This meeting is not subject to
Brown Act noticing requirements.
The agenda is subject to change.

MONTEREY PENINSULA WATER MANAGEMENT DISTRICT

Water Supply Planning Committee Members:
Robert S. Brower, Sr. Chair
Jeanne Byrne
David Pendergrass

Alternate:
Kristi Markey

Staff Contact
David J. Stoldt, General Manager

After staff reports have been distributed, if additional documents are produced by the District and provided to the Committee regarding any item on the agenda, they will be made available at 5 Harris Court, Building G, Monterey, CA during normal business hours. In addition, such documents may be posted on the District website at mpwmd.net. Documents distributed at the meeting will be made available in the same manner.

AGENDA
Water Supply Planning Committee
Of the Monterey Peninsula Water Management District
****
Thursday, October 8, 2015, 9:00 am
MPWMD Conference Room, 5 Harris Court, Bldg. G, Monterey, CA

Call to Order

Comments from Public
The public may comment on any item within the District's jurisdiction. Please limit your comments to three minutes in length.

Action Items – Public comment will be received

1. Develop Recommendation to the Board on Use of Local Water Projects/Grants Funds for Wastewater Recycling Projects

2. Develop Recommendation to the Board on Selection of Recipients -- FY 2015-16 Local Water Projects/Grants

Discussion Item – Public comment will be received

3. SB13 and Modifications to the Sustainable Groundwater Management Act

4. Update on Pure Water Monterey Project

5. Update on California American Water Desalination Plant

6. Update on Alternative Desalination Project

7. Update on Status of Los Padres Dam

Suggestions from the Public on Water Supply Project Alternatives (15 min limit)

Set Next Meeting Date

Adjournment

Upon request, MPWMD will make a reasonable effort to provide written agenda materials in appropriate alternative formats, or disability-related modification or accommodation, including auxiliary aids or services, to enable individuals with disabilities to participate in public meetings. MPWMD will also make a reasonable effort to provide translation services upon request. Please send a description of the requested materials and preferred alternative format or auxiliary aid or service by

5PM on October 6, 2015. Requests should be sent to the Board Secretary, MPWMD, P.O. Box 85, Monterey, CA, 93942. You may also fax your request to the Administrative Services Division at 831-644-9560, or call 831-658-5600.

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WATER SUPPLY PLANNING COMMITTEE

ITEM: ACTION ITEM

2. DEVELOP RECOMMENDATION TO THE BOARD ON SELECTION OF RECIPIENTS -- FY 2015-16 LOCAL WATER PROJECTS/GRANTS

Meeting Date:	**October 8, 2015**	**Budgeted:**	**Yes; Insufficient**
From:	**David J. Stoldt General Manager**	**Program/ Line Item No.:**	**1-10-1 N/A**
Prepared By:	**David J. Stoldt**	**Cost Estimate:**	**Not to exceed $171,900**

General Counsel Approval: N/A
Committee Recommendation:
CEQA Compliance: N/A

SUMMARY: At its June meeting the District Board adopted a budget that included expenditure of up to $295,000 of the Water Supply Charge for development expenses for local water projects. However, the amount in the adopted budget includes amounts from prior years that were approved but unexpended. As a result, moneys available for new projects is presently limited to $100,000. Total requests comprise $392,000 representing a $292,000 shortfall. Hence, the Committee must decide whether to increase the budget for the program, not fund some projects, or decrease funding.

Four applications were received:

	Amount of Request	
Pebble Beach Company	$100,000	Test well at Del Monte Golf Course to remove from Cal-Am potable supply system.
City of Monterey	$85,000	Peninsula-wide water recovery and reclamation system for storm and non-storm water flows.
City of Seaside	$132,000	Modifications and improvements to Laguna Grande well for non-potable uses to offset existing potable uses
City of Pacific Grove	$75,000	Oceanview Boulevard Stormwater Project. Source water for Pure Water Monterey
Total Requested	**$392,000**	

At its September 8th meeting, Committee members instructed the General Manager to seek answers to additional questions that arose regarding each application and to bring the matter back for consideration with a staff recommendation.

At its September 24th meeting the Ordinance 152 Citizens Oversight Committee discussed the proposals and recommends the Water Supply Planning Committee recommend funding the Pebble Beach Company and the City of Seaside proposals. The recommendation is primarily

due to the more immediate prospect of producing actual water supply from those two proposals versus the preliminary "study" aspect of the other two proposals.

The staff recommendation follows.

RECOMMENDATION: The Water Supply Planning Committee should consider a recommendation for a mid-year budget increase and grant approval to the Board at its October 18, 2014 meeting as follows:

	Amount of Award
Pebble Beach Company	$80,000
City of Monterey	$85,000
City of Seaside	$106,900
City of Pacific Grove	$0
Total Requested	**$271,900**

Requiring an increase in the Local Water Project budget at mid-year equal to $171,900.

DISCUSSION:

The rationale for the recommendation is as follows:

Pebble Beach Company

- May produce water directly offsetting Cal-Am main system use on a very near-term basis, benefitting the Cease and Desist Order situation and resulting in a District water entitlement that may be re-allocated to the jurisdictions.

- The Company is providing a dollar-to-dollar match.

- Amount is reduced to ½ the low end of the estimated cost provided.

City of Monterey

- A new statewide requirement for IRWM funding of any future water projects is that a Stormwater Reuse Plan must be adopted by the IRWM planning area. The City of Monterey application could result in useful information that could be incorporated into such a plan.

- The City is providing a dollar-to-dollar match.

- However, one aspect of the City's plan does not meet District goals: "installation of small and inconspicuous sewage reclamation stations" is inconsistent with the goals of the Pure Water Monterey project, and any funding should be conditioned on the removal of such features from the project evaluation.

- Further, the City states it "lacks funding to complete the CEQA process." We believe that the water rights application will depend on a completed CEQA. Therefore we believe that Task D and Task E cannot be executed within the context of this proposal and recommend reducing their request by $10,900 with these conditions.

City of Seaside

- This project would offset potable supply from the Seaside municipal water system, not the Cal-Am main system. However, to the extent mobile water users chose to utilize this source instead of hydrant meters within the Cal-Am system, there will be benefits with respect to the CDO and the Carmel River. Funding should be conditioned on developing a pricing structure that makes the water preferential over metered Cal-Am water.

- Seaside is not offering matching funds. Typically, the District has waived the matching criterion if an identified quantity of Cal-Am main system water would become available the District. This is not the case here. However, staff believes this funding request will benefit the partnership with the City of Seaside relative to the Santa Margarita ASR wells.

- The amount of contingency in their budget has been reduced in the proposed award by $20,000. The City will be expected to accept the contingency risk in excess of $10,000.

Pacific Grove

- This project would capture and direct stormwater to the Regional Treatment Plant and the Pure Water Monterey project. However, the Pure Water Monterey project will not be able to accommodate the increase in flows during the wet winter months as presently designed.

- The District awarded $100,000 to the City of Pacific Grove under last year's Local Water Project program for stormwater purposes. To date they have not made any expenditures related to that grant.

Project eligibility, requirements that staff and Water Supply Planning Committee should consider are as follows:

Project Purpose: Direct water supply benefit includes the development of a new water supply that may be used to offset the existing unlawful diversions of the California American Water Company from the Carmel River, as affected by the 2009 Cease and Desist Order imposed by the State Water Resources Control Board ("SWRCB"), or may result in a new additional supply of water that may serve future needs of the Monterey Peninsula.
Ancillary benefits may include, but are not limited to, the following:

- Water supply reliability, conservation, and efficiency of use;
- Water quality improvement – river, ocean, groundwater;
- Recycling or reuse of wastewater consistent with SWRCB Recycled Water Policy;

- Reduction of non-point source pollution, or point source discharge consistent with SWRCB Ocean Plan;
- Reduction of carbon-based emissions consistent with California AB32 goals;
- Storm Water capture and reuse consistent with California ASBS policy goals;
- Groundwater recharge;
- Flood management and protection of property; and
- Environmental mitigation, fisheries protection, or habitat restoration;

District Goals: Does the proposed project provide water to meet additional District goals? District goals include the following four goals:

- Can the Project provide water supply to the District for drought/rationing reserve (i.e. water that is not supplied to a beneficial use immediately upon project completion) and if so, how much?
- Can the Project provide water supply to the District for potential future reallocation to the jurisdictions (i.e. water that is not supplied to a beneficial use immediately upon project completion) and if so, how much?
- Can the project be run in a manner that would provide surplus production that could be "banked" into the Seaside Groundwater Basin utilizing the District's Aquifer Storage and Recovery project?
- Are there multiple benefits to the region or the State as described above?

Evaluation: Projects are evaluated by staff and recommendations made to the Committee based upon the following "Merit Factors."

- Application contains basic information requested
- Project produces new water supply
- Amount of new supply
- Ancillary benefits demonstrated and determined to be of value to community
- District goals identified above, are met by project.
- Feasibility of Project has been demonstrated.
- Project Schedule is well defined and feasible.
- Project Financing is well defined and contingencies examined and identified.
- Annual Cost of Water is well defined and determined by the District to be consistent with alternate water supply projects, with consideration for ancillary benefits.
- Project status with respect to permits, consultants, and land appear to be consistent with successful project completion.

EXHIBITS

2-A Pebble Beach Company Local Water Project Grant Application
2-B City of Monterey Local Water Project Grant Application
2-C City of Seaside Local Water Project Grant Application
2-D City of Pacific Grove Local Water Project Grant Application

EXHIBIT 2-A

PEBBLE BEACH COMPANY
Del Monte Golf Course TEST WELL PROJECT
Project
Grant Application Form

DATE: July 29, 2015

Eligibility Summary

Project Geographic Eligibility:	The Del Monte Golf Course is within the geographic boundaries of the Monterey Peninsula Water Management District ("District"). Benefits of the Test Well Project accrue to all water users within the territory of the District.
Project Sponsor:	The Pebble Beach Company is the Project Sponsor and is a California General Partnership located within District boundaries.
Project Purpose Eligibility:	Discovery and utilization of well water will produce a new, non-potable supply to off-set the potable supply currently used by the Del Monte Golf Course (Course) for irrigation. This off-set amount will be distributed by the District to be used for other potable supply purposes throughout the community.
Matching Requirement:	The Pebble Beach Company requests matching funds of $100,000 to off-set the cost estimated @ $160,000 to $200,000 required to perform the Test Well work.

