

TO: BOARD OF DIRECTORS

FROM: MARIO IGLESIAS
GENERAL MANAGER 

DATE: MARCH 17, 2017

**AGENDA ITEM
E-1**

MARCH 22, 2017

**CONSIDER ALTERNATIVES FOR COMPLYING WITH THE
SUSTAINABLE GROUNDWATER ACT OF 2014 AND CONSIDER
AUTHORIZING THE COUNTY OF SAN LUIS OBISPO TO ACT AS
GROUNDWATER SUSTAINABILITY AGENCY FOR THE FRINGE
AREAS OF THE SANTA MARIA GROUNDWATER BASIN**

ITEM

Review and consider alternatives for complying with the Sustainable Groundwater Act of 2014 and select an alternative that benefits the residents served by the Nipomo Community Services District ("NCSD"), including authorization of the County of San Luis Obispo to act as the Groundwater Sustainability Agency for the fringe area of the Santa Maria Groundwater Basin [RECOMMEND APPROVE RESOLUTION AUTHORIZING THE COUNTY OF SAN LUIS OBISPO TO SERVE AS THE EXCLUSIVE GROUNDWATER SUSTAINABILITY AGENCY WITHIN THE FRINGE AREAS OF THE SANTA MARIA GROUNDWATER BASIN WITHIN THE NIPOMO COMMUNITY SERVICES DISTRICT BOUNDARIES]

BACKGROUND

The Sustainable Groundwater Management Act of 2014 ("SGMA") was signed by the Governor in September 2014, became law on January 2015, and amended by SB13 effective January 2016. The law requires that identified medium and high priority groundwater basins within the State of California be managed by a Groundwater Sustainable Agency ("GSA") on or before June 30, 2017. The Santa Maria Groundwater Basin ("Basin") is one of six groundwater basins in San Luis Obispo County ("County") that is considered medium or high priority by the California Department of Water Resources ("DWR").

SGMA established a new structure for managing California's groundwater resources at a local level by local agencies. A GSA is responsible for developing and implementing a Groundwater Sustainability Plan ("GSP") to meet the sustainability goal of the basin to ensure that it is operated within its sustainable yield, without causing undesirable results. Each GSA will need to develop a GSP by January 31, 2022. Groundwater basins may have single or multiple GSA's and single or multiple GSP's. Basins are subject to regulation by DWR in the event a GSA is not formed by local, eligible agencies.

The County's Public Works Department has been actively engaging cities, community services districts, water purveyors, agricultural interests and other stakeholders in an outreach effort to communicate the requirements of SGMA. Based on the findings and recommendations of this outreach effort, the County is moving forward with the formation of a GSA for the non-adjudicated portion of the Santa Maria Basin ("Basin") defined by DWR's Bulletin 118. While a majority of the Basin is exempt from SGMA as a result of the Basin Litigation and Judgment, there are "fringe areas" geographically contiguous to the Basin that are not included in the

adjudication [Attachment A]. NCSD boundaries extend over the fringe areas on the east side of Highway 101 as depicted in the attached map.

NCSD is a "local agency" as that term is defined by SGMA, and as such is authorized to form a GSA to manage groundwater resources in the fringe area and within its jurisdictional boundaries in accordance with SGMA and other applicable laws and authorities.

The decision by a local agency to form an independent GSA or to allow the County to assume that responsibility over its jurisdictional boundary is influenced by the unique circumstance of each agency. There are at least two factors to evaluate when deciding whether or not an agency chooses to form or participate in a GSA: maintaining land use authority over the GSA defined area and exercising control over groundwater extraction in the defined area. NCSD has no land use authority built into its governance, and does not utilize the fringe areas for water production or have plans for future groundwater extractions from the fringe areas of the Basin.

