinate with the third-party consultant to verify the accuracy and identify any errors or corrections needed. The GSA will complete the review and reflect any adjustments to the landowner account within 30 days. Any groundwater credit adjustments to the landowner account will be made to the same allocation buckets where consumption took place. Landowners can appeal any staff findings with the Board of Directors.

POLICY 2: WATER ACCOUNTING AND WATER TRANSFERS

2.0 To effectively achieve groundwater sustainability within the GSA and the Tule Subbasin, while maintaining the agriculture operations during the implementation of SGMA, each landowner within the GSA will be provided a baseline groundwater credit allocations. These groundwater credits allocation are inputs into the individual water bank account of each landowner, allowing each landowner to decide how to feasibly and economically manage their farm operation within the rules established by the GSA and the Tule Subbasin.

2.1 Water Accounting:

To adequately track, monitor, and account for the water credits within the GSA as required by Policy 1 (Water Measuring and Metering), groundwater accounts will be established and monitored for each landowner. Groundwater credits are allocated by APN and added to landowner accounts. Following is a description of the type of additions and subtractions to landowner groundwater accounts in the GSA:

2.2 Groundwater Credit Allocations (Additions)

And Definition:

		Transferable	Expiration
Tule Subbasin Sustainable Yield	Common Groundwater available to all landowners within Tule Subbasin, defined under Subbasin Coordination Agreement	Yes	5 years
Precipitation Yield	Annual average precipitation in the GSA, calculated from 1991 going forward.	No	5 years
Transitional Groundwater Credits	Transitional groundwater credit allocations are allocations of water above the long-term sustainability. Transitional credits are allocated per Policy 4.	No	Annual
Landowner Developed Credits	Surface Water diverted by the landowners into a specified recharge basin, credits per criteria set forth in Policy 2: Banking at Landowner Level credit per criteria set forth in Policy 2, or credits transferred from other landowners.	Yes	5-years

Groundwater Debits from Account (Subtractions)

Definition:

Groundwater Consumption

Monthly crop demand measured, per Policy 1.

Exceedance Consumption

Consumption above Allowable Limits. Administered per Policy 6.

Credit and debits in each landowner account will be accounted for on a monthly basis by the GSA.

2.3 Allowable Limits

The sum of groundwater credit allocations added to each landowner account shall be considered the Allowable Limit of groundwater use for each landowner account. Consumption will be measured and debited from each landowner account monthly, per Policy 1. Any exceedance of the Allowable Limit shall be considered a violation, subject to enforcement under Policy 6.

2.4 Accounting

Water Consumption, based on the ET calculations will first be reduced by previous month overapplication credit and surface water deliveries, then groundwater consumption will be accounted for in the following sequencing:

- i. Precipitation Yield credits will be reduced first, then,
- ii. Sustainable Yield credits, then,
- iii. Landowner developed groundwater credits**
- iv. , then, Transitional groundwater credits**

**The sequencing of the Transitional groundwater credits and Landowner developed groundwater credits can be switched at the

landowner's discretion.

2.4.2 Determination of Exceedance Consumption - If Groundwater Consumption uses all of the available credits available in a landowner account listed above (Allowable Limits), any remaining consumption will be accounted for as Exceedance Consumption and administered via Policy 6.

2.5 Water Transfers:

Landowners may transfer groundwater water credits through either a direct sale or lease. The process for transferring groundwater credits is as follows:

2.5.1 Transfers within the GSA;

- a) Groundwater credits will be tracked at a land-based level. Transfers of any credits accrued to the land requires the written approval of the landowner to transfer.
- b) Groundwater credits can only be transferred by a landowner that has a positive balance in their groundwater budget. Deficit groundwater credit transferring is not allowed.
- c) For every one acre-foot of groundwater credit a Landowner transfers out of their account, they will pay for and retire one acre-foot of Transitional Groundwater Credit in that year. Transfer within the same ownership are exempt from fee and retirement of Transitional Groundwater Credit requirements.
- d) Groundwater credits **cannot** be transferred into the Friant Kern Canal Land Subsidence Management Zone as it is defined and implemented in the Eastern Tule Groundwater Agency GSP.
- e) A groundwater credit transfer is a one-to-one transfer within the GSA.
- f) All groundwater credit transfers require formal notification (GSA approved transfer template) and approval of the GSA. The GSA will keep an account of all transfers within the GSA Water Accounting Program. The sale or lease terms of the groundwater credits are between landowners and not subject to disclosure.

