

SPECIAL MEETING AGENDA

December 9, 2019

2:00 PM

County of Merced Board Chambers, Third Floor
2222 M Street, Merced, CA

Bob Kelley, Stevinson Water District

Chair

Nic Marchini, Western White Area Representative

Vice Chair

George Park, Lone Tree Mutual Water Company
Lloyd Pareira, County of Merced

Kole Upton, Le Grand-Athlone Water District
Michael Gallo, Eastern White Area Representative

1. CALL TO ORDER/ROLL CALL

2. PLEDGE OF ALLEGIANCE

3. PUBLIC COMMENT PERIOD

Public opportunity to speak on any matter of public interest within the Board's jurisdiction including items on the Board's agenda. Testimony limited to three minutes per person.

4. APPROVAL OF MINUTES

Action to approve the meeting minutes from the regular meeting on July 11, 2019 and October 10, 2019.

5. PUBLIC HEARING TO CONSIDER ADOPTION OF THE MERCED SUBBASIN GROUNDWATER SUSTAINABILITY PLAN

1. Open the public hearing and receive testimony
2. Close the public hearing
3. Consider approval of the resolution adopting the Merced Subbasin Groundwater Sustainability Plan

6. COMMENT LETTER TO LAFCO

Action to approve joining a joint comment letter from the Merced Subbasin GSAs to LAFCO regarding the application of a new water district in the Merced Subbasin. Authorize the chair to sign the letter.

7. COORDINATION COMMITTEE UPDATE

8. BOARD REPORTS

9. NEXT REGULAR MEETING

10. ADJOURNMENT

Alternate formats of this agenda will be made available upon request by qualified individuals with disabilities. Appropriate interpretive services for this meeting will be provided if feasible upon advance request by qualified individuals with disabilities. Please contact the Secretary at (209) 385-7654 for assistance and allow sufficient time to process and respond to your request. Copies of agendas and minutes will be available at the Merced County Community and Economic Development Department and at www.countyofmerced.com/MercedSubbasinGSA.

**MERCED SUBBASIN GROUNDWATER SUSTAINABILITY AGENCY JOINT POWERS
AUTHORITY (JPA)
GOVERNING BOARD**

MINUTES FOR MEETING OF JULY 11, 2019

The agenda, original minutes, and all supporting documentation (for reference purposes only) of the Merced Subbasin Groundwater Sustainability Agency Governing Board meeting of July 11, 2019 are available online at www.countyofmerced.com/MercedSubbasinGSA.

I. CALL MEETING TO ORDER

The regular public meeting of the Merced Subbasin Groundwater Sustainability Agency Joint Powers Authority Governing Board was called to order at 2:00 p.m., on July 11, 2019, in the Board Chambers located at 2222 "M" Street, Third Floor, Merced, California.

II. PLEDGE OF ALLEGIANCE

III. ROLL CALL OF BOARD MEMBERS

Board Members

Present: Bob Kelley- Chairman (Stevinson Water District)
Nic Marchini- Vice-Chair (Western White Area Representative)
Kole Upton- (Le Grand-Athlone Water District)
Michael Gallo- (Eastern White Area Representative)
Supervisor Lloyd Pareira- (Merced County)
George Park- (Lone Tree Mutual Water Company)

Board Members

Absent: None

Staff Present:

Steven Maxey, Acting Secretary
Ana Muniz-Laguna, Recording Secretary
Lacey Kiriakou, Merced County Water Resources Coordinator

IV. PUBLIC COMMENT PERIOD

Mr. Billy Grissom, a Merced County resident and farmer, stated having a cattle business with dryland pasture and detailed being concerned for his business and family on the issue of water availability. He stated he installed additional wells and normally pays an amount of \$12,000 in stand-by fees. He is also concerned on water reductions from MID, who has been cutting back water to him and neighboring farms. He asked how many acre feet of water would he get for his 1,280 acres of land. Mr. Grissom added that pumping stations and pond installations should be used to capture flood waters in certain properties where flood water is available. He does not think water should be sold or traded out of the area, however, neighboring farmers should be able to trade and sell water to one another when needed.

V. APPROVAL OF MINUTES

Board member George Park asked for clarification to the minutes, regarding a comment made by Eric Swenson on page 3, VI., PROJECT TO MODEL DEMAND REDUCTION, Second Paragraph, last sentence, to which Ms. Lacey Kiriakou clarified that the sentence should be changed to read “Mr. Swenson suggested that in formulating the GSP, the starting point for modeling would be around 2025”. Board member Park also pointed out duplicate wording corrections to be made on page 3, and page 6.

MOTION: M/S MARCHINI– PARK, AND CARRIED BY A VOTE OF 6 – 0, THE BOARD APPROVES THE MINUTES FROM THE JUNE 5, 2019 MEETING WITH PROPOSED CHANGES.

VI. LEGAL COUNSEL CONTRACT EXTENSION

Action to approve and authorize the Chairman to sign the amendment to Contract 2017-01 with Herum, Crabtree, Suntag to extend the terms of contract for legal services for one year and to amend the compensation to not exceed \$100,000.

Ms. Lacey Kiriakou informed that the GSA has been working with Jeanne Zolezzi and Karna Harrigfeld from the Office of Herum, Crabtree, Suntag for legal support services since August 2017 when the original contract was executed. The original contract term was for one year and the amount was not to exceed \$100,000. In August of 2018, the GSA Board approved a one-year extension with no change to the compensation amount. Scope of work provided from Herum, Crabtree, Suntag has been for GSP development, Water Allocation Framework, Proposition 218 proceedings for landowner fee, Brown Act compliance and other legal support services for the GSA. Ms. Kiriakou stated that this agenda item requested the GSA Board to consider amending the contract with Herum, Crabtree, Suntag for another 1-year term extension to be carried through August 2020 and consider an addition of approximately \$66,000 to the contract. This includes the not to exceed amount of \$100,000 stated in the original contract. The entire amount is not anticipated to be expended during the FY2019-2020 and the contract would be brought before the GSA next summer to extend term again should the Board choose.

No Public Comment.

MOTION: M/S PAREIRA- PARK, AND CARRIED BY A VOTE OF 6-0, THE BOARD APPROVES AND AUTHORIZES THE CHAIRMAN TO SIGN THE AMENDMENT TO CONTRACT 2017-01 WITH HERUM CRABTREE, SUNTAG TO EXTEND THE TERMS OF CONTRACT FOR LEGAL SERVICES FOR ONE YEAR AND TO AMEND THE COMPENSATION TO NOT EXCEED \$100,000.

