



Santa Clara Valley Water District

File No.: 17-0058

Agenda Date: 2/14/2017

Item No.: 5.1.

BOARD AGENDA MEMORANDUM

SUBJECT:

Sustainable Groundwater Management Act Compliance for Groundwater Basins Overlapping with San Benito County.

RECOMMENDATION:

- A. Receive information on Sustainable Groundwater Management Act (SGMA) compliance options for groundwater basins overlapping with San Benito County; and
- B. Provide direction to staff on which compliance option to pursue for the overlapping groundwater basins described under Recommendation A.

SUMMARY:

The Sustainable Groundwater Management Act (SGMA or Act) identified the Santa Clara Valley Water District (District) as the exclusive local agency within its statutory boundaries (i.e., Santa Clara County) to comply with the Act and sustainably manage the County's groundwater subbasins. As the exclusive local agency for all groundwater basins subject to SGMA requirements in Santa Clara County, the District may: 1) elect to become the Groundwater Sustainability Agency (GSA) for the basins, or 2) opt out of being the exclusive groundwater management agency for a particular basin. The statutory deadline for electing to become a GSA for a groundwater basin is June 30, 2017.

For the major groundwater basins in the County, namely the Santa Clara and Llagas subbasins, the District elected in 2016 to become the GSA. Beyond these two subbasins, there are relatively small parts of groundwater basins centered in neighboring San Benito County that overlap into Santa Clara County ("Overlap Areas") as shown in Attachment 1. It is the Overlap Areas that call for the District's action.

Staff is seeking Board direction on compliance options for the Overlap Areas. San Benito County Water District (SBCWD) staff has expressed willingness to consider various groundwater management arrangements for these Overlap Areas in coordination with the District, including the two options identified for Board consideration. Staff recommends Option 1, which entails the District becoming the GSA for the Overlap Areas in Santa Clara County and developing a coordination agreement with SBCWD, who is expected to become the GSA for the portions of the basins within San Benito County.

SGMA Requirements

SGMA was enacted by the state legislature in 2014 to ensure sustainable management of groundwater in California. For each basin designated as medium or high priority by the state, a GSA must be identified for the entire subbasin by June 30, 2017, or the state may intervene. A GSA can be any local public agency (or combination of agencies) with water management or land use responsibility. There may be multiple GSAs within a single basin, but the basin areas to be managed by each GSA cannot overlap.

SGMA designates the District as the exclusive local groundwater management agency within its statutory boundary, which coincides with Santa Clara County. No other agency can decide to become the GSA for any portion of a basin within Santa Clara County unless the District opts out.

A GSA must prepare a Groundwater Sustainability Plan (GSP) by January 2022 for basins not in critical overdraft. The entire basin must be covered by a GSP by this statutory deadline. If there are multiple GSAs within a basin, the agencies can develop a single GSP for the entire basin, or each GSA can develop a separate GSP for the portion of the basin they manage, provided there is a related coordination agreement.

GSAs are responsible for ensuring long-term groundwater sustainability through implementation of the GSP, which includes annual reporting to DWR.

District SGMA Compliance

For many decades, the District has sustainably managed the Santa Clara and Llagas subbasins, the primary subbasins in Santa Clara County with a surface area of about 385 square miles. The District became the GSA for the Santa Clara and Llagas Subbasins following a public hearing in May 2016. After a public hearing in November 2016, the District submitted the 2016 Groundwater Management Plan for the Santa Clara and Llagas Subbasins to DWR as an Alternative to a GSP by the statutory deadline of January 1, 2017.

As shown in Attachment 1, Santa Clara County contains small portions of three other subbasins: the San Mateo Plain Subbasin in northwestern Santa Clara County, and the Hollister and San Juan Bautista subbasins in the southern part of the county. The San Mateo Plain is currently ranked as a very low priority basin by DWR and is not subject to SGMA requirements at this time. However, the District is coordinating with San Mateo County staff on their subbasin characterization efforts. The Hollister and San Juan Bautista subbasins are medium-priority basins and must be sustainably managed under SGMA.

Hollister and San Juan Bautista Subbasin Information

The Hollister and San Juan Bautista subbasins are primarily located within San Benito County. The SBCWD manages groundwater in their jurisdiction for the Hollister, San Juan Bautista, and

Bolsa subbasins. Other than well permitting, the District does not presently conduct groundwater management activities in the Overlap Areas.

In terms of area, Santa Clara County contains less than ten percent of the Hollister Subbasin and less than one percent of the San Juan Bautista Subbasin (Attachment 2). This equates to 4.7 and 0.77 square mile areas, respectively. Within Santa Clara County, there are about 25 water supply wells in the Hollister Subbasin and none in the San Juan Bautista Subbasin. According to DWR, neither subbasin is in critical overdraft.

The Llagas Subbasin is directly connected to the Bolsa Subbasin in terms of groundwater flow, but there is no such direct connection to the Hollister and San Juan Bautista subbasins. The main portion of the Hollister Subbasin in Santa Clara County is downstream of the Pacheco Reservoir, and groundwater generally flows south toward San Benito County. The Pacheco Reservoir, owned by the Pacheco Pass Water District, is operated to release water for groundwater replenishment and environmental purposes. Downstream groundwater pumpers receive benefit from the reservoir releases, including pumpers in San Benito County.

The District has not historically monitored or managed groundwater in the Overlap Areas. The SBCWD does monitor and manage the large portions of the subbasins located within San Benito County, and prepares annual reports summarizing groundwater conditions. Due to its importance to San Benito County pumpers, the SBCWD conducts groundwater monitoring downstream of Pacheco Reservoir.

Due to SGMA requirements, the entirety of the Hollister and San Juan Bautista subbasins need to be covered by a GSA by June 30, 2017, to avoid potential state intervention. Two options are presented below for the Overlap Areas, along with considerations related to future SGMA compliance, including the development of a GSP.