EXHIBIT 2-A

Requirements

1) Project Sponsor: Pebble Beach Company

2) Type of entity: Private entity

3) Project Title: Del Monte Golf Course Test Well

4) Project Sponsor Contact Information:
Mr. Brent Reitz
Project Manager
Pebble Beach Company
4005 Sunridge Road
Pebble Beach, CA
93953
(831) 625-8498
reitzb@pebblebeach.com

5) Amount of Funding Requested $100,000.00

6) Project Geographic Location: City of Monterey

7) Project Purpose and Description.

a. Purpose of the project – Identify potential non-potable water source for golf course irrigation in an effort to free-up potable water for alternative District distribution.

b. Description of the project – Geologic Mapping, Research & Recommendations are complete. The scope of this funding request consists of; Project Management, Permitting, Final Well Design, Test Well Drilling Operations & Water & Well Testing. These are the next steps required to search for a self-stainable water source for The Del Monte Golf Course.

Facilities:

The Del Monte Golf Course has been in continuous use as a golf course since the 1890's. The Course has historically been irrigated with water from the municipal supply system of the Monterey Peninsula -- first from the systems that preceded California-American (Cal-Am), and now, from Cal-Am. Water supply availability on the Monterey Peninsula is increasingly impacted by regulatory and environmental constraints and all solutions under consideration to mitigate the problem will significantly increase the cost of water.

EXHIBIT 2-A

Given this, the Pebble Beach Company is looking for an alternative supply for irrigation of the Course.

Major Components:

1. The first component of the Project consisted of hiring a Consulting Hydrogeologist to develop an alternative groundwater supply on the Course property by reviewing available data to assess hydrogeologic conditions underlying and proximate to the site. The report recommendations were to construct a test well as the next step in determining the feasibility of the project. Once completed, *Actual* water testing results can be derived vs. hypothetical assumptions. Pebble Beach Company paid for this report in 2013.

2. The second phase of the project is constructing a single test well in order to obtain underground water testing results.

3. The third component of the project will be a complete evaluation of the well drilling and water testing results. Water will be tested for quality to ascertain what, if anything will be required in the way of treatment to be suitable for golf course irrigation. Flow testing will be performed in an effort to determine the need, or desire, to drill additional wells. From these actual results, logical decisions can be made related to future scope & new supply implementation.

4. This grant application is to cover the costs of the second & third phase of the work referred to above.

Operations:

The Del Monte Golf Course currently uses approximately 124 acre-feet of irrigation water annually, with a peak month consumption of approximately 23 acre-feet. This water is supplied from the California-American Water Company system.

8) District Goals:

Can the Project provide water supply to the District for drought/rationing reserve (i.e. water that is not supplied to a beneficial use immediately upon project completion) and if so, how much?

Yes, the project noted above would supply an additional non-potable water source that could be used for irrigation purposes.

Can the Project provide water supply to the District for potential future reallocation to the jurisdictions (i.e. water that is not supplied to a beneficial use immediately upon project completion) and if so, how much?

Yes, the project ultimately will be used to offset outdoor irrigation that currently uses potable water.

9) Technical Feasibility of Project. Information about the project and include as exhibits or define links to documents or websites for future reference.

Please see our response to Item 7 above.

10) Project Schedule. Describe basic project schedule milestones including, but not limited to feasibility study, conceptual design, CEQA/NEPA Process, other permits required, etc. Major milestones included in the schedule are as follow:

The well is expected to be drilled and tested by OCT 15-2015

11) Project Financing. Describe project capital costs and construction schedule, even if the project is currently applying only for "planning phase" projects. For "planning phase" projects, also describe costs for solely that phase and sources of funding.

Please see our response under "Matching Requirement" above.

EXHIBIT 2-B

CITY OF MONTEREY

Colton Hall, California Constitution Hall 1849

DEPARTMENT OF PLANS & PUBLIC WORKS

August 31, 2015

David J. Stoldt, General Manager
Monterey Peninsula Water Management District
PO Box 85
Monterey, CA 93942-0085

RE: City of Monterey MPWMD Local Water Project Grant Application

Dear Mr. Stoldt:

Attached please find the City of Monterey's application for the 2015 Local Water Project Grant through the Monterey Peninsula Water Management District.

We appreciate your consideration of our project for receipt of grant funding.

Should you have any questions regarding the application, please contact Megan Beckman at (831) 242-8724 or beckman@monterey.org.

Sincerely,

Jeff Krebs, P.E.
Principal Engineer
Planning, Engineering and Environmental Compliance
City of Monterey

Enclosures: City of Monterey MPWMD Local Water Project Grant Application
Letter of Support from City of Pacific Grove
Letter of Support from Department of the Army

EXHIBIT 2-B

Monterey Peninsula Water Management District Local Water Project Grant Application

1. **Name of Project Sponsor**

   City of Monterey, Plans and Public Works Department

2. **Type of Entity**

   Public Entity, City of Monterey

3. **Project Name or Title**

   Monterey Regional Water Recovery Study

4. **Project Sponsor Contact Information**

   Jeff Krebs, P.E.
   Plans and Public Works
   City of Monterey
   580 Pacific St, Rm 7
   Monterey, CA 93940

5. **Amount of Funding Requested**

   $85,000

6. **Geographic Location of Project**

   Monterey Peninsula: Cities of Monterey, Pacific Grove, Seaside, and Monterey County

7. **Project Purpose and Description**

   Task A-1: Examine the feasibility of Peninsula-wide water recovery and reclamation system and possibilities for sources, including finding uses of storm and non-storm water flows. Utilizing storm and non-storm water flows will reduce the Peninsula's dependence on the Carmel River aquifer, a river that supports the local steel head salmon population, as well as reduce the dependence on, and the recovery of, local aquifers.

   This project will examine the feasibility of Peninsula-wide water recovery and reclamation system, impacting the cities of Pacific Grove, Monterey, and Seaside, Presidio of Monterey, Naval Post Graduate School, Monterey Peninsula Regional Parks District, Monterey County, and the PCA. This is the first step toward implementing capital improvements to accomplish the task of providing a reliable local source of water and regional storm water management.

   The study will explore many possibilities for sources, including the capture of water at the Peninsula's major drainages at El Estero, Laguna Grande (Roberts Lake), David Ave Reservoir, and Del Monte (Navy) Lakes, installation of small and inconspicuous sewage reclamation stations, capture and diversion of waters that flow into the Pacific Grove

Area of Special Biological Significance (PGASBS), as well as the possible integration of all sources to optimize yield. Additionally, the study seeks to determine which sources of urban runoff can be feasibly harvested; which surface reservoirs are economically feasible; and identify water quality challenges associated with each source.

Task A-2: Coordinate outreach to multiple jurisdictions to determine stakeholder involvement.

Task B: Focus on how best to transport, treat, and store the water

Finding possible sources of water is but one critical aspect; this study will also focus on how best to transport, treat, and store the water. Possibilities include a bi-directional reclaimed water main that could transport non-potable water to and from the Peninsula area; smaller local treatment systems; larger regional systems, such as transport to Marina treatment works with integration into the California American (CalAm) system; and treatment and injection into local aquifers including aquifers currently containing non-potable water, such as can be found within the cities.

Task C: Develop conceptual design for the preferred project and at least one feasible alternative.

Task C-1: Work with a Technical Advisory Committee during development of concept design

Task C-2: Prepare conceptual design plans with sufficient detail of project facilities for environmental review of the preferred project and at least one feasible alternative

Task D: Identify the need for drainage basin water rights permits from the State Water Resources Control Board.

Task E: Prepare the CEQA/NEPA environmental review document

Task E-1: Prepare an initial study (IS) in conformance with the California Environmental Quality Act (CEQA) of 1970, Section 21000 et. seq. of the CEQA Guidelines (California Administrative Code Section 15000) for the proposed project. The IS will provide an analysis describing potential environmental impacts associated with the proposed project, and determine if MND/EIR is required.

The proposed IS will include the following sections:

- CEQA Determination Page
- *Table of Contents*
- *Introduction:* This section will cite the environmental review requirements of the proposed project, pursuant to CEQA.
- *Project Description:* This section will describe the proposed project. A brief description of the project's location, environmental setting, and existing uses within the area affected will be included. Text and exhibits will be used to describe and illustrate the characteristics of the proposed project. The environmental document will include a maximum of four (4) exhibits to enhance the written text and clarify the project and potential environmental impacts. Exhibits are anticipated to include: Regional Vicinity Map, Local Vicinity Map, Site Plan, and details and sections.

- *Evaluation of Environmental Impact:* Use the environmental checklist in Appendix G of the CEQA Guidelines to address the environmental topics of CEQA. This section will describe the potential impacts and mitigation measures for the proposed project.

Task E-2: At the time of grant submittal, the city lacks available funding to complete the CEQA process; however, the City will actively pursue the additional funding to complete the environmental review. Should this funding become available, the City will prepare the Public Review Draft IS/MND or EIR, as determined to be required.

Task F: Develop project implementation work plan

Task F-1: Identify additional permitting and regulatory requirements,

Task F-2: Develop project timeline/schedule

Task F-3: Prepare project work plan

8. **District Goals. Does the proposed project provide water to meet additional District goals? District goals include the following four goals:**

Can the Project provide water supply to the District for drought/rationing reserve (i.e. water that is not supplied to a beneficial use immediately upon project completion) and if so, how much?

Dependent on the feasibility of project implementation, a portion of water could be reserved for drought rationing in the future.

Can the Project provide water supply to the District for potential future reallocation to the jurisdictions (i.e. water that is not supplied to a beneficial use immediately upon project completion) and if so, how much?

The City will request a certain amount of water to be allocated to the City of Monterey and anticipates a portion for use within their jurisdiction.

Can the project be run in a manner that would provide surplus production that could be "banked" into the Seaside Groundwater Basin utilizing the District's Aquifer Storage and Recovery project?

The project will explore the feasibility of treating water to potable surface water standards to allow transport into the Seaside Aquifers utilizing the District's Aquifer Storage and Recovery Project.

Are there multiple benefits to the region or the State as described in section 6, above?

Multiple benefits to the region are expected as an outcome of project implementation, including reduced dependence upon existing surface and sub-surface waters. A

potential reduction in flows to the Pacific Grove Area of Special Biological Significance, a requirement of the State Water Resiurces Control Board, may also be achieved.

9. Technical Feasibility of this Project

This project will use existing studies, including the Monterey Vista Study, 1999 Fugro Report and ASBS Refined 2006 Feasibility Study of Alternatives Management Plan, which provide proof that the project is technically feasible, and explore other options for water reclamation, treatment and storage. (See supporting documents)

10. Project Schedule

See table below for proposed project timeline.

