KINGS RIVER EAST GROUNDWATER SUSTAINABILITY AGENCY

Dear Property Owner:

The Kings River East Groundwater Sustainability Agency ("KREGSA") is writing to notify you of the public process regarding consideration of a property-related fee. This proposed fee is intended to generate revenue to: (i) fund annual administrative and operational activities, (ii) support KREGSA and its functions as a Groundwater Sustainability Agency ("GSA") to ensure compliance with the Sustainable Groundwater Management Act of 2014 ("SGMA"), and (iii) implement the KREGSA Groundwater Sustainability Plan ("GSP").

Background

SGMA requires GSAs, including KREGSA, to develop and implement GSPs to avoid undesirable results and mitigate groundwater overdraft by 2040 in critically overdrafted subbasins. The KREGSA is a special act district formed as a GSA in the Kings Subbasin, which is comprised of seven GSAs with seven coordinated GSPs. The California Department of Water Resources ("DWR") approved the Kings Subbasin coordinated GSPs in 2023 and those same GSAs submitted their five-year updates to the GSPs in January 2025. The KREGSA timely submits annual reports to DWR every year by April 1st and will continue to submit five-year updates.

Need for Funding

KREGSA currently lacks a stable revenue source sufficient to fund the cost-of-services being provided to landowners to sustainably manage the portion of the Kings Subbasin within its jurisdiction and maintain compliance with SGMA. Since 2021, KREGSA has not collected any revenue from landowners and has instead relied upon limited carryover funds from its Proposition 26 fee imposed 2018-2020 to develop the GSP and financial assistance from Alta Irrigation District to continue operations. Because this funding approach is not sustainable, KREGSA commissioned a cost-of-service fee study to evaluate the maximum property-related fee necessary to fund groundwater management services, SGMA compliance activities, and the long-term operation of KREGSA. The proposed fees are described in the "Cost-of-Service Fee Study for the Kings River East Groundwater Sustainability Agency, Proposition 218 Procedures for Property-Related Fees" dated May 2026 and prepared by Provost & Pritchard Consulting Group.

Proposed Fee

KREGSA proposes to impose a property-related fee up to $9.93 per acre on all parcels within the KREGSA's jurisdiction, overlying the Kings Subbasin. This proposed fee consists of two components, a base fee of $4.70 per acre and a domestic well mitigation fee of $5.23 per acre. For fiscal years 2026 through 2030, the combined fee will not exceed $9.93 per acre annually. Beginning in fiscal year 2031, the authorized fee may be adjusted annually by an amount not exceeding the increase in the Consumer Price Index ("CPI"). Any increase beyond CPI adjustments would require preparation of a new cost-of-service study and compliance with applicable Proposition 218 requirements. See **Table 1** below for a summary of proposed yearly maximum property-related fees.

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Table 1 – Proposed Yearly Maximum Property-Related Fees

Fiscal Year	Maximum Base Fee Per Year ($/ac)	Maximum Domestic Well Mitigation Fee Per Year ($/ac)	Total Annual Fee ($/ac)
2026 - 2030	4.70	5.23	9.93
2031 and beyond	4.70 x CPI Increase	5.23 x CPI Increase	9.93 x CPI Increase

Attached is the official Notice of Public Hearing and additional information about the fee's purpose, fee categories and amounts, and important information regarding a property owner's options to engage in the ratemaking process. For more information and to view the Cost-of-Service Fee Study, please visit our website at www.kingsrivereast.org/prop218/. If you have any questions about this process, please call (559) 440-6235 or KREGSA support via email at prop218@kingsrivereast.org.

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NOTICE OF PUBLIC HEARING

REGARDING PROPOSED PROPERTY-RELATED FEES
Hearing Date & Time: July 27, 2026, at 2:00 p.m.
Hearing Location: City of Dinuba, Council Chambers
405 E El Monte Way, Dinuba, CA 93618

Why am I receiving this Notice?

