

TO: BOARD OF DIRECTORS

FROM: MARIO E. IGLESIAS
GENERAL MANAGER



DATE: May 4, 2017

AGENDA ITEM
E-2
MAY 10, 2017

**REVIEW DWR BULLETIN 118 AND SANTA MARIA BASIN FRINGE
AREAS WITHIN THE NIPOMO CSD BOUNDARIES
AND CONSIDER ACTIONS TO SUPPORT
SAN LUIS OBISPO COUNTY'S DWR BOUNDARY MODIFICATION
APPLICATION**

ITEM

Review the Department of Water Resources ("DWR") Bulletin 118 and the Santa Maria fringe area within the Nipomo Community Services boundaries and consider actions to support the County of San Luis Obispo's DWR boundary modification application [RECOMMEND REVIEW AND DIRECT STAFF].

BACKGROUND

The Nipomo Community Services District ("NCSD") draws water from the Santa Maria groundwater basin ("Basin"). The Basin has been designated a High Priority Basin by DWR and must comply with the Sustainable Groundwater Management Act of 2014 ("SGMA"). SGMA requires High Priority Basins to be managed by a Groundwater Sustainability Agency ("GSA") through a Groundwater Sustainability Plan ("GSP") by January 31, 2022. A critical deadline for High Priority Basins that are looking to adjust their boundaries is March 31, 2018 when Boundary Modification Applications ("BMA") are due.

The NCSD boundaries transcend the Basin boundaries into areas east of Highway 101 and categorized by DWR as fringe areas of the Basin. These fringe areas are not within the adjudicated boundaries of the Basin and therefore are not managed by the three court assigned management agencies. DWR is requiring these fringe areas to comply with SGMA and therefore a GSA must be formed to manage the groundwater within the fringe area.

There are approximately 1,700 NCSD water service customers within the fringe areas. These customers would be subject to fees associated with forming a GSA and managing the GSP. These customers are currently paying to manage the adjudicated Santa Maria groundwater basin, the source of their water supply. The NCSD Board of Directors ("Board") believes this is inequitable and not necessary as their customers don't use the fringe areas for water supply and there is concern that the fringe areas do not constitute a groundwater basin. For these reasons, the Board desires to assist the County of San Luis Obispo ("County") in their efforts to complete a BMA for the fringe areas within the NCSD Boundaries.

The Board has taken actions recommending the County act as the GSA in this area at its March 22, 2017 Board Meeting. At its April 26, 2017 Board Meeting, the Board responded to the County's funding plan by sending a letter requesting the County's Board of Supervisors to reconsider their new funding strategy and instead follow their original 2016 strategy. This staff report provides the Board with the opportunity to consider actions it could take in support of the BMA, a separate issue from the previous two actions.

Staff has asked the County how they and the District can collaborate to meet the BMA deadline. To date, staff has not received a reply.

FISCAL IMPACT

There is no impact to the budget at this time.

STRATEGIC PLAN

Goal 7. COMMUNICATION. Use public outreach to communicate effectively with the public to obtain their input and build understanding and support for the District.

- 7.2 Maintain productive communication and relationships with key stakeholders, such as city, County, State and Federal legislators, service clubs, etc. As appropriate, plan and assign for this role.

RECOMMENDATION

Review and discuss opportunities to assist the County and direct staff.