VII. PROVOST AND PRITCHARD PROPOSITION 218 SUPPORT CONTRACT EXTENSION.

Action to approve and authorize the Chairman to sign the amendment to Contract 2018-02 with Provost and Pritchard Engineering Group, Inc. to continue to provide engineering, technical and professional services related to the Proposition 218 process through December 31, 2019.

Ms. Kiriakou summarized that the Merced Subbasin GSA executed a contract with Provost and Pritchard Engineering Group in July 2018 to provide technical and engineering support for the Prop 218 proceeding. The contract amount was not to exceed \$75,000 and included the completion of a Fee Study Report, public workshops, outreach, and support during the public hearing Prop 218 proceeding. The original contract term anticipated the Prop 218 proceeding would be completed within the year and is set to expire on July 12, 2019. Ms. Kiriakou informed that this item requests the Board's approval of an amendment to the contract which would extend the contract through the end of 2019 and would allow Provost and Pritchard to continue providing support services through the final stages of the Prop 218 proceeding while all other elements of the contract would remain the same. There is a public hearing scheduled July 23, 2019 and Provost and Pritchard will be assisting with documenting the protests, noticing the public hearing and supporting the GSA Board.

No Public Comment.

MOTION: M/S MARCHINI- PARK, AND CARRIED BY A VOTE OF 6-0, THE BOARD APPROVES AND AUTHORIZES THE CHAIRMAN TO SIGN THE AMENDMENT TO CONTRACT 2018-02 WITH PROVOST AND PRITCHARD ENGINEERING GROUP, INC. TO CONTINUE TO PROVIDE ENGINEERING, TECHNICAL AND PROFESSIONAL SERVICES RELATED TO THE PROPOSITION 218 PROCESS THROUGH DECEMBER 31, 2019.

VIII. WOODARD & CURRAN FEE MODEL MAINTENANCE CONTRACT

Action to approve and authorize the Chairman to sign, contingent upon the adoption of the proposed landowner fee for SGMA compliance after the July 23, 2019 public hearing, a contract with Woodard and Curran, Inc. to provide technical services to annually update and maintain the Parcel Fee Model to support the proposed landowner fee.

Ms. Kiriakou discussed that, through a contract executed by the Merced Subbasin GSA Governing Board in July 2018, the consultant firm Woodard and Curran, Inc. developed a Parcel Fee Model to support the proposed landowner fee for SGMA compliance. The former contract for developing the Parcel Fee Model has been completed with the final model, technical memo and reports provided to the Merced Subbasin GSA for use during the Proposition 218 proceeding.

Ms. Kiriakou explained that this item requests the Board to consider a new contract with Woodard and Curran to provide maintenance and updating services for the Parcel Fee Model annually, contingent upon the landowner fee being approved. It would be necessary for the Parcel Fee Model to be updated each year with new parcel and land use data from the County of Merced, to ensure the landowner fee is being applied appropriately to parcels in the Merced Subbasin GSA's management area. The effort to update and maintain the model is minimal at approximately \$4,000 to \$7,000 annually, with a not to exceed amount of \$26,482. Contract provides support from Woodard and Curran to the GSA for the first five years of implementing the landowner fee. Ms. Kiriakou stated that approval by the Board towards this item is contingent upon the landowner fee being adopted after the scheduled public hearing on July 23, 2019 and should a majority of parcels submit protests to the fee, the fee would not be adopted and this contract would not be executed.

No public comment.

MOTION: M/S PARK- MARCHINI, AND CARRIED BY A VOTE OF 6-0, THE BOARD APPROVES AND AUTHORIZES THE CHAIRMAN TO SIGN, CONTINGENT UPON THE ADOPTION OF THE PROPOSED LANDOWNER FEE FOR SGMA COMPLIANCE AFTER THE JULY 23, 2019 PUBLIC HEARING, A CONTRACT WITH WOODARD AND CURRAN, INC. TO PROVIDE TECHNICAL SERVICES TO ANNUALLY UPDATE AND MAINTAIN THE PARCEL FEE MODEL TO SUPPORT THE PROPOSED LANDOWNER FEE.

IX. PARCEL LAND USE UPDATE PROCESS FOR LANDOWNER FEE

Discussion and possible action to approve a proposal that sets forth a standard process for landowners in the GSA, subject to the proposed landowner SGMA compliance fee, to update their land use in the Parcel Fee Model for the purpose of the landowner fee, should it be necessary.

Ms. Kiriakou summarized that current land use codes are acquired directly from the County of Merced Assessor's Roll identified by APNs in the Merced Subbasin Parcel Fee Model and may need to be updated from time to time. This item presents a draft process for Board consideration should a land use code be disputed by a landowner. Ms. Kiriakou discussed a procedure for updating the code and gave five (5) steps in the process. It was discussed that owners would be able to identify inaccuracies to the GSA in writing, that GSA staff would be able to use available data to verify land use, and a plan was given on how owners would be able to appeal and dispute findings of land use determinations.

No public comment

MOTION: M/S PAREIRA- MARCHINI, AND CARRIED BY A VOTE OF 6-0, THE BOARD APPROVES SETTING A STANDARD PROCESS FOR LANDOWNERS IN THE GSA, SUBJECT TO THE PROPOSED LANDOWNER SGMA COMPLIANCE FEE, TO UPDATE THEIR LAND USE IN THE PARCEL FEE MODEL FOR THE PURPOSE OF THE LANDOWNER FEE, SHOULD IT BE NECESSARY.

X. COORDINATION COMMITTEE UPDATE

Chairman Bob Kelley updated that the members of the Coordinating Committee have been meeting with the other GSAs and working on the development of a draft GSP which is close to completion. Chairman Kelley identified sections of the draft GSP that have been completed and discussed that, once the plan is completed, the CASGEM monitoring network will need to have additional data and wells implemented in the network. He informed on discussions for the plan implementation process within the next 25 years to reach sustainability, and the planned process is projected to be sent to consultants Woodard and Curran for review. Chairman Kelley informed that agreement has not been reached by the GSAs regarding Allocation Framework and further discussion will be needed to reach an agreement. He stated that agreement of water allocation is not required for GSP completion and the GSP is moving forward. Items discussed at last CC meeting were deep percolation of applied surface water and identification of rights to that deep percolation as well as establishing a definition for deep percolation. Allocation of sustainable yield and the idea of a water credit trading system between GSAs is still in discussions.

Board member Mike Gallo- pointed out that this is a basin wide agreement and not just our GSA is involved, but many neighboring GSAs as well.

Board member Kole Upton stated he didn't understand the idea made by a MIGUSA representative that suggested that water sold by them could be claimed by them under deep percolation and as recharge seepage water. He questioned the legality of that claim and how an idea like that would work. Board member Upton expressed concerns with allocations and stated that the GSA should be the only authority making policy and decisions for its constituents.