A review of the potential operation and administrative impacts of SGMA on NCSD and the extensive requirements of the GSA to manage the basin were undertaken by staff. Concerns over relinquishing to the County the opportunity to form or participate in a GSA and the authority over the fringe area for groundwater extraction are further expressed below. The GSA:

1. Could potentially place limitations on groundwater extractions should groundwater management protection measures dictate such an action. As stated above, NCSD does not plan on utilizing this section of the basin because it does not provide sufficient water productivity to make the fringe areas economically viable as a source of supply. There are two district wells in the fringe area. Both of these wells are out of service and have not been used in over 10 years.
2. Will have the authority to impose fees on groundwater extractions. GSAs will also have the ability to levy and collect taxes, assessments and charges as already provided by law. NCSD would be subject to extraction fees if it were to begin pumping water from the area. It could also be subject to fees assessed by the GSA but these fees are anticipated to be limited to fees paid by all parcels in the fringe area. The District holds three parcels in fee in the fringe area and these parcels could be subject to a GSA assessment should one be established.

NCSD or any other affected governmental agency must inform the County of their intent to allow the County to manage areas of the GSA within their jurisdiction or form an independent GSA that would work cooperatively with the County's GSA.

Staff has reviewed SGMA and considered the advantages and disadvantages to the community served by NCSD and concluded the potential cost and ongoing effort to form a GSA and manage the fringe areas of the Basin exceed the benefit. As a result, it is recommended that NCSD not exercise its option to form a GSA, but instead authorize and recognize the County as the exclusive GSA within the fringe areas of the Basin within NCSD boundaries. The attached resolution is provided for your Board's consideration [Attachment B].

FISCAL IMPACT

The financial impacts on NCSD for complying with SGMA are largely unknown. The County Public Works Department put together a summary of cost estimates for the six medium and high priority basins within the County [Attachment C]. For the Santa Maria Basin, the cost for the first five years is estimated at \$463,523 per year and \$250,000 from 2022 and beyond. If NCSD does not form a GSA, it will be subject to the County's discretion to exercise those means described and allowed in SGMA for collection of fees necessary to execute the GSP and administrate the program.

At its March 7, 2017 meeting, the San Luis Obispo County Board of Supervisors committed to paying for the first five years of the program for unincorporated areas in the County under certain conditions. There is some uncertainty tied to the County Board of Supervisors commitment. It is anticipated at some point in the future NCSD would be subject to fees to support the GSA. It is further anticipated that these fees would be equal to but no greater than fees paid by similar parcel owners within the GSA. NCSD holds three parcels in fee within the fringe areas: the quad tank site on Dana Foothill Road, the administration office site on Wilson Street, and the Savage Well site on West Dana Street.

STRATEGIC PLAN

Goal 1. WATER SUPPLIES. Actively plan to provide reliable water supply of sufficient quality and quantity to serve both current customers and those in the long-term future.

- 1.6 Continue to monitor and participate in water supply issues and programs with other local and regional organizations

RECOMMENDATION

Staff recommends that your Board receive the report and consider approving a resolution authorizing the County of San Luis Obispo to serve as the exclusive groundwater sustainability agency within the fringe areas of the Santa Maria Basin within the Nipomo Community Services District boundaries.