ATTACHMENTS

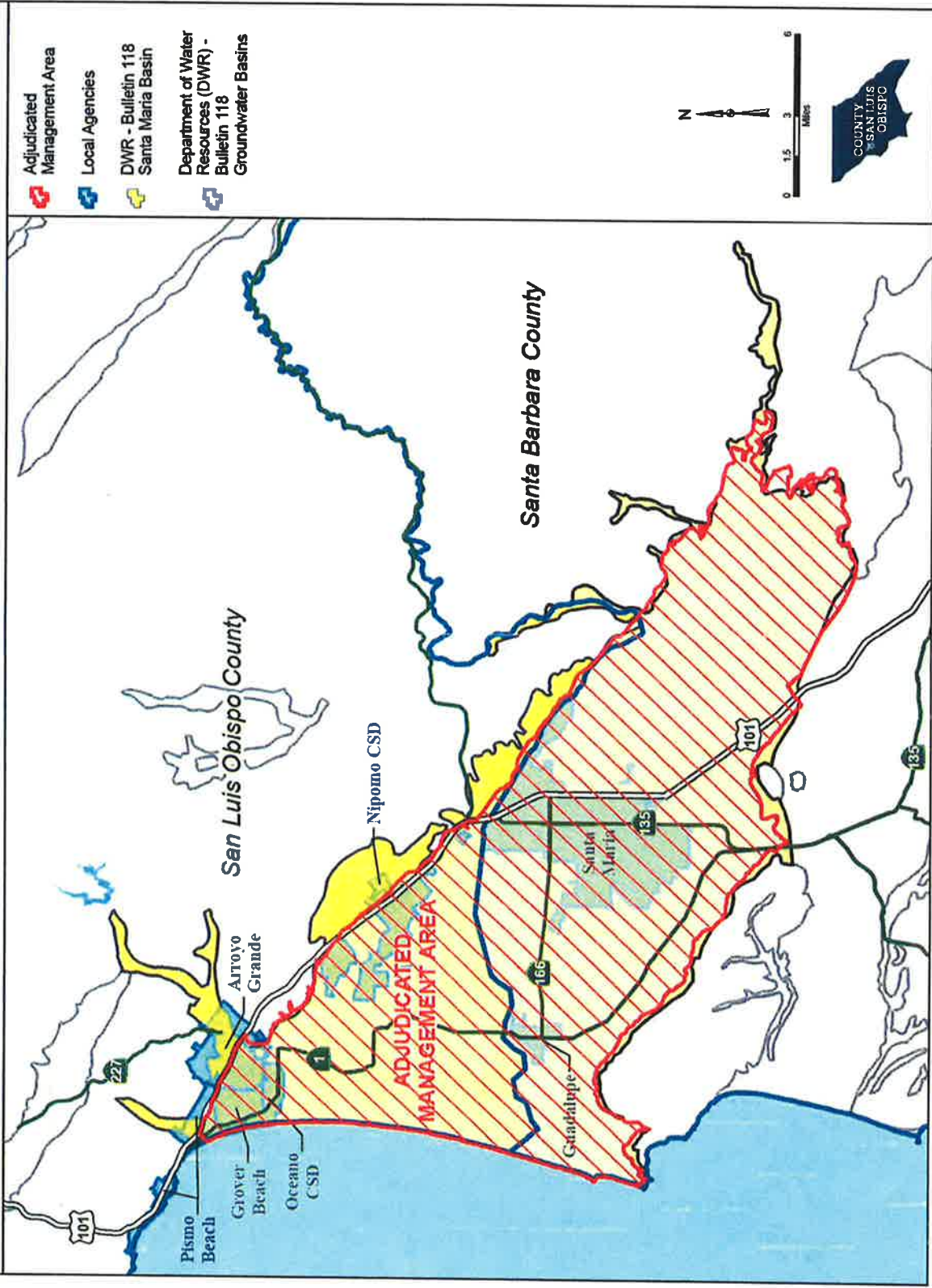
- A. Map – DWR Bulletin 118 – Santa Maria Groundwater Basin
- B. DWR List of Required Components
- C. March 22, 2017, Staff Report; NCSD Authorizing County to act as GSA
- D. April 26, 2017, Staff Report; NCSD Response to County Funding Strategy
- E. May 1, 2017, Letter from NCSD to SLO County, County Funding Strategy

May 10, 2017

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ATTACHMENT A

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



- Adjudicated Management Area
- Local Agencies
- DWR - Bulletin 118 Santa Maria Basin
- Department of Water Resources (DWR) - Bulletin 118 Groundwater Basins