Chairman Kelley- clarified that the concept of deep percolation of applied surface water discussed in the CC meetings has to do with losses of seepage from canals and conveyance of water and it may be difficult to quantify.

Ms. Kiriakou claimed that further discussion is needed in CC to ensure everyone is on the same page of understanding deep percolating of surface water.

Board member Pareira stated that once someone buys something they should be the ones who own it.

Board member Gallo- suggested that further direction will be needed from legal counsel and engineers as well as the GSA Board.

Public Comment:

Mr. Billy Grissom stated he floods up 300-400 acres of water every year at his two duck clubs all at his own expense. He asked if he should get recharge credits for

that. He detailed that the floodwaters in his area overflow every year with an excess of water that goes to waste but might help in deep percolation. Mr. Grissom said that in the event that he does not get water from MID, or receives a reduced amount of water, that he will not be able to water his trees and in turn will cause land values to decrease and valuable farmland to be turned into rangeland. He stated that if that happens, he will not pay property taxes at the premium land value. Chairman Kelley stated that in the future, there will need to be a discussion on a process to define recharge water and see if there is an ability to receive a credit for it via a demonstrated statement or some other means.

Mr. Brad Samuelson suggested that the GSA work within its own borders to develop its own rules regarding allocations and water credits with the advice of Woodard and Curran's legal team and allow other GSAs to work out their own sustainable yield within their own boundaries. Dealing with one governing body might make it easier for farmers.

XI. TECHNICAL AND ADVISORY COMMITTEES UPDATE

Ms. Kiriakou stated that at the last GSA Board meeting, direction was given for the Technical and Advisory Committee (TAC) to discuss and present scenarios to the GSA regarding demand reduction, sustainable yield and allocation framework. The TAC met on June 27, and the meeting was facilitated by consultant Greg Young, from Tully and Young, as he presented 5 different tools available in discussions of allocation and demand reduction. The five items discussed were, Fees that Generate a Revenue, Incentives for Groundwater Use Limits, Allocations within GSA options, Water trading and Water Credits and Demand Reduction Innovations. Items were discussed among the group, but no recommendations were provided at this point. Suggestions for next steps was for GSA to set up a committee to start a 2020 work plan with items needed to be completed before further tools can be explored and Ms. Kiriakou stated that the TAC could be that group, if the Board decided.

XII. STAFF UPDATE

None

XIII. COMMENTS FROM THE BOARD

Board member Gallo asked if it were possible for the GSA to establish its own criteria for Groundwater recharge rules and a water credit system without having to wait for coordination with other GSAs, as suggested during public comment. He asked if it were possible to direct staff and for the GSA to do this on their own.

**MERCED SUBBASIN GROUNDWATER
SUSTAINABILITY AGENCY
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Chairman Kelley stated that he was unsure if the GSA can have its own criteria process for recharge, as it might be problematic in reaching sustainability for the entire basin. Acting secretary Steven Maxey asked if the board would like to have this discussion as a future agenda item in order to have a formal GSA Board discussion. Chairman Kelley stated it was a good idea and it would be good to have legal and engineering counsel on this as well. Board member Upton agreed that taking a look at the GSA's authority to determine what the GSA can do on its own without having to wait on the approval of other GSAs might be beneficial. He said this GSA could figure out some things on its own and present it to the other GSAs.

XIV. NEXT REGULAR MEETING: OCTOBER 10, 2019

There will be Public Hearing on Tuesday, July 23, 2019 for approval of the Proposition 218 landowner fee and next Regular Meeting will be held Thursday, October 10, 2019.

XIV. ADJOURNMENT

There being no further business, the meeting adjourned at 2:15 p.m.

**MERCED SUBBASIN GROUNDWATER SUSTAINABILITY AGENCY JOINT POWERS
AUTHORITY (JPA)
GOVERNING BOARD**

MINUTES FOR MEETING OF OCTOBER 10, 2019

The agenda, original minutes, and all supporting documentation (for reference purposes only) of the Merced Subbasin Groundwater Sustainability Agency Governing Board meeting of October 10, 2019 are available online at www.countyofmerced.com/MercedSubbasinGSA.

I. CALL MEETING TO ORDER

The special closed session meeting of the Merced Subbasin Groundwater Sustainability Agency Joint Powers Authority Governing Board was called to order at 1:00 p.m., on October 10, 2019, in the Board Chambers located at 2222 "M" Street, Third Floor, Merced, California. The GSA Board conferenced with staff and legal counsel- on potential litigation (Subdivision (b) of Government Code Section 54956.9) 1 potential case.

The regular public meeting of the Merced Subbasin Groundwater Sustainability Agency Joint Powers Authority Governing Board was called to order at 2:00 p.m., on October 10, 2019, in the Board Chambers located at 2222 "M" Street, Third Floor, Merced, California.

II. PLEDGE OF ALLEGIANCE

III. ROLL CALL OF BOARD MEMBERS

Board Members

Present:	Bob Kelley	Chairman (Stevinson Water District)
	Nic Marchini	Vice-Chair (Western White Area)
	Kole Upton	(Le Grand-Athlone Water District)
	Michael Gallo	(Eastern White Area Representative)
	Supervisor Lloyd Pareira	(Merced County)
	Gino Pedretti	Alternate (Lone Tree Mutual Water Co.)

Board Members

Absent:	George Park	(Lone Tree Mutual Water Co.)
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Staff Present:	Ana Muniz-Laguna	Recording Secretary
	Lacey Kiriakou	Merced County Water Resources Coordinator

IV. PUBLIC COMMENT PERIOD

None

V. APPROVAL OF MINUTES

Action to approve the meeting minutes from the regular meeting on June 5, 2019, the special meeting and public hearing on July 23, 2019, and the special meeting

on September 18, 2019. A correction was noted that minutes for the June 5, 2019 meeting were previously approved by the GSA at the July 11, 2019 meeting.

MOTION: M/S MARCHINI- PAREIRA, AND CARRIED BY A VOTE OF 6 – 0, THE BOARD APPROVES THE MINUTES FROM THE JULY 23, 2019 SPECIAL MEETING AND PUBLIC HEARING, AND THE SPECIAL MEETING ON SEPTEMBER 18, 2019.

VI. PROPOSITION 68 SUSTAINABLE GROUNDWATER MANAGEMENT GRANT PROGRAM PLANNING GRANT- ROUND 3 APPLICATION AUTHORIZATION

- 1). Action to approve a resolution authorizing and supporting the submission of a Sustainable Groundwater Management Grant Program Planning Grant-Round 3 application by MIUGSA on behalf of the GSA's in the Merced Basin.
- 2). Action to authorize the Chair to sign the contract amendment with Woodard and Curran for grant application development.

