NOTICE OF EXEMPTION

To: Merced County Clerk
2222 M Street
Merced, California 95340

Stanislaus County Clerk
1021 I Street, Suite 101
Modesto, California 95354

Office of Planning and Research
1400 10th Street
Sacramento, California 95814

From: East Turlock Subbasin Groundwater Sustainability Agency
731 East Yosemite Ave, Suite B, # 318
Merced, CA 95340

Project Title: East Turlock Subbasin Groundwater Sustainability Agency Incentivized Fallowing Program Policy

Project Location – Specific: Within the boundaries of the East Turlock Subbasin GSA (see attached Exhibit "A" for map).

Project Location – City: N/A **Project Location – County:** Merced and Stanislaus

Description of Nature, Purpose and Beneficiaries of Project:

This project is to adopt and implement the East Turlock Subbasin Groundwater Sustainability Agency ("ETSGSA") Incentivized Fallowing Program Policy ("IFP Policy") within ETSGSA's jurisdiction. The IFP Policy is a key component of implementing the Sustainable Groundwater Management Act within ETSGSA's jurisdiction, including implementation of the ETSGSA Groundwater Demand Reduction Plan, which is included in the Revised Turlock Subbasin Groundwater Sustainability Plan ("Revised Turlock GSP") as Appendix K. The IFP Policy, attached hereto as Exhibit "B", outlines ETSGSA's rules and regulations for this voluntary land fallowing program, including landowner eligibility, program requirements, and implementation procedures.

The purpose of the IFP is to provide a means to efficiently and rapidly transition land from irrigated to non-irrigated status to make up for any necessary demand reduction that is not achieved through implementation of other Projects and Management Actions (PMAs). Among other things, the IFP Policy will require participants to fallow irrigated land for a three-year period, maintain vegetated cover and prevent nuisance conditions (among other requirements). Reducing groundwater demand will assist ETSGSA in meeting the sustainability goals set out in the Revised Turlock GSP, which benefits all landowners within ETSGSA.

Name of Public Agency Approving Project: East Turlock Subbasin GSA

Name of Person or Agency Carrying Out Project: East Turlock Subbasin GSA

Exempt Status: (check one)

- ☐ **Ministerial (Sec. 21080(b)(1); 15268);**
- ☐ **Declared Emergency (Sec. 21080(b)(3); 15269(a));**
- ☐ **Emergency Project (Sec. 21080(b)(4); 15269(b)(c));**
- ■ **Categorical Exemption. State type and section number**: Class 7 – Cal. Code Regs., tit. 14, § 15307; Class 8 – Cal. Code Regs., tit. 14, § 15308; Common Sense Exemption – Cal. Code Regs., tit. 14, § 15061, subd. (b)(3);
- ☐ **Statutory Exemption. State code number:**

Reasons why project is exempt:

The adoption of the IFP Policy is an action taken by ETSGSA as authorized by SGMA for the protection of natural resources and the environment, which is categorically exempt pursuant to CEQA Guidelines sections 15307 and 15308.

As the IFP Policy itself does not have the potential for causing a significant effect on the environment by themselves, the common sense exemption applies pursuant to CEQA Guidelines section 15061(b)(3). Separate and underlying projects and management actions will undergo CEQA analysis as required.

Lead Agency
Contact Person: Mike Tietze **Area Code/Telephone/Ext:** (916) 200-9038

If filed by applicant:

1. **Attach certified document of exemption finding.**
2. **Has a Notice of Exemption been filed by the public agency approving the project?** ☐ **Yes** ☐ **No**

Signature: Karen L Whitson **Date:** 11/13/2025 **Title:** Board Secretary

- ■ **Signed by Lead Agency**
- ☐ **Signed by Applicant**

EXHIBIT "A"