ATTACHMENTS

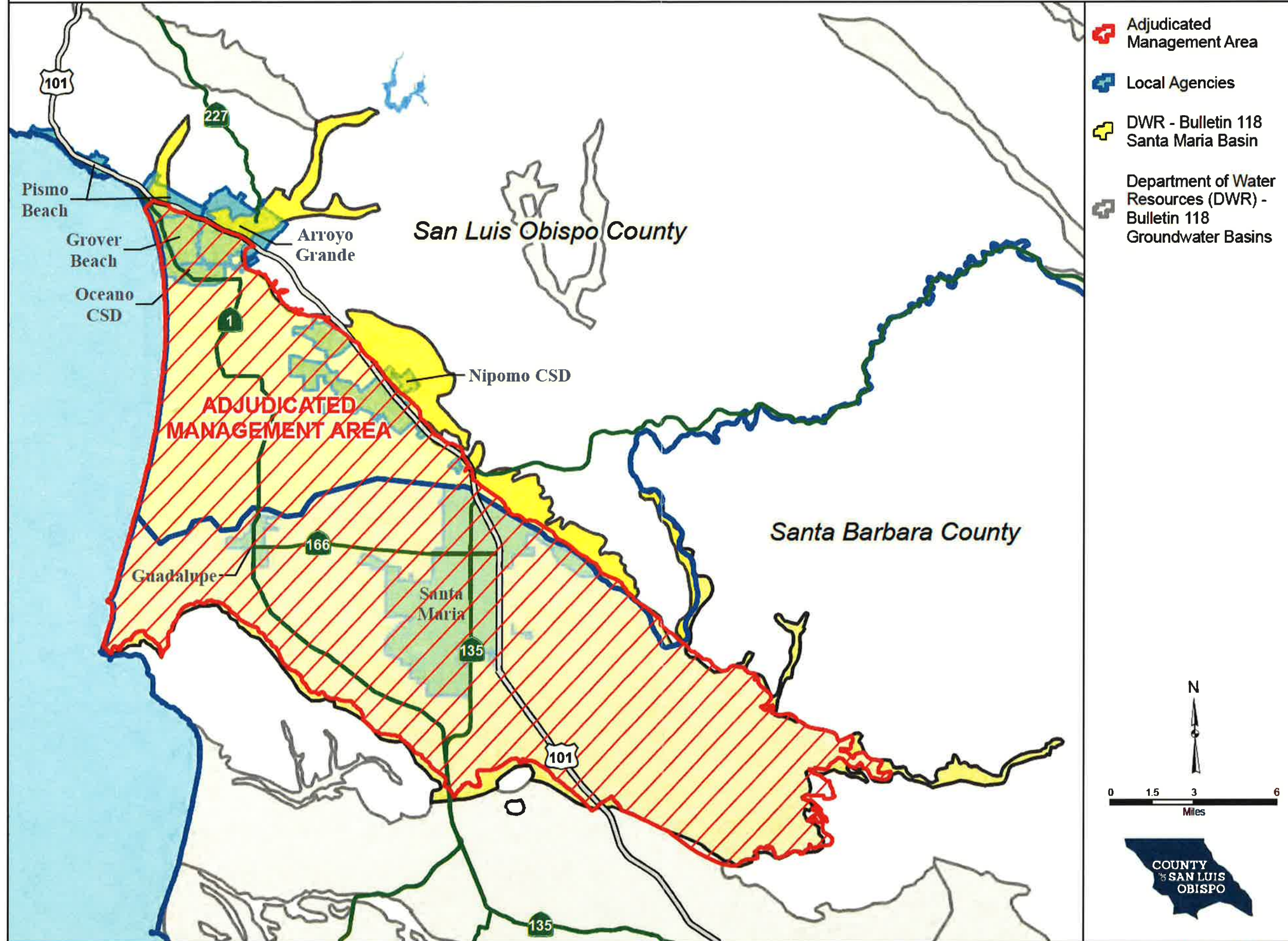
- A. County of San Luis Obispo Map: DWR Bulletin 118 – Santa Maria Groundwater Basin – Conceptual GSA Model
- B. Resolution 2017-XXXX Authorizing the County of San Luis Obispo to Serve as the Exclusive Groundwater Sustainability Agency Within the Fringe Areas of the Santa Maria Groundwater Basin Within the Nipomo Community Services District Boundaries
- C. County of San Luis Obispo: Table 2A, Summary of Costs Across All Unincorporated Areas

March 22, 2017

ITEM E-1

ATTACHMENT A

DWR Bulletin 118 - Santa Maria Groundwater Basin - Conceptual GSA Model



March 22, 2017

ITEM E-1

ATTACHMENT B

NIPOMO COMMUNITY SERVICES DISTRICT

RESOLUTION NO. 2017-XXXX

**RESOLUTION AUTHORIZING THE COUNTY OF SAN
LUIS OBISPO TO SERVE AS THE EXCLUSIVE
GROUNDWATER SUSTAINABILITY AGENCY WITHIN
THE FRINGE AREAS OF THE SANTA MARIA
GROUNDWATER BASIN WITHIN THE NIPOMO
COMMUNITY SERVICES DISTRICT BOUNDARIES**

A. WHEREAS, the Sustainable Groundwater Management Act (Water Code §§ 10720 et seq.) (“SGMA”) requires the establishment of a groundwater sustainability agency (“GSA”) for all basins designated as medium- or high-priority by the Department of Water Resources (“DWR”) on or before June 30, 2017; and

B. WHEREAS, the foregoing requirement does not apply to certain adjudicated areas identified in SGMA; and

C. WHEREAS, SGMA authorizes any local agency or collection of local agencies within a basin to become a GSA within its service area or within their collective service areas; and