Ms. Lacey Kiriakou briefed that at the September 18, 2019 joint GSA Board meeting, all three GSA Boards approved authorizing Woodard and Curran to proceed with developing the Proposition 68 Sustainable Groundwater Management Grant Program Planning Grant- Round 3 application due November 1, 2019 for a not to exceed cost of \$50,000. The item presented requests that the Board to approve a resolution to be included in the grant application package, supporting the Merced basin-wide application Prop. 68 grant program for projects, as determined by the Coordination Committee. Action requested is for the Board to adopt the resolution authorizing and supporting the submission of the Sustainable Groundwater Management Grant Program Planning Grant- Round 3 application by MIUGSA on behalf of all the GSAs in the Merced Basin. A second action requests to authorize the Chairman to sign the contract amendment with Woodard and Curran to approve the scope and fee of \$49,500 to develop the Prop. 687 grant application. Ms. Kiriakou informed that the grant application must be submitted by one GSA on behalf of the entire basin and this particular application will be submitted by the Merced Irrigation Urban GSA on behalf of the Merced Basin. Merced Irrigation District (MID) will continue to administer the grant agreement with DWR and the contract with Woodard and Curran. Ms. Kiriakou stated the new scope of work to develop the grant application will be an amendment to the current Woodard and Curran contract between the three GSAs. Each of the three GSAs will sign the contract amendment and MID will continue to provide administrative services in relation to the contract and the grant agreement with DWR. Ms. Kiriakou stated that the signing authority for the Woodard and Curran contract amendment on behalf of the Merced Subbasin GSA is given to the Chairman of the Merced Subbasin GSA and not delegated to any other agency or entity.

No Public Comment.

**MOTION: 1). CARRIED BY A ROLLCALL VOTE OF 6-0;
BOARD VICE-CHAIR MARCHINI- YES,
BOARDMEMBER PAREIRA, YES,
BOARDMEMBER UPTON- YES,
BOARDMEMBER GALLO- YES,**

BOARDMEMBER PEDRETTI- YES

BOARD CHAIRMAN KELLEY- YES

THE BOARD APPROVES ACTION TO A RESOLUTION AUTHORIZING AND SUPPORTING THE SUBMISSION OF A SUSTAINABLE GROUNDWATER MANAGEMENT GRANT PROGRAM PLANNING GRANT – ROUND 3 APPLICATION BY MIUGSA ON BEHALF OF THE GSAS IN THE MERCED BASIN.

MOTION: 2). M/S MARCHINI- PARREIRA, AND CARRIED BY A VOTE OF 6-0, THE BOARD APPROVES AND AUTHORIZES THE CHAIRMAN TO SIGN THE CONTRACT AMENDMENT WITH WOODARD AND CURAN APPROVING A NOT-TO-EXCEED COST OF \$50,000 TO DEVELOP THE PROP. 68 GRANT APPLICATION.

VII. 2020 GOVERNING BOARD REGULAR MEETING SCHEDULE

Action to set the regular quarterly Governing Board meeting dates in 2020.

Ms. Kiriakou updated that in the Merced Subbasin GSA JPA Agreement, Article 12.2 requires the Governing Board to set the time and place for quarterly meetings. Typically, the Merced Subbasin GSA has been meeting on the second Thursday of each quarter at 2PM, in the Merced County Administration Building, Third Floor Board Room. A schedule was presented to the GSA for regular quarterly meetings for 2020 on the second Thursday of each quarter at 2pm at the Merced County Administration Building, Board Room. It was noted that special meetings may be called in addition to the regularly scheduled quarterly meetings and any additional meetings will be noticed, held and conducted in accordance with the Ralph M. Brown Act. Action requested is to set the Merced Subbasin GSA Governing Board's regular quarterly meeting dates in 2020 as follows:

Location:

Merced County Administration Building, Board Room, Third Floor, 2222 M. Street, Merced, CA 95348

Time: 2pm.

Dates:

January 9, 2020; April 9, 2020; July 9, 2020; October 8, 2020

No Public Comment.

MOTION: M/S PAREIRA- MARCHINI, AND CARRIED BY A VOTE OF 6-0, THE BOARD APPROVES TO SET THE REGULAR QUARTERLY GOVERNING BOARD MEETING DATES IN 2020 AS PRESENTED.

VIII. IRWM IMPLEMENTATION GRANT LETTER OF SUPPORT

Action to approve a letter in support of the Proposition 1 Round 1 IRWM Implementation Grant application by the Merced Integrated Regional Water Management Authority.

Ms. Kiriakou updated that the Merced Integrated Regional Water Management Authority (MIRWMA), who is comprised of Merced County, Merced Irrigation District, City of Merced, City of Atwater and City of Livingston, is submitting a Proposition 1 Integrated Regional Water Management (IRWM) Implementation Grant Application to the California Department of Water Resources. Projects funded with this grant application are all within the Merced Subbasin and each will help local agencies manage water in a sustainable manner, providing flexibility and reduced groundwater use. Ms. Kiriakou informed that MIRWMA has requested a letter of support from the Merced Subbasin GSA on behalf of their grant application.

Public comment:

Mr. Eric Swenson, Shannon Pump Company, said he took a look at the list of projects and asked why there isn't a balance of projects that benefit both the Merced GSA as well as MIUGSA.

Board member Pedretti responded to Mr. Swenson stating that the list reflected shovel ready projects that could easily be implemented in Phase 1.

Ms. Kiriakou added there was a call for projects and all the agencies had an opportunity to submit projects for round 1. There were no projects removed from the list of projects submitted for Phase 1 which will have available funding in 2020. Ms. Kiriakou clarified that there are projects in the next round that are within the GSA that are were previously not shovel ready for the first round.

Mr. Swenson added that it might be desirable for the GSA to have an agreement with MIUGSA to have an equitable distribution of projects for the long term. He explained that if MIUGSA has the bulk of the funding projects in round 1, then perhaps the GSA should have the bulk of the funding for projects in round 2 ensuring a long-term balance and distribution of grant money.

MOTION: M/S MARCHINI - GALLO, AND CARRIED BY A VOTE OF 6-0, THE BOARD APPROVES SENDING A LETTER SUPPORTING THE MERCED INTEGRATED REGIONAL WATER MANAGEMENT AUTHORITY'S GRANT APPLICATION TO THE DEPARTMENT OF WATER RESOURCES, FOR A PROPOSITION 1 ROUND 1RWM IMPLEMENTATION GRANT

IX. GSP DEVELOPMENT UPDATE AND FIRST FIVE IMPLEMENTATION PLAN

Information item on the next steps of GSP development and adoption, and discussion on a proposed implementation plan for the first five years for the Merced Subbasin GSA.