Schedule Category		Start Date	Completion Date
1	Project Administration	October 30, 2015	December 31, 2017
2	Assumed Grant Application approval and receipt by City Council	October 30, 2015	December 15, 2015
3	Send out RFP, review, and award contract	January 1, 2016	April 30, 2016
4	Task A: Examine the feasibility of Peninsula-wide water recovery and reclamation system and possibilities for sources; Stakeholder outreach and coordination	May 1, 2016	July 31, 2016
5	Task B: Focus on how best to transport, treat and store the water.	August 1, 2016	September 30, 2016
6	Task C: Develop conceptual design for the preferred project and at least one feasible alternative.	October 1, 2016	January 30, 2017
7	Task D: Obtaining drainage basin water rights.	October 1, 2016	January 30, 2017
8	Task E: Prepare the CEQA/NEPA IS environmental review document	February 1, 2017	June 30, 2017
9	Task F: Develop project implementation work plan.	July 1, 2017	December 31, 2017

EXHIBIT 2-B

11. Project Financing

See table below for proposed project financing.

Budget Category		City Share (Cost Match) 50%	Requested District Share (Grant Funding) 50%	Total 100%
1	Direct Project Administration Costs (6%)	$5,100	$5,100	$10,200
2	Task A: Examine the feasibility of Peninsula-wide water recovery and reclamation system and possibilities for sources; Stakeholder outreach and coordination	$10,000	$10,000	$20,000
3	Task B: Focus on how best to transport, treat and store the water	$20,000	$20,000	$40,000
4	Task C: Develop conceptual design for the preferred project and at least one feasible alternative.	$34,000	$34,000	$68,000
5	Task D: Obtaining drainage basin water rights.	$5,000	$5,000	$10,000
6	Task E: Prepare the CEQA/NEPA IS environmental review document	$5,900	$5,900	$11,800
7	Task F: Develop project implementation work plan.	$5,000	$5,000	$10,000
	Grant Total [Sum (a) through (g) for each column]	$85,000	$85,000	$170,000
Source(s) of funds for Non-State Share (cost match)		NIP	n/a	

12. Annual Cost of Water

Cost per acre-foot of water produced per year will be determined by the study outcome.

EXHIBIT 2-B

13. Land and Right of Way Requirements Status

The drainage basins' utilized surface water rights will be required.

14. Permits

Required permits will be determined through implementation of the work plan

15. Consultants, Plans, and Bids

The City will follow city purchasing rules regarding the use of hiring consultants and requesting bids, which includes the RFP (Request for Proposals) and Call for Bids process.

EXHIBIT 2-B

CITY OF PACIFIC GROVE
300 Forest Avenue ▫ Pacific Grove, California

August 28, 2015

David J. Stoldt, General Manager
Local Project Application
Monterey Peninsula Water Management District
PO Box 85
Monterey, CA 93942-0085

RE: City of Monterey MPWMD Local Water Project Grant Application

Dear Mr. Stoldt:

This letter is written in support of the City of Monterey's MPWMD Local Water Project Grant application to conduct a Monterey Regional Water Recovery Study. The Study will examine the feasibility of creating a Peninsula-wide water recovery and reclamation system and possibilities for sources, including finding uses of storm water flows to reduce ocean pollution. For several years the City of Pacific Grove has collaborated with the City of Monterey on projects and studies regarding storm water management and the water quality of the Pacific Grove Area of Special Biological Significance. The City of Pacific Grove looks forward continuing this relationship as it applies to the Study.

The Study is the first step toward implementing capital improvements to provide a reliable source of water to the Monterey Peninsula. The Study will positively impact both the City of Monterey and City of Pacific Grove as well as the City of Seaside, Monterey County, Presidio of Monterey, Naval Post Graduate School, Monterey Peninsula Regional Parks District, and the Monterey Regional Water Pollution Control Agency.

The City of Pacific Grove strongly supports this application and encourages the approval of funding.

Sincerely,

Thomas Frutchey
City Manager

EXHIBIT 2-B

DEPARTMENT OF THE ARMY
UNITED STATES ARMY INSTALLATION MANAGEMENT COMMAND
HEADQUARTERS, US ARMY GARRISON, PRESIDIO OF MONTEREY
DIRECTORATE OF PUBLIC WORKS
BLDG. 4463 GIGLING RD. – PO BOX 5004
MONTEREY, CA 93944-5004

REPLY TO
ATTENTION OF

IMPM-PW

18 August 2015

MEMORANDUM FOR: David J. Stoldt, General Manager, Monterey Peninsula Water Management District.

SUBJECT: Letter of Support for Local Water Project Grant Application for Monterey Regional Water Recovery Study

Mr. Stoldt,

My name is Andrew Stillwell and I am the Public Utilities Manager for the US Army Garrison Presidio of Monterey and Ord Military Community. I manage all of the privatized utility contracts the US Army has with local utility providers, including the storm water contract we have with the City of Monterey.

I am writing this letter to support the City of Monterey's application for grant funding to conduct a Monterey Regional Water Recovery Study. This study will examine the feasibility of creating a peninsula-wide water recovery and reclamation system, including possibilities for sources and reducing storm water flows to the ocean. This study is the first step toward implementing capital improvements to accomplish the task of providing a reliable, local, source of water. This project will have a direct, positive, impact on the Monterey Peninsula including the Presidio of Monterey.

As we all know, water is a precious resource on the Monterey Peninsula and I strongly support this application. Anything we can do to conserve or reclaim water and identify new water sources is money well spent during this drought and I hope that you will support this application as well.

Please feel free to contact me at 831-242-3100 or andrew.n.stillwell.civ@mail.mil if you have any questions or concerns.

ANDREW STILLWELL
Public Utilities Manager
Directorate of Public Works
USAG Presidio of Monterey

EXHIBIT 2-C

RESOURCE MANAGEMENT SERVICES
440 Harcourt Avenue Telephone (831) 899-6737
Seaside, CA 93955 FAX (831) 899-6211

September 1, 2015

David J. Stoldt, General Manager
Local Projects Application
Monterey Peninsula Water Management District
PO Box 85
Monterey, CA 93942-0085
Via email dstoldt@mpwmd.net

Subject: Grant Application for Local Water Project

Please find enclosed an application for grant monies to design and construct a system to provide non-potable water for public works activities such as sewer line cleaning, street sweeping, storm drain cleaning, and other irrigation and construction needs. The City of Seaside proposes to design and construct modifications to an existing irrigation well located in Laguna Grande Park to provide water to public works vehicles and others needing water for maintenance and construction activities. Since the Laguna Grande well does not draw water from the Carmel River Basin or the Seaside groundwater basin, the proposed project would benefit both the Cal Am and Seaside Municipal Water System. The City believes that other municipalities and construction firms would also benefit as the water would be made available to those wishing to draw water from the proposed hydrant.

Please contact Rick Riedl, Senior Civil Engineer to discuss any questions or comments.

Sincerely,

Tim O'Halloran, PE
City Engineer / Public Works Services Manager

Copy: John Dunn, City Manager
Diana Ingersoll, Deputy City Manager – Resource Management Services
Rick Riedl, Senior Civil Engineer

Grant Application by City of Seaside Local Water Project

September 1, 2015

Eligibility Summary

Project Name:	Public Works Non-Potable Water from the Laguna Grande Well
Project Geographic Location:	Project is located in the City of Seaside along Canyon Del Rey Boulevard near Harcourt Ave (36°36'14.79"N, 121°51'16.93"W)
Project Sponsor:	City of Seaside, a public entity.
Project Purpose:	The proposed project will offset existing potable water used for public works and construction activities. The project would produce non-potable water for public works activities such as sewer line cleaning, street sweeping, storm drain cleaning, and other irrigation and construction needs. The water would be made available to other public entities external to the City of Seaside. The water could also be used for private project construction water needs. Since the Laguna Grande well does not draw water from the Carmel River Basin or the Seaside groundwater basin, project benefits would accrue to Cal Am and Seaside Municipal Water System. Activities that currently use potable water for sewer line flushing, street sweeping, storm drain cleaning, irrigation and construction grading could use the proposed project to offset the use of potable water from these entities.
Project Description:	The proposed project would modify an existing irrigation well located in Laguna Grande Park. The project would add motor controls, flow controls, below grade piping and a hydrant for filling vehicles. Vehicles needing water would park on Canyon Del Rey Boulevard or in the Laguna Grande parking lot to fill up by attaching a hydrant meter and hose to the proposed hydrant. The project could deliver water from the proposed hydrant at the maximum safe filling rate of about 200 gpm. The actual maximum filling rate would be determined during the design phase. The water would be available year round. The City proposes to hire an engineering firm to design the system and then solicit bids for construction. Design and construction is estimated to take about nine months.
Requested Funds:	The city is requesting $132,000 to design and construct the project. Additional funding would be required to operate and maintain the project.

The City proposes that users of the facilities would be billed for usage to compensate for operation and maintenance costs. Additional charges to reimburse for capital may be warranted.

Matching Funds: The City of Seaside does not have matching funds available.

However, reimbursement of funds expended could be derived from user fees. The City is interested in discussing with the District possible methods of reimbursement of grant funds.

Technical Feasibility: The existing well produces about 20 acre-feet per year (AFY) for irrigation. Since the well is used for irrigation, it produces water at about 600 gpm The proposed project would install controls on the well to reduce the flow to a safe and manageable flow for the filling trucks. The proposed project would control the flow for filling vehicles by adding a variable frequency drive (VFD) and accumulator tank with automatic shut off. In this way, the well pump would run at a much lower rate that would be safe for filling vehicles.

Project Schedule: The proposed project is shown below in days after notification of grant award.

- Award Design 60 days
- Complete CEQA 90 days
- Complete Design 120 days
- Bidding 180 days
- Award Construction 240 days
- Complete Construction 270 days

No additional permits would be required as the well is not located within the Coastal Zone (see Figure 1-2a, "Coastal Zone Subareas" from Seaside's LCP) or the Seaside Groundwater Basin.

Project Financing: Estimated project costs are as follows

- Construction $72,000
- Planning, Design and Permitting $30,000
- Contingency 30% $30,000
- Total Estimated Cost $132,000

If the District does not provide a grant for the entire project amount, the City is unable to fund the project and would not proceed.

EXHIBIT 2-C

Grant Application by City of Seaside
Local Water Project

Annual Cost of Water:

Estimated annual operating costs for producing 5 AF of water for public works vehicles are as follows:

• Electricity	$2,500
• Maintenance	$3,700
• Capital Cost Recovery (Construction Costs) (20 years at 2.5% IRR)	$6,000
• Capital Cost Recovery (Soft Costs) (50 years at 2.5% IRR)	$1,400
• Total Annual Cost	$13,600

Assuming the system produces 5 AFY, the annual cost of water would be $2,720 per AF.

Land

The land is owned by the City of Seaside and the Monterey Peninsula Regional Parks (APN 011-371-006).