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COUNTY OF SAN LUIS OBISPO

May 10, 2017

ITEM E-2

ATTACHMENT B

CA Code of Regulations	Basin Boundary Regulations Required Components ¹	Type of Modification	Action	Sample Document, Informational Sites
Article 1 - Introductory Provisions				
§ 340.	Authority and Purpose These regulations specify the information a local agency is required to provide when requesting that the Department revise the boundaries of a basin or subbasin, including the establishment of new subbasins, and the methodology and criteria used by the Department to evaluate a modification to existing basin or subbasin boundaries.			
Article 4 - Procedures for Modification Request and Public Input				
§ 343.	Introduction to Procedures A request for boundary modification may be initiated by a local agency whose jurisdiction lies within or borders the existing or proposed basin or subbasin for which boundary modification is sought.	All		
§ 343.2.	Requesting agencies shall, to the greatest extent practicable, combine all boundary modification requests that affect the same basin or subbasin and coordinate with other affected agencies and affected systems, as necessary, to present the information as a single request. The Department may require the combination of boundary modification requests to avoid duplicative or conflicting requests, and may consider and adopt all or any proposals contained in a combined boundary modification request.	All	Procedural	
§ 343.09.	Initial Notification Within 15 days of local agency's decision to explore boundary modification, the relevant local agency shall notify the Department by written notice of its interest in exploring a boundary modification and make general information about its process publicly available by posting relevant information to the local agency's Internet Web site or by other suitable means. The initial notification shall include a brief description and preliminary map of the proposed boundary modification.	All	Deliverable	DWR - Initial Notification - Basin Boundary Modification Request System
§ 343.10.	Status of Request The requesting agency shall, upon receiving notice that the request is complete, within five (5) working days notify all interested local agencies and public water systems in the affected basins and any other person or entity who has made a written request for notification of the proposed modification to the requesting agency. The notice from the requesting agency shall describe the procedural requirements to provide public input to a request pursuant to Section 343.12, including the deadlines to submit public input, the form in which public input must be submitted, and the address to which public input must be submitted.	All	Procedural	
§ 343.12.	Public Input Any person may provide information to support or oppose a proposed boundary modification request as follows:	All		
§ 343.12.(a)	Public input must be submitted by written notice to the Department within 30 days after the Department posts a notice that the request is complete pursuant to Section 343.10(C), and provide the requesting agency a duplicate copy of that information the same day.	All	Deliverable	
§ 343.12.(a)(1)	Public input must include the name, address, and electronic mail address of the person or entity providing that input.	All	Deliverable	
§ 343.12.(a)(2)	Public input must include a clear statement of the basis for the support or opposition to the proposed boundary modification.	All	Deliverable	
§ 343.12.(a)(3)	The level of detail provided by public input need not be as comprehensive as that contained in the request, but must rely on similar scientific and technical information as the particular boundary modification request to which it is addressed, and will be evaluated by the Department using the same criteria.	All	Deliverable	

CA Code of Regulations	Basin Boundary Regulations Required Components ¹	Type of Modification	Action	Sample Document, Informational Sites
Article 5 - Supporting Information				
§ 344.	Introduction to Supporting Information ...describes the type of information provided by a requesting agency to support a boundary modification request.			
§ 344.2.	Requesting Agency Information Each request for boundary modification shall include the following information:			
§ 344.2.(a)	The name and mailing address of the requesting agency.	All	Deliverable	
§ 344.2.(b)	A copy of the statutory or other legal authority under which the requesting agency was created with specific citations to the provisions setting forth the duties and responsibilities of the agency.	All	Deliverable	
§ 344.2.(c)	A copy of the resolution adopted by the requesting agency formally initiating the boundary modification request.	All	Deliverable	
§ 344.2.(d)	The name and contact information, including phone number, mailing address and e-mail address, of the request manager.	All	Deliverable	
§ 344.4.	Notice and Consultation Each request for boundary modification shall include information demonstrating that the requesting agency consulted with affected agencies and affected systems including but not limited to, the following:			
§ 344.4.(a)	A list of all local agencies and public water systems in the affected basins with the subset of affected agencies and affected systems specifically identified.	All	Deliverable	DWR - Tool: Groundwater Basin Boundary Assessment Tool
§ 344.4.(b)	An explanation of the methods used to identify affected agencies and affected systems.	All	Deliverable	
§ 344.4.(c)	Information regarding the nature of consultation, including copies of correspondence with affected agencies and affected systems and any other persons or entities consulted, as appropriate.	All	Deliverable	
§ 344.4.(d)	A summary of all public meetings at which the proposed boundary modification was discussed or considered by the requesting agency, including copies of meeting agendas or minutes, if prepared, and any notices published.	All	Deliverable	
§ 344.4.(e)	A copy of all comments regarding the proposed boundary modification received by the requesting agency and a summary of any responses made by the requesting agency.	All	Deliverable	
§ 344.6.	Description of Proposed Boundary Modification Each request for boundary modification shall include a concise description of the proposed modification, including an overview of the request and a description or explanation of the following:			
§ 344.6.(a)	The category of boundary modification proposed.	All	Deliverable	DWR - Basin Boundary Modification Facilitator
§ 344.6.(a)(1)	The identification of all affected basins or subbasins, including Bulletin 118 basin or subbasin names and numbers	All	Deliverable	DWR - Groundwater Basin Boundary Assessment Tool
§ 344.6.(a)(3)	A proposed name for each new subbasin or consolidated basin, if applicable.	All	Deliverable	
§ 344.6.(b)	Each request for a jurisdictional boundary modification pursuant to Section 342.4 shall also include the following:	Jurisdictional - All		
§ 344.6.(b)(1)	An explanation of how the proposed boundary modification would promote sustainable groundwater management in the proposed basin or subbasin.	Jurisdictional - All	Deliverable	
§ 344.6.(b)(2)	An explanation of how the proposed boundary modification would affect the ability of adjacent basins or subbasins to sustainably manage groundwater in those basins or subbasins.	Jurisdictional - All	Deliverable	
§ 344.6.(b)(3)	A historical summary of groundwater management in the proposed basin or subbasin.	Jurisdictional - All	Deliverable	DWR - Groundwater Information Center Interactive Map