MAP OF EAST TURLOCK SUBBASIN GSA BOUNDARIES

ATTACHMENT A

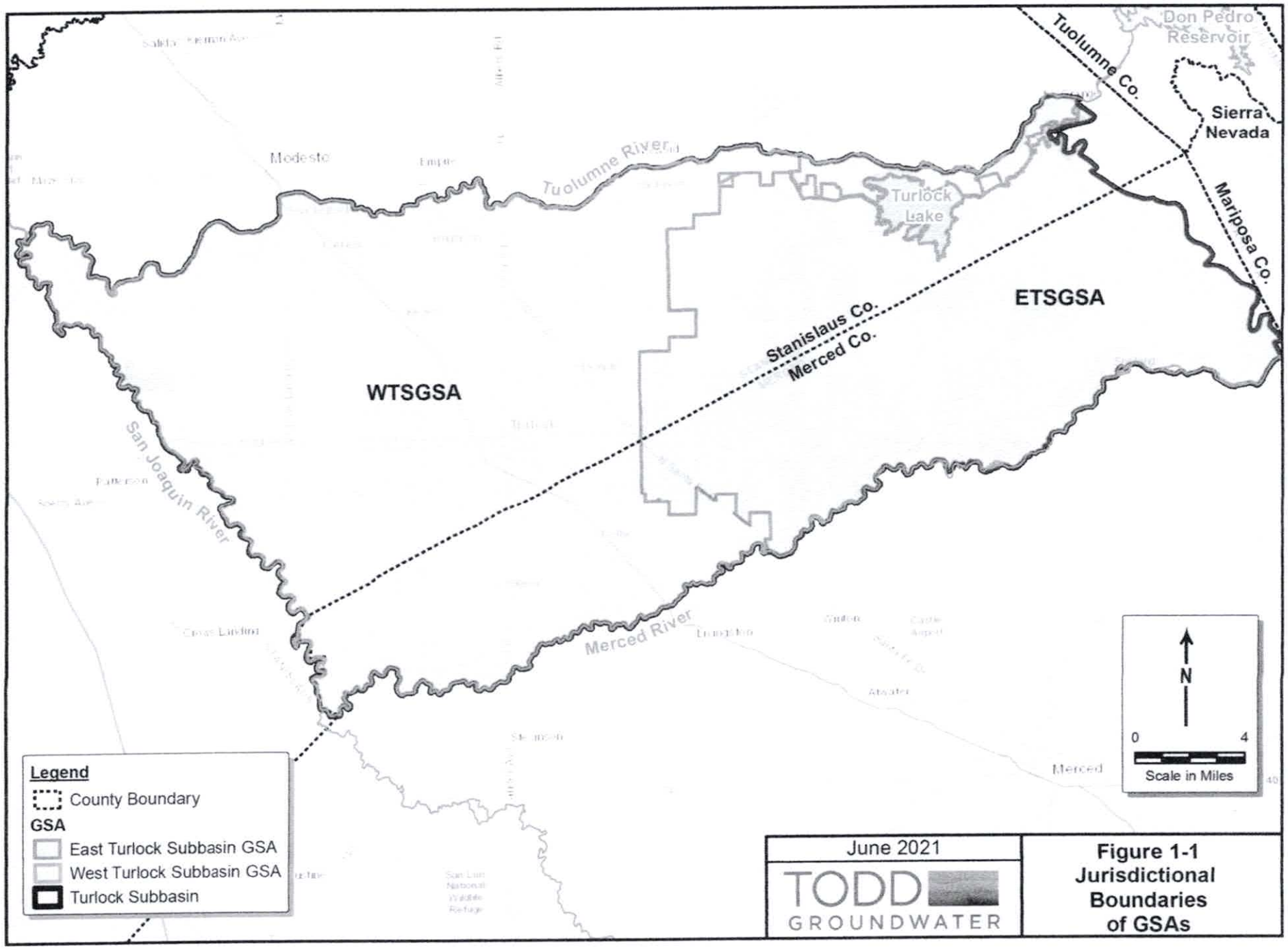

EXHIBIT "B"

ETSGSA INCENTIVIZED FALLOWING PROGRAM POLICY

EXHIBIT B

EAST TURLOCK SUBBASIN GROUNDWATER SUSTAINABILITY AGENCY INCENTIVIZED FALLOWING PROGRAM POLICY

Adopted on October 23, 2025

TURLOCK GROUNDWATER

East Turlock Subbasin GSA

Background and Objectives

Implementation of Voluntary Land Fallowing is Management Action 2 in the Revised Turlock Subbasin Groundwater Sustainability Plan ("GSP"), and is a key component of implementing the East Turlock Subbasin Groundwater Sustainability Agency's ("ETSGSA") Groundwater Demand Reduction Plan ("Demand Reduction Plan"), which is included in the GSP as Appendix K.