Ms. Kiriakou informed that the public draft of the Merced Subbasin GSP was released in July 2019 for a 30-day comment period. The GSAs are working together with Woodard and Curran to develop responses to the public comment letters that have been received either by responding with minor corrections directly in the GSP or categorizing substantive comments and master responses. Ms. Kiriakou summarized that a final GSP is anticipated by the end of October to early November 2019 with final adoption hearings and action by each GSA to be taken between the November- December 2019 timeline. Ms. Kiriakou commented that in anticipation of the implementation of the GSP, a First Five Implementation Plan was developed with input from the Technical and Advisory Committees. The First Five Implementation Plan is a strategy to help the Merced Subbasin GSA outline studies, projects, programs, determine financing and revenue and anticipate the demand reduction necessary during the first five years of GSP implementation from 2020-2025.

Mr. Greg Young, Engineering Consultant with Tully and Young, provided a presentation on the First Five Implementation Plan. Mr. Young discussed the elements of the Plan and activities projected for the next 12 to 24 months pertaining to the GSP which included Financing and Revenue, Studies, Projects, Programs, and the Demand Reduction Targets. Under Financing and Revenue, Mr. Young discussed possible funding sources from Prop 218 Landowner fee, additional grants, initiation of a Prop 218 proceeding for project and demand reduction financing, and potential enforcement related to parcel-based water use programs. Mr. Young went over additional studies that may be needed to identify future direction and action to be able to implement the plan in the first five years. He also discussed ideas on projects such as recharge pilot projects and additional surface water for recharge as well as projects that would aid in better monitoring of wells. Mr. Young went over programs focusing on outreach and education about demand reduction and the need to engage community groups and the public as well as come up with demand reduction targets to move towards the 2040 target which will need to be defined by the GSA.

Board member Upton asked if it would be important to demonstrate to the State the management action commitment as well as the other GSAs. Mr. Young responded that it would be a good idea to include that in the plan.

Public comment:

Mr. Eric Swenson complimented Mr. Young and Ms. Kiriakou for last week's Technical and Advisory Committee meeting stating it was one of the best meetings the group has had. Mr. Swenson suggested the formation of work groups or subcommittees that could be used for focus areas as the process moves forward. He suggested a focus group for groundwater level monitoring and the use of production wells that could be used for that purpose. In addition, he proposed a recharge group with potential owners that have recharge real-estate who might be

interested in testing as well as those people that live downstream in the FloodMAR area. He stated these groups could provide valuable feedback as well as interface with the public and that the formation of these groups would need to happen rather quickly.

X. COORDINATION COMMITTEE UPDATE

Chairman Bob Kelley informed that the Coordination Committee (CC) will be working on master responses to public comments received in regards to the GSP at their next CC meeting on October 28, 2019. Chairman Kelley stated that consultants Woodard and Curran have provided a list of responses and asked the CC for their response in regards to comments and changes to the GSP. He declared that the CC is working on a Memorandum of Understanding (MOU) in regards to management of the GSP going forward with an implementation agreement and sustainable actions to present to the other GSAs.

Ms. Kiriakou stated there will be a draft GSP with changes responding to comment letters and this GSP will be available the week before the next CC meeting on October 28, 2019. The draft GSP will be available on the Merced Sigma website at: <http://mercedsgma.org/>

XI. TECHNICAL AND ADVISORY COMMITTEES UPDATE

Ms. Kiriakou updated that at the last Technical and Advisory Committee (TAC) meeting the group focused on a presentation and group discussion regarding the First Five Implementation facilitated by Mr. Greg Young, from Tully and Young. Ms. Kiriakou mentioned that the group previously focused on GSP development and now the group will shift focus to help develop ideas and strategies for First Five Implementation and provide these to the GSA Board.

XII. BOARD REPORTS

None

XIII. NEXT REGULAR MEETING: OCTOBER 10, 2019

Next regular meeting will be on January 9, 2020 and a special meeting for the formal adoption of the GSP is projected between late November or early December 2019.

XIV. ADJOURNMENT

There being no further business, the meeting adjourned at 3:13 p.m.

BOARD ACTION ITEM

TO: MEMBERS OF MERCED SUBBASIN GSA GOVERNING BOARD
FROM: MARK HENDRICKSON, SECRETARY
DATE: DECEMBER 9, 2019

SUBJECT: PUBLIC HEARING AND ADOPTION OF THE GSP

SUMMARY:

The final draft of the Merced Groundwater Sustainability Plan was released on November 13, 2019. After approximately two years of coordination, 18 months of Coordination Committee and Stakeholder Committee meetings, multiple reviews of the draft document, the Merced Subbasin GSAs are pleased to present a final draft of the GSP for GSA approval. A summary of the document is attached, provided by Woodard and Curran Inc., GSP development consultants.

Public engagement has been a priority for the GSAs throughout the GSP development process. In addition to this public hearing, members of the public and stakeholders have been afforded multiple opportunities to engage in GSP development and receive updates on the Plan. The Stakeholder Committee is a 21 member committee representing diverse interests and geographic areas of the subbasin, including representatives from agriculture, urban areas, disadvantaged communities, environmental organizations, community water systems and individual users. Through the Stakeholder Committee, the GSAs have engaged with these diverse interests and received feedback helping guide the Coordination Committee as they make recommendations on the GSP. In addition to the monthly Stakeholder Committee meetings that are open to the public, the GSAs also held five community workshops throughout the GSP development process, located in communities across the basin in the evenings to maximize accessibility, with translation services available. Additionally, the draft GSP was released for a 30 day public review in July, which is above and beyond the SGMA requirements.

Following the public hearings and adoption of the GSP by all three GSAs in the Basin, the GSP will be submitted to the California Department of Water Resources (DWR) before the deadline of January 31, 2020. Implementation of the Plan will start immediately, however the DWR has two years to review and approve the submitted Plan. During that time the GSAs in the Merced Subbasin intend to continue coordinating on remaining outstanding discussion items, such as allocation, refining the water budgets and sustainable yield, and demand reduction, among others.

California Water Code requires GSA's hold a public hearing in advance of adopting a GSP. This public hearing was noticed in the Merced Sun Star on November 25, 2019 and December 2, 2019. Additionally, in compliance with SGMA requirements, a notice was sent 90 days in advance of this public hearing to counties and cities in the Plan Area giving the opportunity to request consultation with the GSAs on the GSP. No consultation request was submitted.

At this time, staff is recommending the Board open the public hearing, receive testimony from the public, close the public hearing and consider action to adopt the Merced Groundwater Sustainability Plan through the approval of a resolution.