The Kings River East Groundwater Sustainability Agency ("KREGSA") will hold a public protest hearing in accordance with Article XIII D of the California Constitution ("Proposition 218") to consider adopt of a proposed property-related fee (the "Fee") to be levied on all parcels within the boundaries of the KREGSA. The proposed Fee amounts contained in this Notice represent the maximum amount that KREGSA may impose, if adopted. If the proposed Fee is adopted, KREGSA may collect rates at or below the proposed maximum as needed to meet KREGSA's financial needs.

This Notice is intended to provide you with information on the services provided by KREGSA, the reasons for the proposed Fee, and the methods by which a property owner can submit a written objection regarding the Fee's compliance with Proposition 218, if desired, and the methods by which a property owner may protest this proposed Fee, if desired.

How do I submit a written objection alleging non-compliance with Proposition 218?

KREGSA will be implementing Government Code § 53759.1 related to this proposed Fee. Property owners may submit a written objection to the proposed Fee that specifies the grounds for alleging noncompliance with Proposition 218. "Written Objections" must be clearly labeled on the outside of an envelope and contain the property owner's full name and identification on the parcel(s) by assessor's parcel number(s). To be considered timely, all written objections must be mailed to KREGSA at P.O. Box 3024, Visalia, CA 93278-9901 and received by Wednesday, July 15, 2026. Failure to timely object in writing bars any right to challenge the proposed Fee through a legal proceeding.

Staff will review timely submitted written objections, prepare written responses, and present any timely received written objections and written responses to the KREGSA Board of Directors before the close of the protest hearing described herein on July 27, 2026. The written basis for KREGSA's proposed Fee can be found online at: www.kingsrivereast.org/prop218/.

How do I file a protest to the Fee or participate in the public hearing?

In 1996, California voters adopted Proposition 218. The provisions of Proposition 218 provides a process for public agencies to impose or increase certain types of "Property Related Fees" such as water rates and charges and such fees are subject to a "majority protest" process. This is also true for fees imposed pursuant to Water Code Appendix § 143-801 and Chapter 8 (commencing with Section 10730) of Part 2.74 of Division 6 of the Water Code for the imposition of fees necessary to fund implementation of a GSP. Such fees may include, but are not limited to, permit fees, groundwater extraction fees, and charges for regulated activities to support GSP development, implementation, compliance, enforcement, and administration, including the establishment of prudent reserves.

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Under the majority protest process, any property owner or customer of record may submit a written protest regarding the proposed Fee; provided, however, that only one protest will be counted per identified parcel. If protests are filed on behalf of a majority of the parcels subject to the Fee, KREGSA cannot adopt the proposed Fee. Please note, a written protest is separate and distinct from a written objection, described above. A written protest cannot be combined with a written objection and must be submitted separately, if desired.

Every written protest MUST include ALL of the following to be counted:

1. A statement against the proposed Fee that is the subject of the hearing;
2. Name of the record owner or customer of record who is submitting the protest;
3. Identification of the county assessor's parcel number and/or street address of the parcel with respect to which the protest is made; and
4. Original signature and legibly printed name of the record owner or customer of record who is submitting the protest.

Written protests must be received by or before the close of the public hearing on July 27, 2026, and may be submitted by:

1. Mail to the Kings River East GSA at P.O. Box 3024, Visalia, CA 93278-9901; please note mailed protests must be received before the hearing date; or
2. In-person at the public hearing at the date and location above, prior to conclusion of the protest hearing.

Regardless of how the written protest is submitted, it must be received by KREGSA prior to the conclusion of the public comment portion of the public hearing on July 27, 2026. (Postmark dates will not be accepted.) Any protest submitted via email or other electronic means will not be accepted. Please identify on the front of the envelope for any written protest, whether mailed or submitted in person, that the enclosed document is a protest for the Public Hearing on the proposed KREGSA Fee.