Permits

No permits are envisioned for the proposed project because the site is owned by the City and a similar non-potable water filling station was previously operated by the City at this site. The previous system (now defunct) did not have a motor or flow control but instead wasted excess water to the lake to provide the remainder as safe and manageable flows for filling vehicles.

Consultants, Plans, and Bids

The City would retain consultants to prepare construction documents that would be used to solicit competitive bids to construct the project. The City received a proposal from Salinas Pump several years ago to install a system similar to the one proposed and was used as a basis for this cost estimate.

Attachments

Figure 1-2a, "Coastal Zone Subareas" from Seaside's LCP showing proposed project location

EXHIBIT 2-C

Figure 1-2a
Coastal Zone Subareas

PMC

EXHIBIT 2-D

CITY OF PACIFIC GROVE
Public Works Department
300 Forest Avenue, Pacific Grove, CA 93950

September 1, 2015

David Stoldt, General Manager
Local Water Projects Application
Monterey Peninsula Water Management District
PO Box 85
Monterey CA, 93942-0085

RE: Pacific Grove Ocean View Boulevard Stormwater Project Grant Application

Dear Mr. Stoldt,

The City of Pacific Grove is pleased to submit the attached application for funding from the Monterey Peninsula Water Management District for the Ocean View Boulevard Stormwater Project. The City is requesting $75,000 in funding from MPWMD this fiscal year, matched by a City contribution of $75,000. The Project has potential to produce 417 AFY of potable water supply from stormwater that currently flows to the Monterey Bay and Pacific Ocean.

The project would divert both wet and dry weather flows from Pacific Grove and New Monterey watershed areas into upgraded stormwater collection and treatment systems. This water can contribute to the Groundwater Replenishment Project in the Seaside Groundwater Basin for withdrawal and distribution as potable water by Cal-Am under the management of the District.

We look forward to your consideration of our request and to continue to work together collaboratively to address water issues facing the Monterey Peninsula region.

If you have any questions, please contact me at (831) 648-3188 or jkahn@cityofpacificgrove.org.

Sincerely,

Jessica Kahn

Jessica Kahn
Environmental Programs Manager

EXHIBIT 2-D

Local Water Project Grant/Loan Application

1) Name of Project Sponsor:	City of Pacific Grove
2) Name of Project Sponsor:	(i) Public Entity
3) Project Name or Title:	Ocean View Boulevard Stormwater Project
4) Project Sponsor Contact Information:	Jessica Kahn, PE, Environmental Programs Manager City of Pacific Grove Public Works Department 300 Forest Ave Pacific Grove, CA 93950 t(831)648-3188 jkahn@cityofpacificgrove.org
5) Amount of Funding Requested:	$75,000
6) Geographic Location of Project:	The project is located in the City of Pacific Grove, primarily within the Ocean View Boulevard right-of-way from Forest Avenue west to the retired PGWWTP at Point Pinos.

7) Project Purpose & Description:

The primary project purpose is to update and complete the planning, engineering and regulatory analysis to produce a new potable water supply from stormwater that currently flows to the ocean and is not in compliance with the Pacific Grove ASBS Special Protections.

The project would produce up to 417 AFY of new potable water for the region while achieving up to a 90% reduction in pollutant loading during storm events. This will be accomplished by the completion of the plans to extend the City's successful dry weather stormwater elimination program both seasonally and geographically. Dry and wet weather stormwater system flows would be captured, diverted and conveyed to MRWPCA RTP and the advanced water treatment facility for participation in the Pure Monterey (formally Groundwater Management Project or GWR) project.

Additional project objectives and benefits:

a. Produce an in lieu potable water offset that fully integrates with the City's Satellite Recycled Water Treatment Plant Project at Point Pinos (i.e., Pacific Grove's "Local Water Project") and that is financially and technically feasible;
b. Produce new potable water by developing dry and wet weather storm system flows that supplement source water to the MRWPCA's indirect potable reuse project;
c. Contribute new supplies of recycled storm water into regionally available potable water supplies;
d. Effectively manage nuisance water discharges and watershed runoff in a manner that protects water quality and facilitates reuse;
e. Facilitate future additions of stormwater BMPs for capture and reuse that will further enhance water quality and recycled stormwater reuse;
f. Expand existing dry weather diversion system to collect runoff west of Lovers Point and thereby eliminate current ocean discharges;
g. Reduce regulatory uncertainty by addressing the requirements of the ASBS Special Protections that impact the cities of Monterey and Pacific Grove;
h. Produce a project that is operationally consistent with and does not exceed hydraulic capacities of MRWPCA's collection and treatment systems; and,
i. Result in a project that maximizes its eligibility for additional state and federal financial support for design completion, construction, and operation.

Project Description: The project would divert both wet and dry weather flows from Pacific Grove and New Monterey watershed areas into upgraded stormwater collection and treatment systems. Flows would be directed to a new stormwater detention facility at the former Point Pinos Wastewater Treatment Plant site and the MRWPCA RTP in Marina. MRWPCA would use this water to serve its Groundwater Replenishment Project in the Seaside Groundwater Basin for withdrawal and distribution as potable water by Cal-Am under the management of the District.

The City of Pacific Grove, in collaboration with the City of Monterey, has completed a 40 percent engineering design development. The analysis defines the Ocean View Boulevard Conveyance System sub-project and a Point Pinos sub-project that includes the proposed stromwater treatment facility. A project EIR was certified for a comprehensive ASBS Stormwater Management Project. The EIR includes Alternative 2: Treatment at the MRWPCA. This grant application focuses on several portions of the five sub-projects developed in those documents with proposed modifications of the Ocean View Boulevard Conveyance and Point Pinos Stormwater Treatment Facility and Crespi Pond sub-projects.

The hybrid project would consider stormwater detention at the PPWWTP Site. However, treatment of stormwater would be excluded since stormwater does not need to be treated before discharge to the sewer. One or more CDS units would be included to keep debris out of the system. Detention facilities would be sized and constructed adequate for the diverted stormwater flows to the PPWWTP site, thereby not overloading the MRWPCA.

MRWPCA would receive 100% of the diverted storm water that would supplement source waters to Pure Monterey as indirect potable reuse and to Castroville Seawater Intrusion Project (CSIP) for non-potable irrigation reuse. Stormwater flows would be metered into the sewage collection system in close coordination with the MRWPCA.

When stormwater flows exceed the 85 percentile event, diversion pumps could be shut off and stormwater would flow as currently occurs. Optionally, the City could capture end of season flows for management within its Satellite Recycled Water Treatment Plant project.

Onsite detention storage capacity could similarly be managed to produce a "peaking volume" that the City can draw upon if needed to meet peak irrigation demands, thereby adding flexibility into its recycled water system.

Grant funds would be used for the following purposes:

- Analyze a new hybrid project consisting of conveyance, detention and discharge facilities to MRWPCA that makes optimal use of existing facilities. This new project would be a hybrid of the 40% Design Engineering study, its alternative, and the Alternative 2 presented in the certified ASBS EIR;
- Update the engineering design of the ASBS Stormwater Management Project in conformance with the City's Satellite Recycled Water Treatment plant Project;
- Confirm and update the underlying assumptions for hydraulic, hydrologic, civil engineering, environmental and regulatory analysis;
- Review and confirm inclusion of previously identified project alternative components for inclusion in the final project description;
- Update the project to be consistent with other regional water supply projects (City of Monterey's David Avenue Reservoir Project), MRWPCA's Pure Water Monterey Project (formally GWR),the Castroville Seawater Intrusion Project (CSIP), and Cal-Am's seawater desalination project (Monterey Peninsula Water Management Project) and the City's Satellite Recycled Water Project;
- Prepare and submit application packages for grants and low interest loan financing from the SWRCB, DWR, USEPA, and others as applicable.

Proposed Project Facilities: The following facilities have been identified from studies completed to date. These facilities represent the current status of the project and are subject to revision based on the results of this project and the development of a new hybrid project.

a. Approximately 1,100 feet of new gravity storm drain pipeline and 8,000 feet of pipe lining within an existing abandoned sewer force main;
b. Diversion and bypass structures to direct stormwater from the existing storm drains into the new system components;
c. A 320,000-gallon underground storage facility at the intersection of Caledonia Street and Pacific Avenue.
d. A new CDS unit to remove trash and sediment prior to entering the new underground storage facility;
e. Three new pump stations along Ocean View Boulevard designed to convey stormwater through the retrofitted existing sewer force main to the PGWWTP site;
f. A 430,000 gallon Wet Weather Equalization Basin; and,
g. Approximately 1,800 LF of Conveyance Pipeline.

8) District Goals:

8.1 *Can the Project provide water supply to the District for drought/rationing reserve (i.e. water that is not supplied to a beneficial use immediately upon project completion) and if so, how much?*

Yes; the proposed project will divert up to an estimated 417 AFY (almost 136 million gallons per year or roughly, when converted to potable water supplies, enough to meet the annual needs of about 2,000 families). The stormwater produced by this project would be used as an additional source to the Pure Monterey Project (GWR) for indirect potable reuse and if needed for the CSIP for agricultural irrigation by banking produced water into the Seaside Groundwater Basin (SGWB).

8.2 *Can the Project provide water supply to the District for potential future reallocation to the jurisdictions (i.e. water that is not supplied to a beneficial use immediately upon project completion) and if so, how much?*

Yes. Water diverted by the proposed project would be purified at the RTP and then injected into the SGWB to renovate the basin. Water injected into the SGWB would be under the management of the District and therefore available for future reallocation to the jurisdictions.

8.3 *Can the project be run in a manner that would provide surplus production that could be "banked" into the Seaside Groundwater Basin utilizing the District's Aquifer Storage and Recovery project?*

Yes. The proposed project would specifically convey stormwater to the RTP for recycling and participation in the GWR for injection into the Districts Aquifer Storage and Recovery (ASR) Project. See responses to 8.1 and 8.2 above.

8.4 *Are there multiple benefits to the region or the State as described in section 6, above?*

Yes. Multiple benefits result to the region and the State as identified in Section 7.a through 7.i above. These benefits include water quality protection, water supply augmentation, improvements to water supply reliability and drought protection as well as both non-potable and indirect potable reuse. From a statewide basis the proposed project helps to strengthen the regional self-sufficiency for water supplies while protecting valuable environmental resources of offshore habitat.

9) Technical Feasibility of Project:

Based on the work completed to date, the proposed project has been determined to be technically feasible. A hyperlink to the 40% Design Engineering Report is attached: http://www.cityofpacificgrove.org/modules/showdocument.aspx?documentid=10782

The environmental documentation for the City's overall stormwater program, inclusive of this proposed project is available at the following hyperlinks:

Draft EIR: http://www.monterey.org/Portals/1/peec/stormwater/Monterey-PG_ASBS_Stormwater_Management_Project_DEIR.pdf

Final EIR: http://www.ci.pg.ca.us/modules/showdocument.aspx?documentid=10633

Additionally, the City has already determined the technical feasibility of the current portions of the dry weather stormwater project that have been operated successfully for the past five years.