2.5.2 . Transfers to or from other GSAs;

- General Provisions;
 - a) Groundwater credits will be tracked at a land-based level.
 - b) Groundwater credits can only be transferred by a landowner that has a positive balance in their groundwater budget. Deficit groundwater credit transferring is not allowed.
 - c) For every one acre-foot of groundwater credit a Landowner transfers out of their account, they will pay for and retire one acre-foot of Transitional Groundwater Credit in that year. Transfer within the same ownership to manage their own operations, within a 2 mile radius of the VWD GSA boundaries, are exempt from the fee and retirement of Transitional Groundwater Credit requirements.
 - d) Groundwater credits **cannot** be transferred into the Friant Kern Canal Land Subsidence Management Zone.

- e) Groundwater Credits can only be transferred and used in GSAs within the Tule Subbasin that have similar landowner-based groundwater accounting systems as the VWD GSA. Current GSAs that meet this criteria are the Eastern Tule GSA, and Teapot Dome WD GSA.
- f) Groundwater credits may not be transferred or used outside of the Tule Subbasin.
- g) A groundwater credit transfer is a one-to-one transfer ratio.
- h) The maximum amount of groundwater transfers out of the GSA per year may be limited by the GSA based on technical data related to groundwater elevations and subsidence data. Each transfer will be evaluated to ensure landowner's account maintains a positive balance, without going over the Allowable Limit. Transfers out of the GSA will be processed as they are requested.
- i) The maximum amount of groundwater transfers accepted into the District will be limited to 1 AF per acre and may be limited further by the GSA based on technical data related to groundwater elevations and subsidence data.
- j) Approval of transfers to and from other GSAs are subject to the coordination with other Tule Subbasin GSAs.

2.5.3 Administration and Approval

- a. All groundwater credit transfers require formal notification (GSA approved transfer template) and approval of the GSA. The GSA will keep an account of all transfers within the GSA Water Accounting Program. The sale or lease terms of the groundwater credits are between landowners and not subject to disclosure.
- b. There will be a \$100 fee, per transfer, charged by the GSA for administration and coordination with the other GSAs.
- c. In order to avoid undesirable results and avoid localized impacts, transfers into certain areas may be limited or restricted even further by the GSA.
 - i. The Board of Directors will annually review the hydrographs at each Representative Monitoring Site in the GSA to determine such restrictions for that year.

2.5.4 Implementation of the terms of this entire policy will be reviewed and determined annually by the Board of Directors. The Board of Directors reserves the right to change terms of this policy at any time.

POLICY 3: TRANSITIONAL GROUNDWATER CONSUMPTION

3.0 To assist landowners with the transition to implementation of the Sustainable Groundwater Management Act, groundwater use and extraction above basin-wide sustainable yield will be phased based on periodic reviews of the GSP per the guidelines of SGMA. This will be accomplished by adding Transitional groundwater credit allocation to landowner accounts. Transitional groundwater allocations are allocations of water above the long-term sustainable limits of the GSA without exceeding the Sustainability Objectives as established by the VWD GSP.

3.1 This Policy 3 establishes the rules and regulations for the establishment, accounting and administration of Transitional Allocations.

- a) Transitional water credits will be allocated based on assessed acres and made available annually.
- b) The amount of Transitional water available to be allocated will be determined at the beginning of each year, and will be based on modeled projections, with the goal of ensuring that anticipated use of transitional allocations within the GSA will not result in groundwater levels declining below the Sustainability Objectives (the established Minimum Thresholds and Measurable Objectives) as defined by the VWD GSP.
- c) The VWD GSP includes modeling analysis based on the following assumed levels of transitional water allocation:
 - a. Phase 1 (from 2025 through 2029) Transitional Allocation of 0.75 AF/Acre/year)
 - b. Phase 2 (from 2030 through 2034): Transitional Allocation of 0.50 AF/Acre/year)
 - c. Phase 3 (from 2035 through 2039): Transitional Allocation of 0.25 AF/Acre/Year.

The VWD GSA Board will initially set Transitional Allocations according to the above assumed schedule and will annually review monitoring and updated modeling data. The purpose of the annual review is to determine whether Sustainability Objectives are being met by the above levels of allowable Transitional Allocations, or whether an adjustment to the Transitional Allocation phase down schedule is needed.

3.2 .