REQUEST/RECOMMENDATION/ACTION NEEDED:

- 1) Open the Public Hearing and receive testimony;
- 2) Close the Public Hearing;
- 3) Consider approval of the resolution adopting the Merced Subbasin Groundwater Sustainability Plan



MEMORANDUM

TO: Merced Irrigation-Urban GSA
Merced Subbasin GSA
Turner Island Water District GSA-1

FROM: Samantha Salvia, Merced GSP Project Coordinator

DATE: November 5, 2019

RE: Merced Subbasin GSP Overview to Support Adoption Hearings

This memo provides an overview of the Groundwater Sustainability Plan (GSP) for the Merced Groundwater Subbasin (Subbasin) to support Groundwater Sustainability Agency (GSA) adoption hearings. The development and implementation of a GSP is a core requirement of California's Sustainable Groundwater Management Act (SGMA).

Background

SGMA requires GSPs be adopted for the high priority, critically-overdrafted groundwater basins in California (including the Merced Subbasin) by January 31, 2020. The plans must detail how basins will become sustainable over a 20-year timeframe and must be submitted to the California Department of Water Resources (DWR) for approval. In accordance with SGMA, water management and land management agencies in the Merced Subbasin formed three GSAs:

- Merced Irrigation-Urban Groundwater Sustainability Agency (MIUGSA),
- Merced Subbasin Groundwater Sustainability Agency (MSGSA), and
- Turner Island Water District Groundwater Sustainability Agency #1 (TIWD GSA-1)

The three GSAs in the region collaborated on the creation of one GSP for the entire Merced Subbasin. The GSAs applied for and were awarded a \$1.5M grant from DWR to support the costs of developing the GSP. The GSAs hired the consultant team of Woodard & Curran to begin GSP development in late 2017.

The consultant team's scope included the activities necessary to complete and submit a SGMA-compliant GSP including groundwater modeling, working with GSAs to develop a sustainability goal and sustainability criteria for the Subbasin, and identifying and evaluating actions and alternatives to manage the Subbasin toward sustainability. The GSP process sets minimum thresholds and measurable objectives for sustainability indicators in avoiding undesirable results identified in SGMA. Through the GSP development, stakeholder and public meetings were held to provide information, report progress, and gather feedback.

In early 2018, the three GSAs formed a Coordinating Committee of senior staff and governing board members to coordinate day-to-day planning activities and public outreach. The three GSAs also approved the formation of a Stakeholder Committee of community representatives to provide input. Both committees met monthly during GSP development.

The GSAs held a 30-day public comment period on the Draft GSP ending on August 19, 2019 and held a joint GSA Boards meeting on September 18, 2019 to discuss the response to comments. The draft GSP was revised in response to comments based on direction from the GSAs' Coordinating Committee

and GSA staff. The final GSP is now ready for adoption by the GSA Boards. State intervention would be triggered after Feb 1, 2020 if there is no adopted Merced GSP or DWR fails the GSP.

GSP Overview

Sustainability Goal

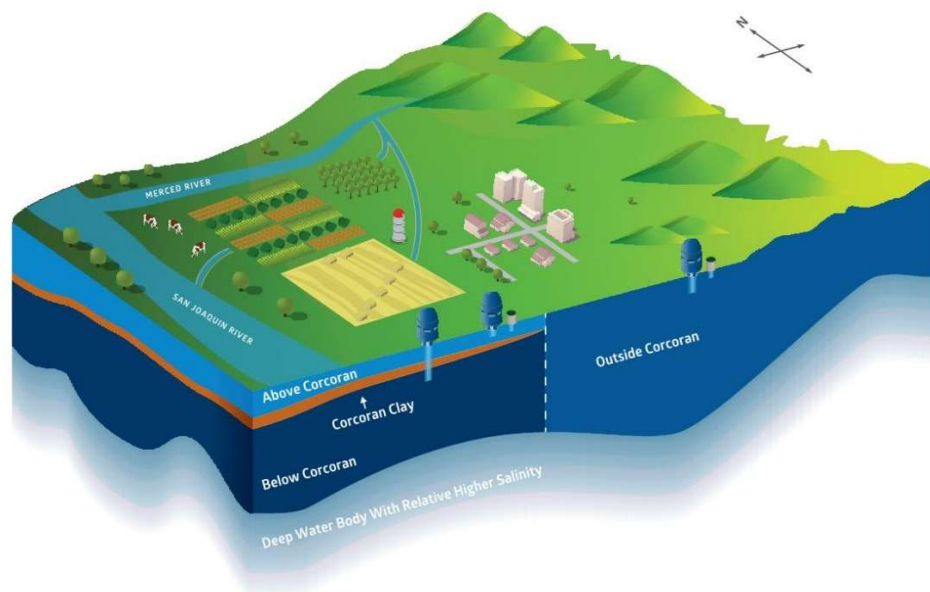
With the adoption of this GSP, the GSAs will adopt the following sustainability goal for the Merced Subbasin:

“Achieve sustainable groundwater management on a long-term average basis by increasing recharge and/or reducing groundwater pumping, while avoiding undesirable results.”

Basin Setting

The foundational sections of the GSP are the Plan Area and Basin Setting, which contains the Hydrogeological Conceptual Model and Current and Historical Groundwater Conditions. These sections were written based on the best available information in the basin and were reviewed by the Coordinating Committee during GSP development. The Merced Subbasin contains three principal aquifers that are defined by their relationship to the Corcoran Clay aquitard, a silt and clay layer that underlies about half of the western portion of the Subbasin and acts as a significant confining layer.

3D Illustration of Merced Subbasin Principal Aquifers and Aquitard



Water Budgets

Water budgets provide quantitative accounting of water entering and leaving the Merced Subbasin and can be used to help estimate the extent of overdraft occurring now and in the future. Consistent with SGMA requirements, water budgets for historical, current, projected, and sustainable conditions were developed for the Merced Subbasin. A future (2070) climate change water budget was also developed. These water budgets were developed using the Merced Water Resources Model (MercedWRM), a fully integrated surface and groundwater flow model developed and calibrated specifically for the Subbasin.

The historical conditions water budget shows an annual average rate of overdraft of 192,000 acre-feet per year (AFY) over Water Years 1996 through 2015.

Sustainable Yield





For the Merced Subbasin, sustainable yield was estimated by modifying conditions in the groundwater model to balance out the change in stored water over time. In order to achieve a net-zero change in groundwater storage over a long-term average condition, current agricultural and urban groundwater demand in the Merced Subbasin would need to be reduced by approximately 10 percent, absent implementation of any new supply-side or recharge projects.



The sustainable groundwater management scenario results in groundwater outflows equal to groundwater inflows, bringing the long term (50-year) average change in groundwater storage to a net-zero. Based on the analysis conducted in the GSP, the sustainable yield of the basin is approximately 570,000 AFY.