10) Project Schedule:

Table 1 presents the milestone schedule for the proposed project inclusive of the following topic areas: updating of the feasibility study, conceptual design update, supplemental CEQA/NEPA process, major permits required.

Table 1. Milestone Schedule

WBS	Milestone Activity	Start Date	End Date	(Months)	Notes:
1	Grant Award	10/01/2015	10/01/2015	0.0	Project start will occur upon authorization of MPWMD Grant.
2	Update Project Description	10/01/2015	11/30/2015	2.0	
3	SWRCB Grant Application	10/06/2015	11/20/2015	1.5	
4	Inter-Agency Coordination	10/01/2015	06/17/2016	6.0	Activity occurs throught project duration
5	Prepare Facility Plan Report	12/20/2015	06/17/2016	6.0	
6	Regulatory Coordination & Permit Aps.	12/20/2015	06/17/2016	6.0	Activity occurs throught project duration
7	CEQA - Plus	10/01/2015	03/29/2016	6.0	
8	Financial Study for Construction	04/18/2016	06/17/2016	2.0	

11) Project Financing:

11.1 Project capital costs: Preliminary engineering capital cost estimates for the proposed improvements include material and labor costs, contingency (15%), project complexity factor (15%), engineering design (13%), construction management (8%), administrative and legal fees (2.5%) and inflation factor (4%). The proposed project described in this grant proposal consists of the components presented in Table 2.

Table 2. Preliminary Project Capital Cost & Annual Debt Payment

Sub-Project	Description	Capital Costs	Annual Debt Payment
3	Ocean View Blvd. Conveyance	$6,813,338	$457,963
4	Point Pinos Stormwater Treatment Facility	$4,973,686	$334,310

11.3 Planning Phase Costs and Funding Sources: Table 3 presents the anticipated costs associated with the updates to the planning, engineering, environmental and regulatory work. Sources of these funds are also presented.

Table 3. Planning Phase Costs and Funding Sources			
No.	**Description**	**Costs**	**Sources**
1	Updating of Proposed Project Description	$40,000	MPWMD and SWRCB
2	Facilities Plan Report	$150,000	MPWMD and SWRCB
3	Supplemental Engineering Analysis	$45,000	IRWMP Proposition 84
4	Supplemental CEQA Plus Documentation	$70,000	IRWMP Proposition 84
5	Regulatory Coordination & Initial Permit Aps.	$25,000	IRWMP Proposition 84
6	Financial Study for Project Construction Funding	$20,000	IRWMP Proposition 84

11.4 Expected method of financing the capital costs source of debt repayment and security: A part of the proposed project will be the analysis of payment for capital costs of the project. This will include a review of potential sources of funds and security. Currently the City envisions that a portion of the project would be grant fundable through the DWR Proposition 84 Program and the SWRCB State Revolving Find low-interest loan program.

11.5 Demonstrate applicant's matching share funding without MPWMD Assistance:

The City has previously spent over $250,000 for the urban diversion system investigations. This has included money from the City's general fund to meet these project costs.

12) Annual Cost of Water:

The costs presented in this grant application reflect the Ocean View Boulevard Conveyance and the Point Pinos Stormwater Treatment Facility sub-projects. Costs have not yet been determined for the development of the new hybrid project. The hybrid would include removal of the stormwater treatment facility at Point Pinos, removal of the Crespi Pond diversion and energy dissipater, inclusion of a new detention facility at Point Pinos or the operational controls needed to synchronize the various project components.

Therefore, for simplicity, this grant application makes use of the cost analyses for the Ocean View Boulevard and the Point Pinos Stormwater Treatment Facility sub-projects with the understanding that the hybrid project under consideration is anticipated to cost significantly less than the full costs of these two sub-projects.

12.1 Estimated operating costs and capital cost recovery on an annual basis: O&M costs were prepared in the 40% Design Study to include the cost of labor, materials, and energy for equipment, structural and landscape components. Annual operation costs were assumed to be 3% of the preliminary capital cost estimate and were projected to increase annually by 1.5% for inflation.

O&M costs for the Ocean View Boulevard sub-project were estimated at $235,900 and $172,300 for the Point Pinos Stormwater Treatment Facility sub-project.

12.2 Estimated cost per acre-foot of water produced per year: The estimated production costs of 417 AF/Y would be based the capital and O&M costs previously developed. Assuming a 30-year operation of the project (based on a 30-year construction SRF loan at 2%) the unit cost for the project as previously proposed would be $2,880. It should also be noted that in addition to the potable water that results from the project a significant avoided cost from noncompliance with the ASBS Special provisions would benefit the City.

12.3 Annual and periodic renewal and replacement requirements: The annual O&M requirements are for the inspection, oversight, maintenance of the diversion pumps and pipelines. These activities are consistent with the City's current responsibilities for its existing dry weather diversion system.

13) Land:

13.1 Site and/or right-of-way requirements and status: The City owns the rights-of-way included in the proposed project. As currently configured, no new rights-of-way would need to be acquired.

13.2 Identify any approvals to date: The Final EIR for the Monterey-Pacific Grove Stormwater Management Project (SCH#: 2013101005) was certified by the City of Pacific Grove on June 18, 2014 and by the City of Monterey on August 5, 2014. The project was approved by both the City of Pacific Grove and the City of Monterey.

14) Permits required, schedule for approval, and already acquired permits:

The City of Pacific Grove is the Lead Agency for the project. The City of Monterey is a cosponsor and a Responsible Agency. The California Coastal Commission is also a Responsible Agency for the project.

Approvals and other permits that may be required from local, regional, state, and federal agencies as physical development occurs pursuant to the proposed project are as follows:

- Municipal Approvals and Permits
- City of Pacific Grove: Use Permit, Building Permit, Tree Removal Permit(s), and Encroachment Permits

State Permits:

- California Coastal Commission: Coastal Development Permit
- Central Coast Regional Water Quality Control Board/State Water Resources Control Board: Construction General Permit (CGP), Industrial General Permit (IGP) (for applicable built facilities), National Pollutant Discharge Elimination System (NPDES) Permit, Clean Water Act Section 401 certification or Waste Discharge Requirements (WDR), and compliance with existing Phase II Small Municipal Separate Storm Sewer System (MS4) General Permit requirements.
- California Department of Public Health: approval of treated stormwater for irrigation purposes
- California Department of Fish and Wildlife: 1602 Streambed Alteration Agreement
- California Department of Water Resources Division of Safety and Dams: approval of David Avenue Reservoir improvements

Federal Permits

- U.S. Army Corps of Engineers – Clean Water Act Section 404 Nationwide Permit

15) Consultants, Plans, and Bids:

The City has prepared the 40% Design Engineering and Certified EIR for the Monterey-Pacifiic Grove ASBS Stormwater Management Project. This proposal was prepared by Fall Creek Engineering with input from Brezack & Associates Planning (B&AP) who have assisted in the development and review of both of those documents. Additionally, B&AP has worked extensively on the development and analysis of the City's Satellite Recycled Water Treatment Plant Project that would directly integrate with this proposed project. Any consultant contracted for this project must have have knowledge and experience with the funding, analysis and review requirements for the Facilities Planning Grant, CEQA-Plus and SRF Loan financing. The City has not received any bids.

WATER SUPPLY PLANNING COMMITTEE

ITEM: DISCUSSION ITEM

3. SB13 AND MODIFICATIONS TO THE SUSTAINABLE GROUNDWATER MANAGEMENT ACT

Meeting Date:	**October 8, 2015**	**Budgeted:**	**N/A**
From:	**David J. Stoldt, General Manager**	**Program/ Line Item No.:**	**N/A**
Prepared By:	**David J. Stoldt**	**Cost Estimate:**	**N/A**

General Counsel Review: N/A
Committee Recommendation: N/A
CEQA Compliance: N/A

SUMMARY: The Sustainable Groundwater Management Act (SGMA) was signed into law on September 16, 2014 and was comprised of three separate bills, AB 1739, SB 1168, and SB 1319. SGMA provides for local or regional management of groundwater. Section 10723 of SB 1168 states, "the following agencies created by statute to manage groundwater shall be deemed the exclusive local agencies within their respective statutory boundaries with powers to" become a groundwater sustainability agency (GSA) and specifically lists 15 local agencies of which Monterey Peninsula Water Management District is one.

At its September 21, 2015 meeting the District Board directed the General Manager to file Notice of Intent with the State Department of Water Resources to become GSA for the Carmel Valley Alluvial Aquifer.

Last month, the legislature approved a clean-up bill (**Exhibit 3-A** attached) that authorizes investor-owned water utilities to participate in the GSA process. The language of the bill is very unclear on how that participation is to be achieved. The bill's author, Senator Pavely, attempted to clarify her intent in a September 11th letter to the Secretary of the Senate. A clear reading of the bill does not necessarily imply the intent of the fourth paragraph stated in the letter, nevertheless it seems to imply that the District should work closely with Cal-Am in the executive functions of the GSA. Staff has spoken with Cal-Am and has stated that it will seek to include Cal-Am in the process.

EXHIBITS
3-A Senate Bill 13 of 2015
3-B Senator Pavely letter to the Secretary of the Senate

EXHIBIT 3-A

CHAPTER 255

An act to amend Sections 5202, 10720.5, 10720.7, 10722.2, 10722.4, 10723, 10723.6, 10723.8, 10724, 10726.8, 10730.2, 10733.2, 10735.2, 10735.4, 10735.6, and 10933 of, to add Section 10729.2 to, and to repeal Section 10733.3 of, the Water Code, relating to groundwater.

[Approved by Governor September 03, 2015. Filed with Secretary of State September 03, 2015.]

LEGISLATIVE COUNSEL'S DIGEST

SB 13, Pavley. Groundwater.

Existing law, the Sustainable Groundwater Management Act, requires all groundwater basins designated as high- or medium-priority basins by the Department of Water Resources that are designated as basins subject to critical conditions of overdraft to be managed under a groundwater sustainability plan or coordinated groundwater sustainability plans by January 31, 2020, and requires all other groundwater basins designated as high- or medium-priority basins to be managed under a groundwater sustainability plan or coordinated groundwater sustainability plans by January 31, 2022, except as specified. The act authorizes the State Water Resources Control Board to designate a basin as a probationary basin if the state board makes a certain determination and to develop an interim plan for the probationary basin. The act requires a local agency or groundwater sustainability agency to have 90 or 180 days, as prescribed, to remedy the deficiency if the board designates the basin as a probationary basin.