As detailed in the Demand Reduction Plan, at this time it is estimated that approximately 21,000 acres of agricultural land in ETSGSA will need to be transitioned from irrigated to non-irrigated status to achieve the sustainability goals of the GSP. Fallowing of 21,000 acres, or an equivalent net demand reduction strategy, is also required by the Groundwater Accounting Structure Agreement between ETSGSA, the West Turlock Subbasin Groundwater Sustainability Agency ("WTSGSA"), and Turlock Irrigation District ("TID"). Consistent with the Demand Reduction Plan, ETSGSA intends to implement demand reduction within its jurisdiction through coordination of a combination of programs, including the following:

- Surface water supply projects to replace groundwater pumping for irrigation and increase recharge (Projects 12, 13, 14 and 15 of the GSP);
- A Multibenefit Land Repurposing Program ("MLRP") to transition land from irrigated to non-irrigated use and decrease groundwater demand (Management Action 1 and Projects 16, 17 and 18 of the GSP, the initial implementation of which is funded by a grant from the Department of Conservation);
- Self-directed fallowing (Management Action 3 of the GSP) incentivized by credits under ETSGSA's Groundwater Use Regulation and Fee Program (Management Actions 7 through 10 of the GSP);
- Land acquisition and retirement (part of Management Action 2 of the GSP); and
- An Incentivized Fallowing Program ("IFP") (part of Management Action 2 of the GSP).

This document presents the procedures and requirements for implementing the IFP. ETSGSA reserves the right to amend these procedures and requirements as it deems necessary to meet the objectives of the Demand Reduction Plan and achieve the sustainable management goals of the GSP.

The Projects and Management Actions (PMAs) described above will be escalated sequentially to achieve the following groundwater demand reduction targets described in the Demand Reduction Plan:

- 2025 Reporting Period to 2027 Reporting Period: 10% reduction below baseline (17,100 acre-feet of Consumptive Groundwater Use as measured by ET minus Effective Precipitation; and

- 2028 Reporting Period to 2032 Reporting Period: 20% reduction below baseline (34,200 acre-feet of Consumptive Groundwater Use).

The projected buildout schedule of the PMAs assumed to be implemented to achieve these demand reduction targets is discussed in the GSP and the Demand Reduction Plan, and relies to a greater extent on IFP, self-directed fallowing, and grant funded MLRP land repurposing during the early phases of implementation, as supply and recharge projects are being developed.

The purpose of the IFP is to provide a means to efficiently transition land from irrigated to non-irrigated status to address additional demand reduction needed after considering implementation of the other PMAs. As such, a landowner's participation in the IFP will be established under relatively short-term (three-year) agreements, without the longer-term land use restrictions, implementation and permitting requirements, or larger up-front costs that may be associated with implementation of other PMAs. The need for additional IFP enrollment and implementation will be evaluated annually. The decision to extend the IFP program beyond the initial three-year term and subsequent terms in the future will take into consideration the additional demand reduction needed to achieve near-term GSP compliance, in an effort to strike the appropriate balance between meeting short-term needs and the resources needed to meet ETSGSA's longer-term sustainability goals.

The remainder of this document outlines the following:

- Eligibility requirements to enroll Irrigated agricultural land in the IFP;
- Minimum requirements for maintenance of enrolled Parcels to avoid potentially adverse effects, such as nuisance conditions; and
- Rules for program implementation.

Definitions

The definitions contained in ETSGSA's Rules and Regulations are incorporated herein by reference into this Policy and are capitalized herein. The following definitions apply to additional key terms that are used in this Policy.