D. WHEREAS, DWR has designated the Santa Maria Valley Groundwater Basin (Basin 3-12) (“Basin”) as a high priority basin; and

E. WHEREAS, although Water Code Section 10720.8(a)(18) identifies the Basin as an adjudicated area, there are areas of the Basin, as defined by DWR Bulletin 118, that were not included in the adjudication action (“Fringe Areas”); and

F. WHEREAS, a portion of one Fringe Area is located within the boundaries of the Nipomo Community Services District.

NOW, THEREFORE, BE IT RESOLVED AND ORDERED by the Board of Directors of the Nipomo Community Services District as follows:

1. Subject to Paragraphs 2 and 3 below and all applicable legal requirements, the County of San Luis Obispo is authorized to adopt (and to submit to DWR) a resolution establishing the County of San Luis Obispo as the GSA for those portions of the Fringe Area located within the Nipomo Community Services District (“District”), and the District agrees that it will neither adopt nor submit to DWR a competing resolution.

2. The authorization contained in Paragraph 1 above shall not be construed as in any way altering, waiving or otherwise impacting the authorities and rights preserved by SGMA, including, without limitation, the existing water rights and priorities consistent with Section 2 of Article X of the California Constitution.

3. The authorization contained in Paragraph 1 above does not include authorization to impose or collect from the District any taxes, assessments, fees, or charges except as duly authorized by law, including Articles XIII C and XIII D of the California Constitution, and to the extent otherwise imposed on other property owners within the Fringe Area.

Upon motion of Director _____, seconded by Director _____, and on the following roll call votes:

AYES:

NOES:

ABSENT:

ABSTAINING:

the foregoing resolution is hereby adopted this ____ day of _____, 2017.

Dan Gaddis
President of the Board

ATTEST:

Mario Iglesias
General Manager and Secretary to the Board

APPROVED AS TO FORM AND LEGAL EFFECT:

Whitney McDonald
District Counsel

March 22, 2017

ITEM E-1

ATTACHMENT C

TABLE 2A: Summary of Costs Across All Unincorporated Areas

Revised on 2/24/2017

This table summarizes the calculations from the following Table 2B and provides basin-by-basin estimates of the distribution of costs to develop and begin implementation of GSPs across all unincorporated areas of a basin. The left side of the table summarizes total costs for the GSP Development Phase (first 3 - 5 years), the right side shows the same costs on an annualized basis.

ALL UNINCORPORATED AREA SGMA FUNDING SCENARIO

Annualized Cost in All Unincorporated Areas
 GSP Development Phase Transition to Implementation

BASIN	GSP Development Phase Cost ^{(1),(2)}	Flood Control District Funding	Funding Provided by Other Entities ⁽²⁾	Cost to All Unincorporated Areas	Annualized Cost in All Unincorporated Areas					
					FY 2017-2018	FY 2018-2019	FY 2019-2020	FY 2020-2021	FY 2021-2022	FY 2022 and beyond
Cuyama Basin	3,217,615	1,090,000	1,595,711	531,904	177,301	177,301	177,301	250,000	250,000	250,000
Los Osos Basin	3,217,615	840,000	0	2,377,615	792,538	792,538	792,538	250,000	250,000	250,000
Paso Robles Basin	2,245,000	1,040,000	180,750	1,024,250	341,417	341,417	341,417	850,000	850,000	850,000
SLO Basin	3,217,615	900,000	115,881	2,201,734	440,347	440,347	440,347	440,347	440,347	950,000
Santa Maria Basin	3,217,615	900,000	0	2,317,615	463,523	463,523	463,523	463,523	463,523	250,000
Atascadero Basin	1,215,000	615,000	450,000	150,000	30,000	30,000	30,000	30,000	30,000	62,500
Totals	\$16,330,460	\$5,385,000	\$2,342,342	\$8,603,118	\$2,245,126	\$2,245,126	\$2,245,126	\$2,283,870	\$2,283,870	\$2,612,500

(1) Estimates for Paso, Atascadero, and SLO have been refined by working groups. SLO refinements have been applied to Los Osos, Santa Maria and Cuyama.

(2) Estimates do not include partner agencies in-kind services. Costs would increase if partner agencies reduce contribution, and/or if number of anticipated partner agencies decreases.