CA Code of Regulations	Basin Boundary Regulations Required Components ¹	Type of Modification	Action	Sample Document, Informational Sites
§ 344.6.(b)(4)	An explanation of how the proposed boundary modification may affect state programs, including, but not limited to the California Statewide Groundwater Elevation Monitoring (Water Code Section 10920 et seq.), Groundwater Management Plans developed pursuant to AB 3030 (Water Code Section 10750 et seq.), Groundwater Sustainability Plans or alternatives developed pursuant to the Sustainable Groundwater Management Act (Water Code Section 10720 et seq.), any applicable state or regional board plans, and other water management and land use programs.	Jurisdictional - All	Deliverable	DWR - Groundwater Basin Boundary Assessment Tool DWR - CASSEM Login DWR - IRWM Program DWR - Groundwater Management Plans State Water Resources Control Board Webpage Regional Water Quality Control Board Weblink and Contact Information Webpage
§ 344.6.(c)	Any other information deemed appropriate by the requesting agency, including but not limited to, an explanation of opportunities that would arise from or obstacles that would be overcome by the boundary modification request.	All	Deliverable	
§ 344.8.	Local Agency Input			
§ 344.8.(e)	<i>Each request for boundary modification shall include the following:</i>	All		
§ 344.8.(a)(1)	Evidence that the requesting agency provided information to affected agencies and affected systems regarding the proposed boundary modification as required by Section 344.4 and provided those affected agencies and affected systems an opportunity to comment in support or opposition.	All	Deliverable	
§ 344.8.(a)(2)	Copies of all comments and documents from affected agencies and affected systems in support of or opposition to the proposed modification.	All	Deliverable	
§ 344.8.(a)(3)	Any evidence the requesting agency believes will rebut any opposition to the proposed boundary modification or otherwise assist the Department in its evaluation.	All	Deliverable	
§ 344.8.(b)	<i>Any affected agency or affected system that elects to support or oppose the proposed boundary modification shall provide the requesting agency with one of the following:</i>	Affected Agencies / System		
§ 344.8.(b)(1)	A copy of a resolution formally adopted by the decision-making body of the affected agency or affected system.	Affected Agencies / System	Deliverable	
§ 344.8.(b)(2)	A letter signed by an executive officer or other official with appropriate delegated authority who represents the affected agency or affected system.	Affected Agencies / System	Deliverable	
§ 344.8.(c)	The level of detail provided by an affected agency or affected system in support or opposition to a proposed boundary modification need not be as comprehensive as that contained in the request, but the support or opposition must rely on similar scientific and technical information as the particular boundary modification request to which it is addressed, and will be evaluated by the Department using the same criteria.	Affected Agencies / System	Procedural	
§ 344.8.(d)	A request that involves basin subdivision pursuant to Section 342.4(c) shall provide information demonstrating that the proposed boundary modification is supported by at least three-fourths of the local agencies and public water systems in the affected basins.	Basin Subdivision	Deliverable	