Applicant – Means an Owner that has submitted an Application seeking to enroll a Parcel or portion thereof in the IFP, or an Operator that has submitted an application to enroll a Parcel or portion thereof in the IFP and proof of a valid agricultural lease and written acknowledgement by the Owner of the Operator's intent to apply.

Application – Means the form provided by ETSGSA that an Owner or Operator will complete and submit for an Owned or Operated Parcel(s) or portion thereof to be considered for enrollment in the IFP.

Consumptive Use of Applied Water (CUAW) – Means the net of Consumptive Use (ET) adjusted by subtracting Effective Precipitation.

Enrolled Acreage – Means an Irrigated Field or portion(s) of an Irrigated Field at least five (5) contiguous acres in size that is approved for enrollment in the IFP and managed in accordance with all the requirements of this Policy and an IFP Agreement between the Owner or Operator and ETSGSA.

Fiscal Year – Fiscal Year refers to the budgeting year for ETSGSA income and expenditures and extends from July 1 to June 30 of each year. For each Fiscal Year, the ETSGSA Board adopts a budget, and the General Manager coordinates and oversees implementation of ETSGSA's operations consistent with that budget.

IFP Agreement – Means a signed and executed agreement between the Owner or Operator of Enrolled Acreage and ETSGSA.

Rotational Fallowing – Means the Owner or Operator will Fallow the same number of Enrolled acres during each Reporting Period; however, the location of the acres may rotate within the same Parcel or across multiple Parcels that are within the same Water Account, were identified in the Application, and are listed in the IFP Agreement.

Eligibility

The following conditions must be met for an Applicant to be eligible for participation in the IFP:

- If an Owner or Operator's Application is approved by ETSGSA, the Applicant will transition and maintain the proposed Enrolled Acreage in a Fallowed condition for the entirety of the Reporting Periods for which the IFP Agreement is in effect, for at least three consecutive Reporting periods.
- The proposed Enrolled Acreage is owned by the Applicant; or, if the Applicant is an Operator (lessee), they shall provide proof that they hold an agricultural lease that includes the proposed Enrolled Acreage and extends through the full term of the proposed IFP Agreement. If the proposed Enrolled Acreage is leased, the Owner must provide a signed acknowledgment of the Operator's Application and will be required to provide written consent regarding the IFP Agreement.
- The proposed Enrolled Acreage consists of at least five (5) contiguous acres.
- The proposed Enrolled Acreage was irrigated or part of an Owner- or Operator-managed rotational Fallowing program in 2022 (the year the GSP was adopted).

- The Applicant's Water Account must be in good standing with ETSGSA and up to date on payments of all SGMA Operational Assessments and Groundwater Use Fees at the time the Application is submitted and throughout the term of the IFP Agreement.
- Applicants who seek to conduct Rotational Fallowing must identify all Parcels and field(s) (GAP Usage Locations) to be Fallowed for each Reporting Period.

Fields that were Fallowed in the Reporting Period preceding the proposed IFP enrollment and that are managed in accordance with the requirements for Fallowed Fields (Section 4.04 of ETSGSA's Rules and Regulations) are eligible to participate in the IFP if they meet the above requirements.

Requirements

To enroll land in the IFP, the Applicant must enter into an agreement with ETSGSA that specifies the terms and conditions that must be met for participation in the IFP. The following requirements shall apply to participation in the IFP. ETSGSA reserves the right to impose additional requirements that may be necessary due to site-specific conditions