This bill would specify that the board is authorized to designate a high- or medium-priority basin as a probationary basin. This bill would provide a local agency or groundwater sustainability agency 90 or 180 days, as prescribed, to remedy certain deficiencies that caused the board to designate the basin as a probationary basin. This bill would authorize the board to develop an interim plan for certain probationary basins one year after the designation of the basin as a probationary basin.

Existing law authorizes a combination of local agencies to form a groundwater sustainability agency by a joint powers agreement, memorandum of agreement, or other legal agreement, and authorizes a water corporation regulated by the Public Utilities Commission to participate in a groundwater sustainability agency if the local agencies approve.

This bill would authorize a mutual water company to participate in a groundwater sustainability agency and would provide that a water corporation or a mutual water company may participate through a memorandum of agreement or other legal agreement.

Existing law establishes a groundwater monitoring program pursuant to which specified entities, including a groundwater sustainability agency, may propose to be designated by the department as groundwater monitoring entities, as defined, for the purposes of monitoring and reporting with regard to groundwater elevations in all or part of a groundwater basin or subbasin. Existing law requires the department to identify the extent of monitoring of groundwater elevations that is being undertaken in groundwater basins and subbasins, and if the department determines that all or part of a basin or subbasin is not being monitored, to determine whether there is sufficient interest in establishing a groundwater management plan, an integrated regional water management plan, or a groundwater monitoring association.

This bill, if the department determines that all or part of a basin or subbasin is not being monitored, would require the department to determine whether there is sufficient interest in establishing a groundwater sustainability plan.

Existing law requires a local agency or combination of local agencies that elect to be a groundwater sustainability agency for a basin to submit a prescribed notice of intent to the department that includes the proposed boundaries of the basin and requires the department to post the notice on its Internet Web site within 15 days of receipt.

This bill would eliminate these provisions.

Existing law requires a groundwater sustainability agency to inform the department of its election or formation and its intent to undertake sustainable groundwater management within 30 days of forming or electing to be a groundwater sustainability agency and requires the notice to include specified information such as the service area boundaries and requires the department to post the notice on its Internet Web site within 15 days of receipt. Existing law provides that the groundwater sustainability agency is presumed the exclusive groundwater sustainability agency 90 days following the posting of notice, provided that no other notice was submitted.

This bill would require local agencies to seek to reach agreement to allow prompt designation of a groundwater sustainability agency. This bill would require a new notice to be submitted and the department to post notice if agreement is reached by the local agencies involving a material change from the information in the posted notice. This bill would require the department to post only complete notices it receives.

Existing law requires the department to categorize each basin as high, medium, low, or very low priority and authorizes a local agency to request that the department revise the boundaries of a basin. Existing law provides that a local agency has 2 years from the date of a reprioritization that elevates a basin to a medium- or high-priority basin to either establish a groundwater sustainability agency or submit an alternative to the department and 5 years from the date of reprioritization to adopt a groundwater sustainability plan, as prescribed.

This bill would extend the deadline for a basin that is elevated to a medium- or high-priority basin before January 31, 2017, and is not subject to critical conditions of overdraft to be managed under a groundwater sustainability plan to January 31, 2022. Existing law, the Administrative Procedure Act, governs the procedure for the adoption, amendment, or repeal of regulations by state agencies and for the review of those regulatory actions by the Office of Administrative Law.

This bill would state that a guideline, criterion, bulletin, or other technical or procedural analysis or guidance prepared by the department as required by the Sustainable Groundwater Management Act is not subject to the Administrative Procedure Act, except as prescribed.

Vote: MAJORITY Appropriation: NO Fiscal Committee: YES Local Program: NO

BILL TEXT
THE PEOPLE OF THE STATE OF CALIFORNIA DO ENACT AS FOLLOWS:

SECTION 1.

Section 5202 of the Water Code is amended to read:

5202.

(a) This section applies to a person who does either of the following:

(1) Extracts groundwater from a probationary basin 90 days or more after the board designates the basin as a probationary basin pursuant to Section 10735.2.

(2) Extracts groundwater on or after July 1, 2017, in an area within a high- or medium-priority basin subject to the requirements of subdivision (a) of Section 10720.7 that is not within the management area of a groundwater sustainability agency and where the county does not assume responsibility to be the groundwater sustainability agency, as provided in subdivision (b) of Section 10724.

(b) Except as provided in subdivision (c), a person subject to this section shall file a report of groundwater extraction by December 15 of each year for extractions made in the preceding water year.

(c) Unless reporting is required pursuant to paragraph (2) of subdivision (c) of Section 10735.2, this section does not apply to any of the following:

(1) An extraction by a de minimis extractor.

(2) An extraction excluded from reporting pursuant to paragraph (1) of subdivision (c) of Section 10735.2.

(3) An extraction reported pursuant to Part 5 (commencing with Section 4999).

(4) An extraction that is included in annual reports filed with a court or the board by a watermaster appointed by a court or pursuant to statute to administer a final judgment determining rights to water. The reports shall identify the persons who have extracted water and give the general place of use and the quantity of water that has been extracted from each source.

(d) Except as provided in Section 5209, the report shall be filed with the board.

(e) The report may be filed by the person extracting water or on that person’s behalf by an agency that person designates and that maintains a record of the water extracted.

(f) Each report shall be accompanied by the fee imposed pursuant to Section 1529.5.

SEC. 2.

Section 10720.5 of the Water Code is amended to read:

10720.5.

(a) Groundwater management pursuant to this part shall be consistent with Section 2 of Article X of the California Constitution. Nothing in this part modifies rights or priorities to use or store groundwater consistent with Section 2 of Article X of the California Constitution, except that in basins designated medium- or high-priority basins by the department, no extraction of groundwater between January 1, 2015, and the date of adoption of a groundwater sustainability plan pursuant to this part or the approval by the department of an alternative submitted pursuant to Section 10733.6, whichever is sooner, may be used as evidence of, or to establish or defend against, any claim of prescription.

(b) Nothing in this part, or in any groundwater management plan adopted pursuant to this part, determines or alters surface water rights or groundwater rights under common law or any provision of law that determines or grants surface water rights.

SEC. 3.

Section 10720.7 of the Water Code is amended to read:

10720.7.

(a) (1) By January 31, 2020, all basins designated as high- or medium-priority basins by the department that have been designated in Bulletin 118, as it may be updated or revised on or before January 1, 2017, as basins that are subject to critical conditions of overdraft shall be managed under a groundwater sustainability plan or coordinated groundwater sustainability plans pursuant to this part.

(2) By January 31, 2022, all basins designated as high- or medium-priority basins by the department that are not subject to paragraph (1) shall be managed under a groundwater sustainability plan or coordinated groundwater sustainability plans pursuant to this part.

(b) The Legislature encourages and authorizes basins designated as low- and very low priority basins by the department to be managed under groundwater sustainability plans pursuant to this part. Chapter 11 (commencing with Section 10735) does not apply to a basin designated as a low- or very low priority basin.

SEC. 4.

Section 10722.2 of the Water Code is amended to read:

10722.2.

(a) A local agency may request that the department revise the boundaries of a basin, including the establishment of new subbasins. A local agency's request shall be supported by the following information:

(1) Information demonstrating that the proposed adjusted basin can be the subject of sustainable groundwater management.

(2) Technical information regarding the boundaries of, and conditions in, the proposed adjusted basin.

(3) Information demonstrating that the entity proposing the basin boundary adjustment consulted with interested local agencies and public water systems in the affected basins before filing the proposal with the department.

(4) Other information the department deems necessary to justify revision of the basin's boundary.

(b) By January 1, 2016, the department shall adopt regulations regarding the information required to comply with subdivision (a), including the methodology and criteria to be used to evaluate the proposed revision. The department shall adopt the regulations, including any amendments thereto, authorized by this section as emergency regulations in accordance with the Administrative Procedure Act (Chapter 3.5 (commencing with Section 11340) of Part 1 of Division 3 of Title 2 of the Government Code). The adoption of these regulations is an emergency and shall be considered by the Office of Administrative Law as necessary for the immediate preservation of the public peace, health and safety, or general welfare. Notwithstanding the Administrative Procedure Act, emergency regulations adopted by the department pursuant to this section shall not be subject to review by the Office of Administrative Law and shall remain in effect until revised by the department.

(c) Methodology and criteria established pursuant to subdivision (b) shall address all of the following:

(1) How to assess the likelihood that the proposed basin can be sustainably managed.

(2) How to assess whether the proposed basin would limit the sustainable management of adjacent basins.

(3) How to assess whether there is a history of sustainable management of groundwater levels in the proposed basin.

(d) Prior to adopting the regulations pursuant to subdivision (b), the department shall conduct three public meetings to consider public comments. The department shall publish the draft regulations on its Internet Web site at least 30 days before the public meetings. One meeting shall be conducted at a location in northern California, one meeting shall be conducted at a location in the central valley of California, and one meeting shall be conducted at a location in southern California.

(e) The department shall provide a copy of its draft revision of a basin's boundaries to the California Water Commission. The California Water Commission shall hear and comment on the draft revision within 60 days after the department provides the draft revision to the commission.

SEC. 5.

Section 10722.4 of the Water Code is amended to read:

10722.4.

(a) Pursuant to Section 10933, for the purposes of this part the department shall categorize each basin as one of the following priorities:

(1) High priority.

(2) Medium priority.

(3) Low priority.

(4) Very low priority.

(b) The initial priority for each basin shall be established by the department pursuant to Section 10933 no later than January 31, 2015.
(c) Any time the department updates Bulletin 118 boundaries pursuant to subdivision (b) of Section 12924, the department shall reassess the prioritization pursuant to Section 10933.
(d) If the department changes priorities pursuant to Section 10933 to elevate a basin from a low- or very low priority basin to a medium- or high-priority basin after January 31, 2015, the agency formation and planning deadlines of this part shall be extended as follows:
(1) A local agency shall have two years from the date of reprioritization to either establish a groundwater sustainability agency pursuant to Chapter 4 (commencing with Section 10723) or two years to satisfy the requirements of Section 10733.6.
(2) A groundwater sustainability agency shall have five years from the date of reprioritization to meet the requirements of subdivision (a) of Section 10720.7, except that if the reprioritization occurs before January 31, 2017, a groundwater sustainability agency subject to paragraph (2) of subdivision (a) of Section 10720.7 shall have until January 31, 2022.

SEC. 6.

Section 10723 of the Water Code is amended to read:

10723.