KREGSA will hold the Public Hearing on July 27, 2026, at 2:00 p.m. The Board of Directors will review the amount of the proposed Fee as well as the methodology for calculating the proposed Fees. At the conclusion of the hearing, protests will be counted and validated. If a majority of the parcels subject to the proposed Fees file protests before the end of the Public Hearing, KREGSA cannot adopt the proposed Fee. If a majority of the parcels do not protest the proposed Fee, KREGSA has the authority to adopt the proposed Fee. The Fee, if enacted, will be charged starting in 2026. It is the intent of KREGSA to include the Fee on the applicable County tax assessment roll invoices.

Additionally, pursuant to Government Code § 53759, there is a 120-day statute of limitations for challenging any new, increased, or extended fee adopted, modified, or amended after January 1, 2022.

Se ha publicado una copia de este aviso en español en el sitio web del distrito al **www.kingsrivereast.org.**

Purpose of the Proposed Fee

The Kings River East Groundwater Sustainability Agency (KREGSA) is proposing a new property-related Fee to establish a stable and reliable funding source for ongoing groundwater management and compliance with California's Sustainable Groundwater Management Act (SGMA). Since 2021, KREGSA has not collected fees from landowners and has instead relied on remaining reserves and temporary loans from Alta Irrigation District to continue operations. Those reserves are now substantially depleted. Without a dedicated funding source, KREGSA may be unable to continue implementing its Groundwater Sustainability Plan (GSP), maintain compliance with SGMA, or avoid state intervention by the State Water Resources Control Board (SWRCB).

The proposed Fee is intended to fund annual administrative operations, groundwater monitoring, technical studies, domestic well mitigation, and implementation of monitoring programs necessary to achieve long-term groundwater sustainability in the Kings Subbasin by 2040. The Fee would also repay funds temporarily advanced by Alta Irrigation District to support KREGSA operations.

Background

KREGSA was formed in 2016 to serve as the Groundwater Sustainability Agency for the eastern portion of the Kings Subbasin. SGMA requires high- and medium-priority groundwater basins to be managed sustainably through locally developed Groundwater Sustainability Plans. The Kings Subbasin is classified as a high-priority basin under California Department of Water Resource (DWR) Bulletin 118.

KREGSA's GSP was approved by DWR in August 2023. Continued compliance requires annual reporting, five-year plan updates, groundwater monitoring, technical evaluations, and implementation of management actions and monitoring programs. KREGSA also anticipates receiving comments from DWR in late 2026 or early 2027 regarding the revised GSP submitted in January 2025.

Why Continued Funding is Necessary

Groundwater overdraft remains a significant issue within the Kings Subbasin. Agricultural, municipal, and domestic users rely heavily on groundwater supplies, particularly during dry years when surface water deliveries are reduced. KREGSA must continue implementing programs to better quantify trends in groundwater levels, protect domestic wells, improve groundwater monitoring, and maintain local control over groundwater management.

Failure to maintain compliance with SGMA could result in state intervention, including probationary basin status, state-imposed pumping fees, additional regulatory oversight, and potential pumping restrictions. The report notes that SWRCB fees for probationary basins could greatly exceed the proposed local Fee structure.

Proposed Fee Structure

KREGSA proposes a maximum annual property-related Fee of $9.93 per acre for parcels within its jurisdiction during the initial five-year period. The proposed Fee consists of two components:

- A base Fee for administration, operations, and monitoring; and
- A domestic well mitigation fee to address potential impacts to domestic wells caused by declining groundwater levels.

The proposed Fee is expected to generate approximately $1.709 million annually to support ongoing operations, groundwater sustainability programs, technical studies, monitoring well installation, and domestic well mitigation efforts.

After the initial five-year period, the maximum fee may be adjusted annually based on increases in the Consumer Price Index (CPI). Any increase beyond CPI adjustments would require preparation and approval of a new Cost of Service Study and compliance with a new Proposition 218 process.

Conclusion

The proposed Fee is intended to provide the long-term financial stability necessary for KREGSA to continue managing groundwater locally, comply with SGMA, and avoid costly state intervention. The Fee would fund essential groundwater sustainability activities that benefit all parcels wholly within KREGSA's jurisdiction and support the long-term reliability of groundwater resources in the region.