- As stated in the ETSGSA Rules and Regulations Section 4.04, any crops must be removed by June 30 of the first Reporting Period proposed for enrollment, consistent with ETSGSA's Rules and Regulations and Implementation Standards. No irrigation shall occur within the Fallowed Field at any time during the Reporting Period.
- The Applicant agrees to maintain the Enrolled Acreage as Fallowed, non-irrigated land for three consecutive Reporting Periods. If an Applicant seeks to implement Rotational Fallowing on owned or leased land, the Owner or Operator must specify the number of proposed acres that will be Fallowed, and the field(s) (GAP Usage Locations) and Parcel(s) within which the fallowing will occur for the duration of the three-year period. If the Application is approved, there must be the same number of acres Fallowed at all times, for the duration of enrollment in the IFP.
- In exchange for annual incentive payments, the Applicant shall agree to forfeit all Allocations (as defined in the ETSGSA Rules and Regulations) for the Enrolled Acreage from accrual to their Water Account for the duration of the IFP Agreement.
- If the Enrolled Acreage is verified to be Fallowed under Section 4.04 of ETSGSA's Rules and Regulations, it will be excluded from Groundwater Use Accounting during the term of the enrollment; that is, Consumed Groundwater Use (ET minus Effective Precipitation) will not be calculated for the Enrolled Acreage and will not accrue as a debit in the Applicant's Water Account.
- The Enrolled Acreage shall be managed consistent with the requirements for Fallowed Fields in Section 4.04 of ETSGSA's Rules and Regulations.

- Vegetative cover shall be maintained on the Enrolled Acreage as specified in ETSGSA's "Implementation Standards and Management Requirements for Vegetated Cover", including, but not limited to, taking steps necessary to prevent occurrence of nuisance conditions.
- The IFP Agreement will be recorded with the applicable County against the title of the enrolled parcels. If the Enrolled Acreage is not owned by the Applicant/Operator, the Owner will be required to provide written consent regarding the IFP Agreement.
- All other terms and conditions of the IFP Agreement to be executed by the Owner and/or Operator and ETSGSA shall apply.

Implementation Procedures

The following implementation procedures shall apply to an Applicant's participation in the IFP:

Application

Prior to the start of each Reporting Period, ETSGSA will decide whether to make funding available for enrollment of new fields in a new three-year cycle of the IFP. Applications to enroll fields in the IFP may be submitted to ETSGSA during the open enrollment period for new IFP lands, generally within the first two months of the Reporting Period in which Fallowing is proposed to begin.

- For example, to participate in the IFP starting with the 2026 Reporting Period (November 1, 2025, to October 31, 2026), applications must be submitted between November 1 and December 31, 2025.

Ranking

Submitted applications will be evaluated and ranked using the following procedures:

- For each Fallowed Field proposed for enrollment, the Consumptive Groundwater Use or CUAW (if the field received surface water) during previous Reporting Periods will be extracted from the Groundwater Accounting Platform ("GAP"). The Reporting Periods selected for this analysis may vary for each IFP funding cycle and will be determined by ETSGSA prior to the application period.
    - For the 2026 Reporting Period, data in the GAP for the 2023 and 2024 Reporting Periods will be utilized.
- For each field, the average Consumed Groundwater Use per field acre will be calculated in acre-feet/acre.

- For fields that receive surface water, subtract any applied surface water quantities that are not used to decrease groundwater demand on other fields from CUAW to calculate Consumed Groundwater Use.
- The fields will be ranked from highest to lowest based on their average Consumed Groundwater Use per field acre.

Demand Reduction Analysis

The amount of IFP needed to achieve the sustainability goals of the GSP will be estimated using the following procedure:

- The demand reduction yield of functional PMAs during the previous Reporting Period will be summed, including:
    - The total volume of surface water delivered for irrigation multiplied by the applicable irrigation efficiency; and
    - The sum of self-implemented fallowing, existing IFP Enrolled Acreage, and transitioned MLRP land multiplied by the net groundwater demand (Consumed Groundwater Use) reduction achieved using the methodology described in the previous subsection (Ranking).
- An initial estimate of the additional demand reduction needed will be calculated by subtracting the summed PMA demand reduction yield from the demand reduction target in effect during that Reporting Period.
- Hydrographs of monitoring wells in the GSP groundwater level monitoring network and their proximity to historical demand reduction PMAs will be reviewed to assess the effectiveness of previous demand reduction efforts on groundwater levels and storage.