CA Code of Regulations	Basin Boundary Regulations Required Components ¹	Type of Modification	Action	Sample Document, Informational Sites
§ 344.10.	General Information			
	<i>Each request for boundary modification shall include the following general information:</i>	All		
§ 344.10 (a)	A description of the lateral boundaries and definable bottom of the proposed basin or subbasin that is in clear and definite terms, based on authoritative sources, and of sufficient detail to allow a map of the proposed lateral basin or subbasin boundaries to be plotted from that description.	All	Deliverable	Template Basin Description From B-118 (Tracy Subbasin)
§ 344.10 (b)	A graphical map of adequate scale and GIS files showing the proposed basin or subbasin boundary in relation to the existing Bulletin 118 basin or subbasin boundary and the affected agencies and affected systems that are within or bordering the existing and proposed basin or subbasin.	All	Deliverable	DWR – Groundwater Basin Boundary Assessment Tool
§ 344.12.	Hydrogeologic Conceptual Model			
§ 344.12 (a)	<i>Each request for boundary modification shall include a clearly defined hydrogeologic conceptual model demonstrating the following for the proposed basin or subbasin:</i>	All		
§ 344.12.(a)(1)	Principal aquifers.	All	Deliverable	DWR – Existing Groundwater Management Plans Integrated Regional Water Management Plans DWR – Bulletin 118 Existing Basin Descriptions Groundwater Basin Adjudications Technical Studies – USGS – Publication Warehouse Technical Studies – DWR – Publications
§ 344.12.(a)(2)	Lateral boundaries, including:	All	Deliverable	
§ 344.12.(a)(2)(A)	Geologic features that significantly impede or impact groundwater flow.	All	Deliverable	DOC – California Geologic Survey Maps
§ 344.12.(a)(2)(B)	Aquifer characteristics that significantly impede or impact groundwater flow.	All	Deliverable	
§ 344.12.(a)(2)(C)	Significant geologic and hydrologic features and conditions of the principal aquifers, as appropriate, including information regarding the confined or unconfined nature of the aquifers, facies changes, truncation of units, the presence of faults or folds that impede groundwater flow, or other groundwater flow restricting features.	All	Deliverable	DOC – California Geologic Survey Maps DWR – Groundwater Information Center/Interactive Map DWR – Existing Groundwater Management Plans
§ 344.12.(a)(2)(D)	Key surface water bodies, groundwater divides and significant recharge sources.	All	Deliverable	Soil Agricultural Groundwater Banking Index DOC – California Geologic Survey Maps DWR – Groundwater Information Center/Interactive Map
§ 344.12.(a)(3)	Recharge and discharge areas within or adjacent to the basin or subbasin.	All	Deliverable	Soil Agricultural Groundwater Banking Index
§ 344.12.(a)(4)	Definable bottom of the basin or subbasin.	All	Deliverable	DWR – San Joaquin Valley – Base of Freshwater Map 1970's DWR – Groundwater Information Center/Interactive Map
§ 344.12.(b)	The Department may waive the requirement of this section for an internal boundary modification pursuant to Section 342.4(a) if the requesting agency is able to demonstrate that the proposed boundary modification is unlikely to affect sustainable groundwater management.	Internal	Procedural	

CA Code of Regulations	Basin Boundary Regulations Required Components ¹	Type of Modification	Action	Sample Document, Informational Sites
§ 344.14.	Technical Studies for Scientific Modifications Each request for a scientific modification pursuant to Section 342.2 shall include information that demonstrates the extent of the aquifers, including the following:			
§ 344.14.(a)	A qualified map that depicts the lateral boundaries of the aquifers that define the basin or subbasin.	Scientific - All	Deliverable	DWR - Groundwater Basin Boundary Assessment Tool USGS - Maps, Imagery, and Publications DOC - California Geologic Survey Maps
§ 344.14.(a)(1)		Scientific - All	Deliverable	Technical studies DWR Wells Completion Reports USGS - Publication Warehouse DWR - Publication Warehouse
§ 344.14.(a)(2)	A technical study that provides subsurface data demonstrating the vertical thickness and relevant physical properties of the aquifers, such as hydrogeologic cross section(s), if available.	Scientific - All	Deliverable	
§ 344.14.(b)	In addition to the information required in Section 344.14(a), each request for scientific modification involving a hydrogeologic barrier pursuant to Section 342.2(b) shall demonstrate the presence or absence of impediments to subsurface groundwater flow, such as impermeable material, a fault, or groundwater divide, based on the following information:	Scientific - Hydrologic Barrier		
§ 344.14.(b)(1)	A qualified map depicting geologic structures or features that could significantly impact or impede groundwater flow.	Scientific - Hydrologic Barrier	Deliverable	DWR - Groundwater Basin Boundary Assessment Tool USGS - Maps, Imagery, and Publications DOC - California Geologic Survey Maps
§ 344.14.(b)(2)	A technical study that provides geologic and hydrologic evidence of groundwater conditions including, as appropriate:	Scientific - Hydrologic Barrier		
§ 344.14.(b)(2)(A)	Historical and current potentiometric surface maps, groundwater levels, groundwater recharge and discharge areas of the aquifers within the vicinity of proposed boundary modification.	Scientific - Hydrologic Barrier	Deliverable	USGS - Publication Warehouse DWR - Publication Warehouse DWR - Groundwater Information Center
§ 344.14.(b)(2)(B)	Aquifer testing results demonstrating boundary condition response.	Scientific - Hydrologic Barrier	Deliverable	Local Aquifer Testing Reports DWR Aquifer Testing Report USGS Aquifer Testing Reports
§ 344.14.(b)(2)(C)	Water quality information of the aquifers including but not limited to general water quality parameters and isotopic analysis.	Scientific - Hydrologic Barrier	Deliverable	DWR - Water Quality Publications USGS - Water Quality Publications GAMA - Water Quality Publications
§ 344.14.(b)(2)(D)	Geophysical investigations and supporting data.	Scientific - Hydrologic Barrier	Deliverable	
§ 344.14.(b)(2)(E)	Other information that the requesting agency considers relevant to the boundary modification request.	Scientific - Hydrologic Barrier	Deliverable	
§ 344.14.(c)	Other technical information required by the Department that is necessary to evaluate a boundary modification request made pursuant to Section 342.2.	Scientific - Hydrologic Barrier	Deliverable	
§ 344.14.(d)	A request for a scientific modification to an external boundary pursuant to Section 342.2(a) may utilize any of the information in Section 344.14(b) if the requesting agency believes it may assist the Department in its evaluation.	Scientific - External	Deliverable	