Sustainable Management Criteria

SGMA requires consideration of six sustainability indicators. For each indicator, the GSP must define undesirable results for the basin (“significant and unreasonable” negative impacts) and determine if they could occur. For indicators with the potential for undesirable results, the GSP must establish sustainable management criteria that are intended to prevent undesirable results from occurring and establish a monitoring network. Sustainable management criteria were developed to be protective of beneficial uses in the Merced Subbasin and to support the Subbasin’s sustainability goal. Demonstration by 2040 of stable groundwater elevations on a long-term average basis, combined with the absence of undesirable results, will support a determination that the basin is operating within its sustainable yield, and thus that the sustainability goal has been achieved.

The table below summarizes the sustainability indicators for the Subbasin.

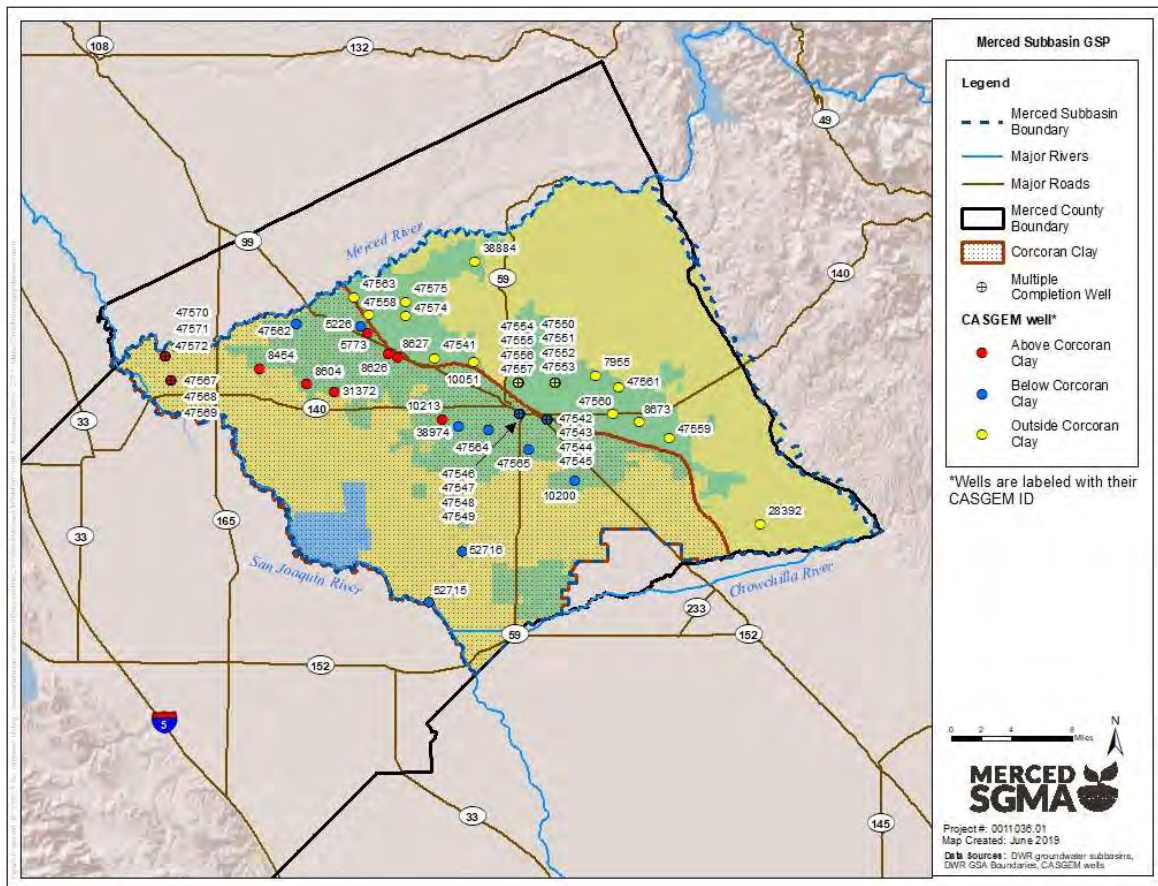
Sustainability Indicator	Minimum Threshold (MT)	Measurable Objective	Undesirable Result
 Groundwater Levels	Depth of shallowest well in a 2-mile radius of each representative well or minimum pre-January 1, 2015, elevation	Projected average future groundwater level under sustainable yield modeling simulation	Greater than 25% of representative wells fall below MT in 2 consecutive wet, above normal, or below normal years
 Groundwater Storage	N/A - not expected to occur in the Subbasin due to the significant volumes of freshwater in storage		
 Sea Water Intrusion	N/A - not present and not expected to occur due to the distance between the Subbasin and the Pacific Ocean (and Sacramento-San Joaquin Delta)		
 Degraded Water Quality	1,000 mg/L TDS	500 mg/L TDS	At least 25% representative wells exceed MT for 2 consecutive years

Sustainability Indicator	Minimum Threshold (MT)	Measurable Objective	Undesirable Result
 Land Subsidence	-0.75 ft/year	-0.25 ft/year	Exceedance of MT at 3 or more representative sites for 2 consecutive years
 Depletions of Interconnected Surface Waters	Groundwater levels used as a proxy for this sustainability indicator		

Monitoring Networks

Consistent with SGMA requirements, the GSP establishes monitoring networks for each sustainability indicator to monitor trends in the Subbasin and evaluate GSP implementation against sustainable management criteria. While the monitoring networks reflect a robust history of monitoring Subbasin conditions, significant data gaps still exist and plans to fill these data gaps for each sustainability indicator are also described in the GSP. Funding to address data gaps and enhance monitoring networks by bringing in additional wells was included in the recently submitted Proposition 68 Sustainable Groundwater Management Implementation Grant Program application. The map below shows the monitoring network for groundwater level.

Merced Subbasin GSP Groundwater Level Monitoring Network Wells



Projects and Management Actions

SGMA requires that GSPs describe the projects and management actions to be implemented as part of bringing the Subbasin into sustainability. The primary means for achieving sustainability in the basin will be implementation of an allocation framework to allocate the sustainable yield of the basin to the GSAs. A water allocation framework has been the subject of much discussion during GSP development. The GSAs have agreed that they intend to allocate water to each GSA but have not yet reached agreement on allocations or how they will be implemented. The GSP identifies a shortlist of 12 priority projects that met a series of screening criteria for implementation as well as a longer list of possible future projects that were identified during GSP development. Projects and management actions will either increase surface water supplies to augment the sustainable groundwater yield or will increase groundwater recharge, which will in turn increase the amount of groundwater that may be sustainably used.