Budget Recommendation

Based on the Demand Reduction Analysis described above, and identification of additional demand reduction needed, a range of demand reduction volume scenarios will be evaluated and recommendations will be developed by staff.

- A range of funding scenarios with associated estimated acreage of reduced Consumed Groundwater Use will be developed for evaluation. Scenarios will include the base funding allocation for the projected Fiscal Year budget as well as a range of incrementally increased funding alternatives. Recommendations will be calculated as follows:
    - For each funding scenario, the amount of Consumptive Groundwater Use avoided and the cost per acre-foot will be calculated, assuming the highest ranked fields are approved for IFP Agreements.

- The distribution of proposed parcels to be funded and amount of associated groundwater demand reduction will be analyzed using GIS methods.
- The funding scenarios will be assessed, and a recommendation will be made that most effectively advances GSP sustainability goals, addressed additional demand reduction needed, optimizes cost-benefit versus other PMAs, and fulfills ETSGSA's near- and long-term objectives.
- A proposed total IFP funding amount and list of applications to be funded will be submitted for review by the ETSGSA Technical Advisory Committee (TAC) and to the ETSGSA Board for approval during their regularly scheduled meetings.
- ETSGSA will adopt the above approved funding for IFP incentive payments as part of its annual budgeting process for each upcoming Fiscal Year. The adopted annual IFP budget will apply to the Reporting Period that begins in that fiscal year. For example, the budget adopted for Fiscal Year 2025/2026 will apply to Fallowing during the Reporting Period from November 1, 2025, to October 31, 2026.

Contracting

Selected Applicants will be invited to enter into a standard three-year IFP Agreement following approval by the Board. If the Enrolled Acreage is not owned by the Applicant, the Owner will be required to provide written consent regarding the IFP Agreement. The ETSGSA General Manager will be authorized to execute agreements with the selected Applicants. The fully executed IFP Agreement will be recorded with the respective county.

Incentive Payments

Incentive payments will be calculated and processed after the end of the Reporting Period after validation of Fallowing (per Section 4.04 of ETSGSA's Rules and Regulations) and preparation of Water Account Statements. Credits will be applied against the amounts due in the Reporting Period Invoices related to the Groundwater Use Fee for the applicable Water Accounts. If the calculated Incentive Payment is less than the amount due, the amount due will be adjusted by subtracting the incentive payment. If the calculated Incentive Payment is greater than the amount due, the Incentive Payment will be adjusted by subtracting the amount due, and payment will be made in the amount of the adjusted Incentive Payment.

SGMA Operational Assessments and Groundwater Use Fees

Consistent with ETSGSA's SGMA Operational Assessment Engineer's Report and its Rules and Regulations, the applicable assessment amount for any Parcel within ETSGSA's jurisdiction is determined by the Parcel's county land use code and initially determines whether the Parcel is classified as Irrigated or Non-Irrigated. Designation of land use

classification applies to the entirety of a Parcel. If an entire Parcel is enrolled in the IFP and the Owner or Operator desires to reclassify it from Irrigated to Non-Irrigated status, the Owner or Operator may do so consistent with ETSGSA's SGMA Operational Assessment Appeal Policy.

For purposes of the Groundwater Use Fee, the measured Evapotranspiration (ET) minus Effective Precipitation that occurs within Enrolled Acreage will not be counted toward Consumed Groundwater Use that is applied against an Owner or Operator's Allocation in their Groundwater Accounting Platform Account during the three Reporting Periods for which the acreage is enrolled in the IFP.

Compliance with Rules and Regulations, IFP Policy, and IFP Agreement

Owners and Operators participating in the IFP must comply with all ETSGSA Rules and Regulations, this IFP Policy, and the IFP Agreement to be executed between the Owner or Operator and ETSGSA for the duration of the IFP Agreement. ETSGSA reserves its rights to pursue its remedies under California law with respect to an Owner or Operator's violation of the terms of ETSGSA Rules and Regulations, this Policy, and the IFP Agreement. An Owner or Operator's failure to comply may result in removal from the IFP Program and ETSGSA may require the Owner or Operator to return incentive payments received.