(a) Except as provided in subdivision (c), any local agency or combination of local agencies overlying a groundwater basin may decide to become a groundwater sustainability agency for that basin.
(b) Before deciding to become a groundwater sustainability agency, and after publication of notice pursuant to Section 6066 of the Government Code, the local agency or agencies shall hold a public hearing in the county or counties overlying the basin.
(c) (1) Except as provided in paragraph (2), the following agencies created by statute to manage groundwater shall be deemed the exclusive local agencies within their respective statutory boundaries with powers to comply with this part:
(A) Alameda County Flood Control and Water Conservation District, Zone 7.
(B) Alameda County Water District.
(C) Desert Water Agency.
(D) Fox Canyon Groundwater Management Agency.
(E) Honey Lake Valley Groundwater Management District.
(F) Long Valley Groundwater Management District.
(G) Mendocino City Community Services District.
(H) Mono County Tri-Valley Groundwater Management District.
(I) Monterey Peninsula Water Management District.
(J) Ojai Groundwater Management Agency.
(K) Orange County Water District.
(L) Pajaro Valley Water Management Agency.
(M) Santa Clara Valley Water District.
(N) Sierra Valley Groundwater Management District.
(O) Willow Creek Groundwater Management Agency.
(2) An agency identified in this subdivision may opt out of being the exclusive groundwater management agency within its statutory boundaries by sending a notice to the department, which shall be posted on the department's Internet Web site within 15 days of receipt. If an agency identified in paragraph (1) opts out of being the exclusive groundwater management agency, any other local agency or combination of local agencies operating within the statutory boundaries of the agency that has opted out may notify the department pursuant to Section 10723.8 of its decision to be the groundwater sustainability agency.
(3) A local agency listed in paragraph (1) may comply with this part by meeting the requirements of Section 10733.6 or opting to become a groundwater sustainability agency pursuant to this section. A local agency with authority to implement a basin-specific management plan pursuant to its principal act shall not exercise any authorities granted in this part in a manner inconsistent with any prohibitions or limitations in its principal act unless the governing board of the local agency makes a finding that the agency is unable to sustainably manage the basin without the prohibited authority.
(d) The decision of a local agency or combination of agencies to become a groundwater sustainability agency shall take effect as provided in Section 10723.8.

SEC. 7.

Section 10723.6 of the Water Code is amended to read:

10723.6.

(a) A combination of local agencies may form a groundwater sustainability agency by using any of the following methods:
(1) A joint powers agreement.
(2) A memorandum of agreement or other legal agreement.
(b) A water corporation regulated by the Public Utilities Commission or a mutual water company may participate in a groundwater sustainability agency through a memorandum of agreement or other legal agreement. The authority provided by this subdivision does not confer any additional powers to a nongovernmental entity.

SEC. 8.

Section 10723.8 of the Water Code is amended to read:

10723.8.

(a) Within 30 days of deciding to become or form a groundwater sustainability agency, the local agency or combination of local agencies shall inform the department of its decision and its intent to undertake sustainable groundwater management. The notification shall include the following information, as applicable:
(1) The service area boundaries, the boundaries of the basin or portion of the basin the agency intends to manage pursuant to this part, and the other agencies managing or proposing to manage groundwater within the basin.
(2) A copy of the resolution forming the new agency.
(3) A copy of any new bylaws, ordinances, or new authorities adopted by the local agency.
(4) A list of interested parties developed pursuant to Section 10723.2 and an explanation of how their interests will be considered in the development and operation of the groundwater sustainability agency and the development and implementation of the agency's sustainability plan.
(b) The department shall post all complete notices received under this section on its Internet Web site within 15 days of receipt.
(c) The decision to become a groundwater sustainability agency shall take effect 90 days after the department posts notice under subdivision (b) if no other local agency submits a notification under subdivision (a) of its intent to undertake groundwater management in all or a portion of the same area. If another notification is filed within the 90-day period, the decision shall not take effect unless the other notification is withdrawn or modified to eliminate any overlap in the areas proposed to be managed. The local agencies shall seek to reach agreement to allow prompt designation of a groundwater sustainability agency. If agreement is reached involving a material change from the information in the posted notice, a new notification shall be submitted under subdivision (a) and the department shall post notice under subdivision (b).
(d) Except as provided in subdivisions (e) and (f), after the decision to be a groundwater sustainability agency takes effect, the groundwater sustainability agency shall be presumed to be the exclusive groundwater sustainability agency within the area of the basin within the service area of the local agency that the local agency is managing as described in the notice.
(e) A groundwater sustainability agency may withdraw from managing a basin by notifying the department in writing of its intent to withdraw.
(f) This section does not preclude the board from taking an action pursuant to Section 10735.6.

SEC. 9.

Section 10724 of the Water Code is amended to read:

10724.

(a) In the event that there is an area within a high- or medium-priority basin that is not within the management area of a groundwater sustainability agency, the county within which that unmanaged area lies will be presumed to be the groundwater sustainability agency for that area.
(b) A county described in subdivision (a) shall provide notification to the department pursuant to Section 10723.8 unless the county notifies the department that it will not be the groundwater sustainability agency for the area. Extractions of groundwater made on or after July 1, 2017, in that area shall be subject to reporting in accordance with Part 5.2 (commencing with Section 5200) of Division 2 if the county does either of the following:
(1) Notifies the department that it will not be the groundwater sustainability agency for an area.
(2) Fails to provide notification to the department pursuant to Section 10723.8 for an area on or before June 30, 2017.

SEC. 10.

Section 10726.8 of the Water Code is amended to read:

10726.8.

(a) This part is in addition to, and not a limitation on, the authority granted to a local agency under any other law. The local agency may use the local agency's authority under any other law to apply and enforce any requirements of this part, including, but not limited to, the collection of fees.
(b) Nothing in this part shall be construed as authorizing a local agency to make a binding determination of the water rights of any person or entity, or to impose fees or regulatory requirements on activities outside the boundaries of the local agency.
(c) Nothing in this part is a limitation on the authority of the board, the department, or the State Department of Public Health.
(d) Notwithstanding Section 6103 of the Government Code, a state or local agency that extracts groundwater shall be subject to a fee imposed under this part to the same extent as any nongovernmental entity.
(e) Except as provided in subdivision (d), this part does not authorize a local agency to impose any requirement on the state or any agency, department, or officer of the state. State agencies and departments shall work cooperatively with a local agency on a voluntary basis.
(f) Nothing in this chapter or a groundwater sustainability plan shall be interpreted as superseding the land use authority of cities and counties, including the city or county general plan, within the overlying basin.

SEC. 11.

Section 10729.2 is added to the Water Code, to read:

10729.2.

With the exception of regulations required by Sections 10722.2 and 10733.2, a guideline, criterion, bulletin, or other technical or procedural analysis or guidance prepared by the department as required by this part is not subject to the Administrative Procedure Act (Chapter 3.5 (commencing with Section 11340) of Part 1 of Division 3 of Title 2 of the Government Code).

SEC. 12.

Section 10730.2 of the Water Code is amended to read:

10730.2.

(a) A groundwater sustainability agency that adopts a groundwater sustainability plan pursuant to this part may impose fees on the extraction of groundwater from the basin to fund costs of groundwater management, including, but not limited to, the costs of the following:

(1) Administration, operation, and maintenance, including a prudent reserve.

(2) Acquisition of lands or other property, facilities, and services.

(3) Supply, production, treatment, or distribution of water.

(4) Other activities necessary or convenient to implement the plan.

(b) Until a groundwater sustainability plan is adopted pursuant to this part, a local agency may impose fees in accordance with the procedures provided in this section for the purposes of Part 2.75 (commencing with Section 10750) as long as a groundwater management plan adopted before January 1, 2015, is in effect.

(c) Fees imposed pursuant to this section shall be adopted in accordance with subdivisions (a) and (b) of Section 6 of Article XIII D of the California Constitution.

(d) Fees imposed pursuant to this section may include fixed fees and fees charged on a volumetric basis, including, but not limited to, fees that increase based on the quantity of groundwater produced annually, the year in which the production of groundwater commenced from a groundwater extraction facility, and impacts to the basin.

(e) The power granted by this section is in addition to any powers a groundwater sustainability agency has under any other law.

SEC. 13.

Section 10733.2 of the Water Code is amended to read:

10733.2.

(a) (1) By June 1, 2016, the department shall adopt regulations for evaluating groundwater sustainability plans, the implementation of groundwater sustainability plans, and coordination agreements pursuant to this chapter.

(2) The regulations shall identify the necessary plan components specified in Sections 10727.2, 10727.4, and 10727.6 and other information that will assist local agencies in developing and implementing groundwater sustainability plans and coordination agreements.

(b) (1) The department may update the regulations, including to incorporate the best management practices identified pursuant to Section 10729.

(2) The regulations adopted pursuant to paragraph (1) of subdivision (a) shall identify appropriate methodologies and assumptions for baseline conditions concerning hydrology, water demand, regulatory restrictions that affect the availability of surface water, and unreliability of, or reductions in, surface water deliveries to the agency or water users in the basin, and the impact of those conditions on achieving sustainability. The baseline for measuring unreliability and reductions shall include the historic average reliability and deliveries of surface water to the agency or water users in the basin.

(c) By June 1, 2016, the department shall adopt regulations for evaluating alternatives submitted pursuant to Section 10733.6.

(d) The department shall adopt the regulations, including any amendments thereto, authorized by this section as emergency regulations in accordance with the Administrative Procedure Act (Chapter 3.5 (commencing with Section 11340) of Part 1 of Division 3 of Title 2 of the Government Code). The adoption of these regulations is an emergency and shall be considered by the Office of Administrative Law as necessary for the immediate preservation of the public peace, health and safety, or general welfare. Notwithstanding the Administrative Procedure Act, emergency regulations adopted by the department pursuant to this section shall not be subject to review by the Office of Administrative Law and shall remain in effect until revised by the department.

(e) Before adopting the regulations pursuant to this section, the department shall conduct three public meetings to consider public comments. The department shall publish the draft regulations on its Internet Web site at least 30 days before the public meetings. One meeting shall be conducted at a location in northern California, one meeting shall be conducted at a location in the central valley of California, and one meeting shall be conducted at a location in southern California.

SEC. 14.

Section 10733.3 of the Water Code is repealed.

SEC. 15.

Section 10735.2 of the Water Code is amended to read:

10735.2.

(a) The board, after notice and a public hearing, may designate a high- or medium-priority basin as a probationary basin, if the board finds one or more of the following applies to the basin:

(1) After June 30, 2017, none of the following have occurred:

(A) A local agency has decided to become a groundwater sustainability agency that intends to develop a groundwater sustainability plan for the entire basin.

(B) A collection of local agencies has formed a groundwater sustainability agency or prepared agreements to develop one or more groundwater sustainability plans that will collectively serve as a groundwater sustainability plan for the entire basin.