CA Code of Regulations	Basin Boundary Regulations Required Components ¹	Type of Modification	Action	Sample Document, Informational Sites
§ 344.16.	Technical Studies for Jurisdictional Modifications Each request for a boundary modification that involves a jurisdictional modification pursuant to Section 342.4 shall include the following:			
§ 344.16 (a)	A water management plan that covers all or a portion of the proposed basin or subbasin and contributes to meeting the requirements of Water Code Sections 10753.7(a) or 10727, including any of the following:	Jurisdictional - All		
§ 344.16 (a)(1)	An adopted groundwater management plan, a basin wide management plan, or other integrated regional water management program or plan that meets the requirements of Water Code Section 10753.7(a).	Jurisdictional - All	Deliverable	DWR - Groundwater Basin Boundary Assessment Tool
§ 344.16 (a)(1)(A)	Management pursuant to an adjudication action.	Jurisdictional - All	Deliverable	DWR - Groundwater Basin Boundary Assessment Tool
§ 344.16 (a)(1)(B)	One or more technical studies that cover the relevant portion of a basin or subbasin.	Jurisdictional - All	Deliverable	DWR - Groundwater Basin Boundary Assessment Tool
§ 344.16 (a)(1)(C)	A valid Groundwater Sustainability Plan adopted pursuant to the Act or an alternative approved by the Department in accordance with Water Code 10733.6.	Jurisdictional - All	Deliverable	DWR - Groundwater Basin Boundary Assessment Tool
§ 344.16 (a)(1)(D)	A Statement of the existing and planned coordination of sustainable groundwater management activities and responsibilities where required by the Act.	Jurisdictional - All	Deliverable	
§ 344.16 (b)	Each request for a boundary modification that involves a basin subdivision pursuant to Section 342.4(c) shall provide, where applicable, a description and supporting documentation of historical and current conditions and coordination within the existing and proposed basin or subbasin related to the following:	Jurisdictional - Subdivision		
§ 344.16 (b)(1)	Groundwater level monitoring programs, historical and current groundwater level trends, and areas of significant groundwater level declines.	Jurisdictional - Subdivision	Deliverable	DWR - Groundwater Information Center Interactive Map Local Publications DWR - Publication Warehouse USGS - Publication Warehouse
§ 344.16 (b)(2)	Groundwater quality issues that may impact the supply and beneficial uses of groundwater, including a map of known impacted sites and areas, mitigation measures planned or in place, and a description of impact to water budget.	Jurisdictional - Subdivision	Deliverable	DWR - Water Quality Publications USGS - Water Quality Publications GAMA - Water Quality Publications
§ 344.16 (b)(3)	Inelastic land surface subsidence including a map of known land subsidence areas, historical trends within known land subsidence areas, and a description of impacts to the water budget.	Jurisdictional - Subdivision	Deliverable	DWR - Land Subsidence Monitoring NASA Subsidence Report USGS - San Joaquin Valley Subsidence Report USGS - Land Subsidence from Groundwater Use in California Report USGS - San Joaquin Valley Subsidence Webpage USGS - California Land Subsidence Webpage
§ 344.16 (b)(4)	Groundwater-surface water interactions, which may be demonstrated by a map identifying significant surface water bodies, and a groundwater elevation contour map or detailed written description of the direction of groundwater movement relative to the water bodies, the location and nature of seeps and springs, and known water quality issues within the basin or subbasin and in hydraulically connected adjacent basins or subbasins.	Jurisdictional - Subdivision	Deliverable	USGS - National Hydrography Dataset CDFW - Conservation Databases
§ 344.16 (b)(5)	A map identifying the recharge areas in the proposed and existing basin.	Jurisdictional - Subdivision	Deliverable	Soil Agricultural Groundwater Banking Index

CA Code of Regulations	Basin Boundary Regulations Required Components ¹	Type of Modification	Action	Sample Document, Informational Sites
§ 344.18.	<p><i>CEQA Compliance</i></p> <p>The requesting agency shall satisfy requirements of the California Environmental Quality Act (Public Resources Code Sections 21000 et seq.), including, if necessary, information to enable the Department to satisfy the requirements of a responsible agency.</p>	All	Deliverable	<p>Resources Agency - CEQA Home Page</p> <p>Resources Agency - CEQA Statutes and Guidelines</p>

¹ Basin Boundary Regulation Required Component column content may be paraphrased and the Basin Boundary Regulations will always be used as the official legal requirements

May 10, 2017

ITEM E-2

ATTACHMENT C

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 NCS D 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 NCS D 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 NCS D 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. NCS D 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.