Transitional Allocation fees will be determined by the GSA Board of Directors each year. and adjusted annually based on an analysis of SGMA implementation costs, including amounts collected for mitigation and project implementation and FWA settlement obligations. In no event will the Transitional Allocation fee, be less than the amount of the Tier 1 penalty established for such year by the Eastern Tule GSA, provided the ETGSA fee is based on a verifiable and appropriately justified analysis, without the express written approval of Friant Water Authority.

The transitional pumping fee is intended to serve as a disincentive mechanism while also relating to the cost of mitigating the impacts of use of transitional pumping

allocations. In setting the fee, the GSA will consider obligations established by the Settlement Agreement between Eastern Tule GSA and Friant Water Authority related to the mitigation of subsidence impacts to the Friant Kern Canal. Further analysis and additional justifications for the level of the fee may be considered annually by the GSA.

3.3 Landowners may apply Transitional Allocations as credits against Groundwater Consumption, based on the sequencing outlined in Policy 3.

3.4 Transitional water credit allocations stay with the landowner to be used on properties within the GSA and cannot be transferred to other landowners.

3.5 The GSA will set aside revenues from collection of Transitional Pumping and Exceedance Tier fees and dedicate them to the following uses, in order of priority:

- a. To meet any obligations assignable to VWD GSA arising from the Settlement Agreement between Eastern Tule GSA and Friant Water Authority, or any future agreement between VWD and FWA that replaces the ETGSA/FWA settlement agreement, relating to the mitigation of subsidence impacts to the Friant Kern Canal.
- b. To fund VWD's assignable mitigation funding obligation under the Tule Subbasin Basin-Wide Mitigation Program.¹
- c. To fund groundwater enhancement actions of the VWD GSA, including but not limited to:
 - i. Surface water development
 - ii. Additional recharge basin construction
 - iii. Monitoring impacts and effects of groundwater pumping.
 - iv. Other projects that may be identified by the GSA. (examples could include water conservation grants to GSA members, land conservation and set-aside programs, or any other projects the GSA deems appropriate to help meet the sustainability goal).

¹ The mitigation plan can be found at www.ltrid.org, under SGMA and Groundwater Sustainability Plans (<http://www.ltrid.org/wp-content/uploads/2023/06/ltrid-mitigation-plan-updated-6.29.23.pdf>)

POLICY 4: LANDOWNER SURFACE WATER IMPORTED INTO THE GSA

4.0 District Landowners may participate in water exchanges or transfers outside of the GSA boundary that result in surface water being available for direct use by the landowner. Use of that water by the landowner within the GSA requires the use of Water District infrastructure to divert this surface water to their land.

This surface water that is brought into the GSA by the landowner will be tracked and accounted by the GSA and applied to the landowner's water budget according to the following procedures:

- a) Surface water brought into the GSA and credited to the landowner will be subject to loss/reduction factor as determined by the Water District Board of Directors.
- b) Surface water brought into the GSA will be delivered to the landowner based upon canal capacity. No surface water delivery brought into the GSA will interrupt or interfere with scheduled allocations of the District surface water supplies.
- c) Imported surface water may be used for groundwater recharge subject to the policies of the GSA.

POLICY 5: DISTRICT GROUNDWATER BANKING

5.0 The Water District (District) owns and operates a well field for surface water storage banking purposes. The District both directly delivers surface water to growers as well as banks and stores surface water in the well field in order for the District to supplement surface water deliveries to landowners. The District tracks how much water is both input and extracted from the bank.

POLICY 6: IMPLEMENTATION & ENFORCEMENT OF PLAN ACTIONS

6.0 The Groundwater Sustainability Plan (GSP) establishes the actions, which include the policies, projects, and implementation schedule, to achieve groundwater sustainability, in accordance with the Sustainable Groundwater Management Act (SGMA). GSA Policies 1 through 6 have been adopted and implemented in furtherance of GSP Management Action 5.2.1 as set forth in the Vandalia Water District Groundwater Sustainability Plan.