(C) A local agency has submitted an alternative that has been approved or is pending approval pursuant to Section 10733.6. If the department disapproves an alternative pursuant to Section 10733.6, the board shall not act under this paragraph until at least 180 days after the department disapproved the alternative.

(2) The basin is subject to paragraph (1) of subdivision (a) of Section 10720.7, and after January 31, 2020, none of the following have occurred:
(A) A groundwater sustainability agency has adopted a groundwater sustainability plan for the entire basin.
(B) A collection of local agencies has adopted groundwater sustainability plans that collectively serve as a groundwater sustainability plan for the entire basin.
(C) The department has approved an alternative pursuant to Section 10733.6.
(3) The basin is subject to paragraph (1) of subdivision (a) of Section 10720.7 and after January 31, 2020, the department, in consultation with the board, determines that a groundwater sustainability plan is inadequate or that the groundwater sustainability program is not being implemented in a manner that will likely achieve the sustainability goal.
(4) The basin is subject to paragraph (2) of subdivision (a) of Section 10720.7, and after January 31, 2022, none of the following have occurred:
(A) A groundwater sustainability agency has adopted a groundwater sustainability plan for the entire basin.
(B) A collection of local agencies has adopted groundwater sustainability plans that collectively serve as a groundwater sustainability plan for the entire basin.
(C) The department has approved an alternative pursuant to Section 10733.6.
(5) The basin is subject to paragraph (2) of subdivision (a) of Section 10720.7, and either of the following have occurred:
(A) After January 31, 2022, both of the following have occurred:
(i) The department, in consultation with the board, determines that a groundwater sustainability plan is inadequate or that the groundwater sustainability plan is not being implemented in a manner that will likely achieve the sustainability goal.
(ii) The board determines that the basin is in a condition of long-term overdraft.
(B) After January 31, 2025, both of the following have occurred:
(i) The department, in consultation with the board, determines that a groundwater sustainability plan is inadequate or that the groundwater sustainability plan is not being implemented in a manner that will likely achieve the sustainability goal.
(ii) The board determines that the basin is in a condition where groundwater extractions result in significant depletions of interconnected surface waters.
(b) In making the findings associated with paragraph (3) or (5) of subdivision (a), the department and board may rely on periodic assessments the department has prepared pursuant to Chapter 10 (commencing with Section 10733). The board may request that the department conduct additional assessments utilizing the regulations developed pursuant to Chapter 10 (commencing with Section 10733) and make determinations pursuant to this section. The board shall post on its Internet Web site and provide at least 30 days for the public to comment on any determinations provided by the department pursuant to this subdivision.
(c) (1) The determination may exclude a class or category of extractions from the requirement for reporting pursuant to Part 5.2 (commencing with Section 5200) of Division 2 if those extractions are subject to a local plan or program that adequately manages groundwater within the portion of the basin to which that plan or program applies, or if those extractions are likely to have a minimal impact on basin withdrawals.
(2) The determination may require reporting of a class or category of extractions that would otherwise be exempt from reporting pursuant to paragraph (1) of subdivision (c) of Section 5202 if those extractions are likely to have a substantial impact on basin withdrawals or requiring reporting of those extractions is reasonably necessary to obtain information for purposes of this chapter.
(3) The determination may establish requirements for information required to be included in reports of groundwater extraction, for installation of measuring devices, or for use of a methodology, measuring device, or both, pursuant to Part 5.2 (commencing with Section 5200) of Division 2.
(4) The determination may modify the water year or reporting date for a report of groundwater extraction pursuant to Section 5202.
(d) If the board finds that litigation challenging the formation of a groundwater sustainability agency prevented its formation before July 1, 2017, pursuant to paragraph (1) of subdivision (a) or prevented a groundwater sustainability program from being implemented in a manner likely to achieve the sustainability goal pursuant to paragraph (2), (3), (4), or (5) of subdivision (a), the board shall not designate a basin as a probationary basin for a period of time equal to the delay caused by the litigation.
(e) The board shall exclude from probationary status any portion of a basin for which a groundwater sustainability agency demonstrates compliance with the sustainability goal.

SEC. 16.

Section 10735.4 of the Water Code is amended to read:

10735.4.

(a) If the board designates a basin as a probationary basin pursuant to paragraph (1), (2), or (4) of subdivision (a) of Section 10735.2, a local agency or groundwater sustainability agency shall have 180 days to remedy the deficiency. The board may appoint a mediator or other facilitator, after consultation with affected local agencies, to assist in resolving disputes, and identifying and implementing actions that will remedy the deficiency.
(b) After the 180-day period provided by subdivision (a), the board may provide additional time to remedy the deficiency if it finds that a local agency is making substantial progress toward remedying the deficiency.
(c) The board may develop an interim plan pursuant to Section 10735.8 for the probationary basin at the end of the period provided by subdivision (a) or any extension provided pursuant to subdivision (b), if the board, in consultation with the department, determines that a local agency has not remedied the deficiency that resulted in designating the basin as a probationary basin.

SEC. 17.

Section 10735.6 of the Water Code is amended to read:

10735.6.

(a) If the board designates a basin as a probationary basin pursuant to paragraph (3) or (5) of subdivision (a) of Section 10735.2, the board shall identify the specific deficiencies and identify potential actions to address the deficiencies. The board may request the department to provide local agencies, within 90 days of the designation of a probationary basin, with technical recommendations to remedy the deficiencies.

(b) The board may develop an interim plan pursuant to Section 10735.8 for the probationary basin one year after the designation of the basin pursuant to paragraph (3) or (5) of subdivision (a) of Section 10735.2, if the board, in consultation with the department, determines that a local agency has not remedied the deficiency that resulted in designating the basin a probationary basin.

SEC. 18.

Section 10933 of the Water Code is amended to read:

10933.

(a) The department shall commence to identify the extent of monitoring of groundwater elevations that is being undertaken within each basin and subbasin.

(b) The department shall prioritize groundwater basins and subbasins for the purpose of implementing this section. In prioritizing the basins and subbasins, the department shall, to the extent data are available, consider all of the following:

(1) The population overlying the basin or subbasin.

(2) The rate of current and projected growth of the population overlying the basin or subbasin.

(3) The number of public supply wells that draw from the basin or subbasin.

(4) The total number of wells that draw from the basin or subbasin.

(5) The irrigated acreage overlying the basin or subbasin.

(6) The degree to which persons overlying the basin or subbasin rely on groundwater as their primary source of water.

(7) Any documented impacts on the groundwater within the basin or subbasin, including overdraft, subsidence, saline intrusion, and other water quality degradation.

(8) Any other information determined to be relevant by the department, including adverse impacts on local habitat and local streamflows.

(c) If the department determines that all or part of a basin or subbasin is not being monitored pursuant to this part, the department shall do all of the following:

(1) Attempt to contact all well owners within the area not being monitored.

(2) Determine if there is an interest in establishing any of the following:

(A) A groundwater sustainability plan pursuant to Part 2.74 (commencing with Section 10720).

(B) A groundwater management plan pursuant to Part 2.75 (commencing with Section 10750).

(C) An integrated regional water management plan pursuant to Part 2.2 (commencing with Section 10530) that includes a groundwater management component that complies with the requirements of Section 10753.7.

(D) A voluntary groundwater monitoring association pursuant to Section 10935.

(d) If the department determines that there is sufficient interest in establishing a plan or association described in paragraph (2) of subdivision (c), or if the county agrees to perform the groundwater monitoring functions in accordance with this part, the department shall work cooperatively with the interested parties to comply with the requirements of this part within two years.

(e) If the department determines, with regard to a basin or subbasin, that there is insufficient interest in establishing a plan or association described in paragraph (2) of subdivision (c), and if the county decides not to perform the groundwater monitoring and reporting functions of this part, the department shall do all of the following:

(1) Identify any existing monitoring wells that overlie the basin or subbasin that are owned or operated by the department or any other state or federal agency.

(2) Determine whether the monitoring wells identified pursuant to paragraph (1) provide sufficient information to demonstrate seasonal and long-term trends in groundwater elevations.

(3) If the department determines that the monitoring wells identified pursuant to paragraph (1) provide sufficient information to demonstrate seasonal and long-term trends in groundwater elevations, the department shall not perform groundwater monitoring functions pursuant to Section 10933.5.

(4) If the department determines that the monitoring wells identified pursuant to paragraph (1) provide insufficient information to demonstrate seasonal and long-term trends in groundwater elevations, the department shall perform groundwater monitoring functions pursuant to Section 10933.5.

EXHIBIT 3-B

September 11, 2015

Mr. Daniel Alvarez
Secretary of the California State Senate
State Capitol, Room 3044
Sacramento, CA 95814

Dear Mr. Alvarez:

As the author of Senate Bill No. 13, I am requesting the inclusion into the Senate Daily Journal my statement to clarify the intent of the bill as it relates to water corporations regulated by the Public Utilities Commission (PUC).

SB 13, a bill that makes numerous technical and cleanup amendments to the Sustainable Groundwater Management Act (SGMA), includes an amendment that removes a major impediment to participation in the new SGMA institution, Groundwater Sustainability Agencies (GSAs). Previously, SGMA required local agency approval for public water systems that happen to be water corporations regulated by the PUC to participate fully in GSAs. SB 13's amended provision in Section 10723.6 (b) now enables PUC-regulated public water systems to participate in a GSA through a memorandum of agreement or other legal agreement without conferring undo powers to such a nongovernmental entity.

Section 10723.6 (b) achieves two important outcomes: (1) it properly precludes the ability of local agencies to deny membership and participation in a GSA by these regulated public water systems, and (2) ensures that when a regulated or mutual water supplier has larges groundwater operations in a basin or subbasin subject to SGMA's requirements, the GSA in question will have the benefit of that urban supplier's experience, management expertise and technical prowess.

Section 10723.6 (b) is intended to prevent local agencies from excluding PUC-regulated water corporations from an executive management role in a GSA, to give these regulated public water suppliers the authority necessary to fully participate in a GSA and to clarify that public agency approval is not necessary. Any GSA that includes a geographic area where water is provided by a water corporation regulated by the Public Utilities Commission, should include these water utilities as full participating members. Indeed, for many years, the Sacramento Groundwater Authority has successfully managed groundwater resources in the region through a joint powers authority whose members have long included PUC-regulated water corporations.

In short, successful implementation of the Sustainable Groundwater Management Act will require coordination and collaboration by all local agencies, water corporations regulated by the PUC and mutual water companies in a basin regardless of their ownership or organizational structure.

Thank you for your attention to this request.

Sincerely,

Fran Pavley
Senator – 27th District