Plan Implementation

Implementation of the GSP will be a substantial undertaking that will include implementation of the projects and management actions as well as GSAs' administration, public outreach, implementation of the monitoring programs and filling data gaps, development of annual reports, and development of a 5-year update and report. The GSP includes an implementation schedule and estimated costs for all activities, as well as potential funding mechanisms. Implementation of the GSP is projected to run between \$1.2M and \$1.6M per year. Costs for projects and management actions are estimated to be an additional \$22.9M in total, with costs for individual projects or management actions ranging between \$75K to \$8M.

Next Steps in GSP adoption

After all three GSAs adopt the Merced GSP, it will be submitted to DWR by the January 31, 2020 deadline. Within 20 days, DWR will initiate a minimum 60-day public review period. DWR will evaluate the GSP within two years of its submittal date. If the GSP is not approved, DWR may determine a plan is "incomplete" which generally means that revisions can be incorporated and the GSP can be resubmitted. In consultation with the State Water Resources Control Board, DWR can also determine a plan is "inadequate" if it does not satisfy regulatory requirements or deficiencies of an incomplete plan are not corrected, which triggers the state intervention process.

First Year Priority Items for GSP Implementation

The following have been identified as priorities for the first year of GSP Implementation

- Pursue funding opportunities
- Create a Data Gaps plan
- Address Data Gaps
- Finalize allocation framework and implementation plan
- Establish groundwater pumping monitoring and reporting program
- Preparation of First Annual Report – due April 1, 2020
- GSP Program Management (Coordinating Committee / Stakeholder Committee coordination, outreach)
- Collect and analyze water level, water quality, and subsidence data
- Develop methodology for establishing groundwater level minimum threshold at new wells

**MERCED SUBBASIN GROUNDWATER SUSTAINABILITY AGENCY
RESOLUTION NO. 2019-03**

**RESOLUTION ADOPTING THE MERCED SUBBASIN GROUNDWATER
SUSTAINABILITY PLAN**

WHEREAS, the Sustainable Groundwater Management Act (“SGMA”) was signed into law on September 16, 2014, and adopted as California Water Code, Section 10720 *et. seq.*; and

WHEREAS, SGMA requires sustainable management through the development of groundwater sustainability plans (“GSPs”), which can be a single plan developed by one or more groundwater sustainability agency (“GSA”) or multiple coordinated plans within a basin or subbasin (Wat. Code, § 10727); and

WHEREAS, the Merced Subbasin GSA was formed as a GSA on March 15, 2017 for the purposes of sustainably managing groundwater in the Merced Groundwater Subbasin, within its jurisdictional boundaries, pursuant to the requirements of SGMA (Wat. Code, § 10723.6(i)); and

WHEREAS the three California Department of Water Resources (“DWR”) approved GSAs governing the Merced Groundwater Subbasin are: Merced Irrigation-Urban Groundwater Sustainability Agency (“MIUGSA”), Merced Subbasin Groundwater Sustainability Agency (“MSGSA”), and Turner Island Water District Groundwater Sustainability Agency #1 (“TIWD GSA-1”) (“Merced Subbasin GSAs”); and

WHEREAS, the Merced Subbasin GSA has the authority to draft, adopt, and implement a GSP (Wat. Code, § 10725 *et seq.*); and

WHEREAS, the three Merced Subbasin GSAs submitted a Notification of Intent to DWR to jointly develop a GSP for the Merced Groundwater Subbasin on January 4, 2018 in accordance with California Water Code (Wat. Code, § 10727.8 and CA Code of Regulations, Title 23, Section 353.6); and

WHEREAS, the Merced Subbasin GSA has coordinated with the other GSAs in the Merced Groundwater Subbasin to draft a single GSP; and

WHEREAS, the Merced Subbasin GSAs released the draft Merced Groundwater Subbasin GSP for public comment on July 19, 2019; and

WHEREAS, the Merced Subbasin GSAs reviewed and responded to comments on the draft Merced Groundwater Subbasin GSP; and

WHEREAS, the Merced Subbasin GSAs have coordinated on public outreach and stakeholder engagement throughout the GSP development process, including hosting five public workshops, 17 Stakeholder Committee meetings, and 21 Coordination Committee meetings all open to the public with opportunity for public comment; and

WHEREAS, the three Merced Subbasin GSAs provided a Notice of Intent to Adopt a GSP for the Merced Subbasin to cities and counties within the geographic area covered by the pending GSP on July 22, 2019, in accordance with SGMA (Wat. Code, § 10728.4); and

WHEREAS, the Merced Subbasin GSAs released the final Merced Groundwater Subbasin GSP on November 13, 2019.

NOW, THEREFORE, BE IT RESOLVED that the Governing Board of the Merced Subbasin GSA hereby approves and adopts the final Merced Groundwater Subbasin GSP and authorizes its consultants and the Plan Manager to take such other actions as may be reasonably necessary to submit the Merced Groundwater Subbasin GSP to DWR by January 31, 2020.

PASSED AND ADOPTED at a special meeting of the Governing Board at Merced, California, this 9th day of December 2019, by the following vote:

AYES:

NOES:

ABSTAINING:

ABSENT:

MERCED SUBBASIN GROUNDWATER
SUSTAINABILITY AGENCY

By: _____
Chair

ATTEST:

Secretary

BOARD ACTION ITEM

TO: MEMBERS OF MERCED SUBBASIN GSA GOVERNING BOARD
FROM: MARK HENDRICKSON, SECRETARY
DATE: DECEMBER 9, 2019

SUBJECT: LAFCO COMMENT LETTER

SUMMARY:

The Local Area Formation Commission of Merced County has notified the Merced Subbasin GSA of the formation of a new California Water District consisting of approximately 7,800 acres to be known as the Owens Creek Water District and related creation of a district sphere of influence; and corresponding reduction of the Merced Irrigation District sphere of influence. The application submitted to LAFCO for the formation of the Owens Creek Water District includes statements about there being no existing service to address SGMA compliance, as well as an intention of the proposed water district to form a Groundwater Sustainability Agency.

The three GSA's in the Merced Subbasin are coordinating together to draft a comment letter to LAFCO informing the commission of the SGMA services provided throughout the Merced Subbasin by the current GSAs in the basin, including opportunities for landowners and stakeholders to participate in the GSAs and the Groundwater Sustainability Plan development process. Additionally, the GSAs do not intend to support the formation of or alter current jurisdictional boundaries for additional GSAs in the basin.

REQUEST/RECOMMENDATION/ACTION NEEDED:

Action to approve joining a joint comment letter from the Merced Subbasin GSAs to LAFCO regarding the application of a new water district in the Merced Subbasin. Authorize the chair to sign the letter.