SGMA provides the GSA with the authority to enforce the adopted Management Actions of a GSP. (See Water Code section 10732(a)(1) – authority to assess penalties for extraction of groundwater in excess of the amount that is authorized under a GSA rule, regulation, ordination or resolution; and Water Code section 10730.6 - authority to collect any delinquent groundwater charges and any applicable penalties and interest on the groundwater charges in the same manner as the GSA may collect delinquent assessments or water charges)

Pursuant to such authorities, the following actions shall be considered violations of the GSA's established GSP and Policies adopted thereunder, and shall be subject to administrative enforcement penalties and actions specified for each category of violation:

6.1 Failure to Pay GSA Assessments or Groundwater Consumption Fees and Fines

6.1.1 Non-Compliance. Pursuant to Water Code section 10730.6, an owner or operator who knowingly fails to pay a groundwater fee within 30 days of it becoming due shall be liable to the groundwater sustainability agency for interest at the rate of 1 percent per month on the delinquent amount of the groundwater fee and a 10-percent penalty.

6.1.2 Process for collecting unpaid fees and fines. The GSA may collect any unpaid fees and fines by: a) bringing suit in Tulare County Superior Court for the collection of unpaid fees and fines, and seeking attachment against the property of the named defendant, pursuant to the authority of Water Code section 10730.6(c); or b) adding such unpaid fees, fines, penalties, and interest to the charges and assessments payable to the Vandalia Water District, after which remaining unpaid fees, fines, penalties, and interest may be collected in the manner established by Division 13 of the Water for the collection of assessments and charges of California Water Districts.

6.2 Consumption of groundwater beyond the Allowable Limits. The Allowable Limits of groundwater consumption are as set forth in Policies 3 and 4 and shall be accounted for pursuant to Policy 1. Any time the GSA determines that an owner or operator subject to the Groundwater Measurement and Metering provisions of Policy 1 of the VWD GSA has exceeded the Allowable Limits, as established by Policy 3 of the VWD GSA, the exceedance shall be enforced through the following process:

6.2.1 Notice of Non-Compliance. The GSA shall provide written notice of the non-compliance, specifying the quantity of exceedance, and requesting response and plan for correction of non-compliance within 30 days. The notice of non-compliance shall be in writing and shall be deemed delivered when placed in U.S. Mail, certified, to the owner or operators address of record, or if the owner or operator has

consented to receiving notices from the GSA via email, via email to the address provided at the time of providing consent.

6.2.2 Opportunity to Correct Exceedance. An owner or operator who is provided a notice of non-compliance related to exceedance of the Allowable Limits of groundwater consumption shall respond within 30 days of delivery of the notice by either a) disputing the determination of non-compliance and requesting an appeal hearing, in which case the owner or operator shall provide a documentary basis for such dispute, or b) identifying a plan to correct such non-compliance. An exceedance of the allowable groundwater use limits may be corrected by procurement of sufficient credits, through purchase or otherwise, to the account of the owner or operator, provided that any such credits are obtained in a manner that is consistent with the policies of the GSA.

6.2.3 Determination of Failure to Correct Non-Compliance. An owner or operator who responds to a notice of non-compliance by timely disputing the determination of non-compliance shall be provided with an opportunity to present such dispute, and evidence supporting the owner or operator's position, to the Vandalia Water District Board. An administrative hearing to consider the dispute shall be scheduled within 30 days of the response and shall occur whenever possible at a regular meeting of the Board. The Board shall provide notice of its determination within 5 days of the hearing, which notice shall be provided in accordance with section 6.2.4.

6.2.4 Final Notice of Non-compliance - Monetary and Administrative Penalties for Failure to Correct. If an owner or operator fails to respond to or correct the notice of non-compliance issued under 6.2.1, or if the Board sustains the finding of non-compliance in the case of disputed notices, a final notice of non-compliance shall be issued, which shall include the following:

6.2.4.1 Assessment of a penalty of \$500 per acre foot for every acre foot of groundwater determined to have been consumed beyond the allowable limits (Water Code section 10732(a)(1)).

6.2.4.3 Assessment of charges for Exceedance tier groundwater consumption pursuant to the provisions of Policy 4 for each acre-foot determined to have been consumed beyond the allowable limits.

6.2.4.2 Imposition of Exceedance tier consumption, which shall consist of groundwater credits to be subtracted from the owner or operator's account at the rate of 1 acre-foot for every acre-foot of groundwater determined to have been consumed beyond the Allowable Limits.

6.2.4.3 An order to Cease and Desist continued exceedances.

6.2.5 Enforcement. Fines, penalties, and charges imposed pursuant to section 6.2.4 shall be due and payable within 30 days of the issuance of a final notice of noncompliance and, if unpaid, may be collected pursuant to the processes established by Policy 6.2.1. Cease and desist orders issued as part of a final notice of non-compliance may be enforced through civil adjudication processes including by seeking civil mandate orders.