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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

May 10, 2017

ITEM E-2

ATTACHMENT D

TO: BOARD OF DIRECTORS
FROM: MARIO IGLESIAS
GENERAL MANAGER
DATE: April 21, 2017

**AGENDA ITEM
E-1**

APRIL 26, 2017

**CONSIDER RESPONDING TO THE COUNTY OF SAN LUIS OBISPO
BOARD OF SUPERVISOR'S SUSTAINABLE GROUNDWATER
MANAGEMENT ACT FUNDING POLICY SHIFT**

ITEM

Discuss possible response by Nipomo Community Services District to the San Luis Obispo County Board of Supervisor's decision to modify their policy on the Sustainable Groundwater Management Act and direct staff as needed. [RECOMMEND CONSIDER POSSIBLE RESPONSE AND DIRECT STAFF]

BACKGROUND

At your Board's March 22, 2017, Board Meeting, staff presented for the Board's consideration a resolution recommending the County of San Luis Obispo ("County") to act as the Groundwater Sustainability Agency ("GSA") for the fringe areas of the Santa Maria Groundwater Basin ("Basin") within the Nipomo Community Services District ("NCSD") boundaries. Within that staff report [Attachment A], background information was provided regarding the Sustainable Groundwater Management Act ("SGMA") and the requirement to form a GSA was explained.

The County Board of Supervisors ("Supervisors") adopted a SGMA strategy on January 13, 2015 [Attachment B]. The Supervisors modified this document on May 24, 2016, November 1, 2016, and again on March 7, 2017. The latest revision caused some communities in the County to react because of the Supervisor's policy change regarding GSA program funding. A significant policy modification to the strategy, "Policy Statement 3." found on page 9 of 16 under "Policy Statement 3a. Financial Strategies", redirects the costs of the GSA program for the first 5 years from those parcels within the GSA to the entire County's population. This policy shift was reaffirmed at the County's April 4th Supervisor's meeting when, for the second time, Supervisors voted to modify their SGMA strategy to shift the cost burden of the program in this manner. Supervisors had voted in favor of the policy shift at their March 7, 2017, meeting but due to procedural controversy, elected to revisit the issue at its April 4th Supervisor's Meeting.

The Board of Directors of two Community Services Districts ("CSD"), Oceano CSD and Cambria CSD, the cities of San Luis Obispo and Paso Robles, as well as agencies and individuals throughout the County have submitted letters of opposition after evaluating the County's policy shift. Letters from the CSDs and cities are attached for your review [Attachment C]. A primary argument sited throughout these transmittals is the perceived inequity of the County's

action. The County is paying GSA program costs where it may be more appropriate for these costs to be borne by property owners within the GSA boundaries who directly benefit from the GSA program.

The County has published a basin-by-basin estimate of the distribution of costs to develop and begin implementation of a Groundwater Sustainability Plan (“GSP”) for the six groundwater basins included in the County’s GSA [Attachment D]. The summary of costs table identifies \$5.3 million coming from the Flood Control District, \$4.8 million from other entities, leaving a balance of \$6.1 million in unidentified coverage for the total cost estimate of \$16.3 million. It is unclear where the balance of these funds is accounted for in the County’s budget as requests for information have not yet been provided.

Your Board may or may not decide to weigh in on the County’s policy shift outlined in the County’s adopted SGMA strategy. The County will be adopting their budget for Fiscal Year 2017-18 in June 2017. The Supervisors would evaluate County-wide programs and setting budgets to support their goals and objectives during this time.

FISCAL IMPACT

There is no direct fiscal impact to NCS D other than the financial burden it may carry to support the costs of the GSA. The District holds fee title on three parcels within the fringe area of the Santa Maria basin. These parcels would be subject to any future assessment deemed necessary by the County to cover the costs associated with maintaining the GSA.

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 your Board discuss the County’s shift in policy regarding its SGMA compliance strategy and come to consensus on what actions to take, if any, and provide staff with direction.

ATTACHMENTS

- A. NCS D March 22, 2017, Agenda Item E-1, Consider Alternatives... SGMA...
- B. San Luis Obispo County, Dept. of Public Works, SGMA Strategy
- C. CSD/City Letters of Opposition to County GSA Funding Strategy Shift
- D. County Summary of Cost Tables for GSPs Implementation w/Map

May 10, 2017

ITEM E-2

ATTACHMENT E

NIPOMO COMMUNITY

BOARD MEMBERS

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ED EBY, VICE PRESIDENT
BOB BLAIR, DIRECTOR
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DAN WOODSON, DIRECTOR



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May 1, 2017

The Honorable John Peschong, Chair and
Members of the Board of Supervisors
County of San Luis Obispo
County Government Center
1055 Monterey Street
San Luis Obispo, CA 93408

Dear Chair Peschong and Members of the Board of Supervisors

**SUBJECT: Proposed County Formation of a Groundwater Sustainability Agency
(Sustainable Groundwater Management Act)**

At its April 26, 2017 Regular Board Meeting, the Board of Directors ("Board") for the Nipomo Community Services District ("NCSD") discussed the County's Board of Supervisors ("Supervisors") March 7, 2017 revision to its Sustainable Groundwater Management Act ("SGMA") Strategy. The Board is concerned that the revision is an inappropriate use of County General Funds ("General Fund") as it places an inequitable tax burden on the Board's constituency.

Specifically, the Board objects to the Supervisor's redirecting of taxpayer money from the General Fund to subsidize groundwater management costs for rural parcels in other parts of the County. By committing up to \$16 million for managing groundwater resources for properties that have chosen not to self-manage, the Supervisors are allocating public funds at the expense of all residents within the County. Before this funding strategy revision by Supervisors, property owners had the choice of self-management and funding to retain local control. This revision does not give the choice of self-funding to those property owners.

Self-management and funding for groundwater management prevails over most of the County.

Community services districts, incorporated cities, water districts, and adjudicated areas currently fund their groundwater management through taxes and water rates. The 13,000 residents who are customers of NCSD spent \$25 million to build the infrastructure needed to import water to augment their groundwater supply. NCSD spends over \$100,000 per year for the Nipomo Mesa Management Area ("NMMA") Technical Group to manage our

water use. NCSD customers are committed to spend close to \$1 million this year, increasing this amount to nearly \$4 million per year for imported water by 2025. The County does not provide funding support for these expenditures. These costs are borne entirely by NCSD customers through water rates and taxes.

Stakeholders should fund their own groundwater management.

The NCSD customers, who are paying millions to manage their groundwater basin, will see no benefit from this subsidy. These customers will be paying twice for groundwater management: once for groundwater management in Nipomo, and again for properties in other areas of the County. Other self-managed areas in the County will be exposed to a similar cost sharing inequity.

County projects and services will be negatively impacted from this General Fund reallocation.

Funding for Groundwater Sustainability Agencies ("GSA") as proposed by the Supervisors will have to come from a new source or if from an existing source, planned County projects and services will have to be reduced or suspended. Since no new taxes are proposed to offset the projected costs, General Fund expenditures will have to be redirected. In Nipomo, funds to develop the Jack Ready Park, the Jim O. Miller Park, the Dana Adobe Cultural Center, and the Nipomo Skateboard Park will be put in jeopardy.

Commitment of County funds is premature.

County commitment of these management funds is currently unnecessary, as no fringe area willingness to self-fund, to our knowledge, has been tested through a 218 process. Other communities in the County have volunteered to fund their own groundwater management efforts to avoid State or County control of their resources. Before committing any funds, the County should provide affected communities with an opportunity to choose by initiating a 218 process.

Shrinking or eliminating inappropriate fringe areas will reduce the groundwater management costs.

The Board believes the Nipomo Valley fringe area is not part of the Santa Maria Valley Groundwater Basin and the Nipomo Valley is not a true basin with a confining impervious bottom; it is believed to be fractured rock, not a saturated soil aquifer. There is no proven hydraulic connection between the Nipomo Valley and the Santa Maria Valley Groundwater Basin aquifer. The Board appreciates the ongoing efforts of the County's Public Works Department to develop the data needed to verify our beliefs. With this data in hand, the County should submit a boundary modification application to the Department of Water Resources to realign the Nipomo Valley fringe area boundary with the boundary of the adjudicated Santa Maria basin.

The Board requests the Supervisors reconsider their March 7, 2017 revised funding strategy of the County's Sustainable Groundwater Management Act (SGMA) Strategy, and remove the tax burden from County residents who do not directly benefit from this revision.

This letter was compiled and approved by NCSD's Board of Directors.

Regards,

NIPOMO COMMUNITY SERVICES DISTRICT

A handwritten signature in black ink, appearing to read "Dan Allen Gaddis". The signature is written in a cursive style with a large initial "D".

Dan Allen Gaddis,
President
Nipomo Community Services District
Board of Directors

c: NCSD Board of Directors
W. McDonald, NCSD General Counsel