GSA Options for Overlap Areas of the Hollister and San Juan Bautista Subbasins

Per direction from its Board of Directors, SBCWD staff is taking the steps needed to for that district to become the GSA for the subbasins within its service area, beginning with a public hearing and board resolution on February 8, 2017. SBCWD staff has indicated they are willing to consider various options in coordination with the District for the small Overlap Areas.

Potential District options related to GSA responsibility for the Overlap Areas of the Hollister and San Juan Bautista subbasins are outlined below.

Option 1: Take Action for the District to Become the GSA for Overlap Areas

Under this option, the District would remain the exclusive SGMA compliance agency for Santa Clara County by becoming the GSA for the Overlap Areas (about 5.5 square miles). This would entail new groundwater management responsibilities for the District, including understanding, managing, and ensuring long-term sustainability in these areas.

The District would need to comply with SGMA requirements to develop and implement a GSP. As noted previously, this could be a single plan developed with SBCWD or separate GSPs within each agency's service area, which would require a formal coordination agreement. Due to the small size of the Overlap Areas and SBCWD management of the bulk of the subbasins, it is recommended that the agencies coordinate to develop a single GSP rather than having separate GSPs by service area.

A reasonable starting point under this option would be to develop a Memorandum of Understanding (MOU) with SBCWD to document the working relationship between the two agencies, related responsibilities, and mutual expectations related to SGMA compliance. SGMA requires that agencies considering becoming a GSA hold a public hearing after publication of notice per Government Code 6066.

Existing District groundwater charge zones represent areas receiving benefit from current District groundwater management activities and are generally coincident with the Santa Clara and Llagas Subbasins. District activities for groundwater management and SGMA compliance in Overlap Areas are not likely to provide water supply benefits to District customers within existing charge zones. If the District pursues this option, costs for groundwater management and SGMA compliance likely would be sourced from a new groundwater charge zone or from general funds.

Option 2: Support SBCWD Action to Become the GSA

Per direction from its Board of Directors, SBCWD staff is taking the steps needed to for that district to become the GSA for the portions of the Hollister and San Juan Bautista subbasins in San Benito County. If amenable to the District and SBCWD boards, under this option, SBCWD would assume the responsibilities of a GSA for the entirety of the Hollister and San Juan Bautista Subbasins, including the Overlap Areas within Santa Clara County. These subbasins have a combined surface area of 167 square miles, 97% of which is located in San Benito County. In particular, the portion of the San Juan Bautista Subbasin in Santa Clara County is quite small (less than one square mile), with no known water supply wells.

This option allows the District to continue to focus its groundwater management efforts on the Santa Clara and Llagas subbasins, and reflects current groundwater management of the Hollister and San Juan Bautista subbasins by SBCWD. If SBCWD becomes the GSA for the major portions of these subbasins as planned, it will be required to develop and implement a GSP to ensure SGMA compliance. If this option is amenable to the District and SBCWD boards, the District would first have to opt out of being the exclusive agency for the Overlap Areas within Santa Clara County by notifying DWR in writing.

It should be noted that while SBCWD could become the GSA within the Overlap Areas with District concurrence, it would not be authorized to impose fees or regulatory requirements outside its jurisdictional boundary of San Benito County. While SBCWD does not anticipate major groundwater management efforts are needed in the Overlap Areas in the near-term, this constraint could be a limiting factor in ensuring long-term sustainability under SGMA. If significant groundwater management programs or investments were needed in the Overlap Areas in the future, District involvement would likely be required.

Next Steps

Any areas of the Hollister and San Juan Bautista subbasins not covered by a GSA prior to the statutory deadline of June 30, 2017, will be in probationary status per SGMA. Basins in probationary status are subject to state groundwater extraction reporting and possible State Water Resources Control Board intervention.

SBCWD intends to hold a public hearing to become the GSA for the San Benito County portion of these subbasins on February 8, 2017. Addressing the Overlap Areas through collaborative compliance with SBCWD will require coordination, and any agency seeking to become the GSA must go through several steps, including a public hearing. In light of the upcoming deadline, staff is seeking Board input on the preferred approach to address the Overlap Areas. Specific next steps under Options 1 and 2 are below.

- Next Steps for Option 1: Take Action for the District to Become the GSA for Overlap Areas.
 - Prepare Draft MOU in coordination with SBCWD by April 2017
 - Board item to set the public hearing and consider draft MOU on May 9, 2017
 - Public hearing to become the GSA on June 13, 2017
 - Submit Board resolution and required documentation to DWR by June 30, 2017 statutory deadline
- Next Steps for Option 2: Support SBCWD Action to Become the GSA.
 - Notify DWR in writing of the District decision to opt out of being the exclusive agency for SGMA compliance for the Overlap Areas in Santa Clara County

FINANCIAL IMPACT:

There is no financial impact associated with receiving information and providing direction to staff. Depending on the direction to staff, there may be minimal to significant financial impacts, which can be further assessed in coordination with SBCWD and brought to the Board for additional discussion. As a preliminary estimate:

- Option 1: Take Action for the District to Become the GSA for Overlap Areas.

Because the District is already identified as an exclusive SGMA-compliance agency under SGMA, costs related to formally becoming the GSA are expected to be minor (less than 100 staff hours).

The cost required to prepare a GSP to include the Overlap Areas is unknown, and would depend on the level of cost-sharing with SBCWD. In other basins, the estimated cost to

develop a GSP range from about \$250,000 to over \$1 million. GSP development costs for the Hollister and San Juan Bautista subbasins are expected to be on the lower end of the range since SBCWD has been managing groundwater within their service area for many decades and has a strong understanding of basin conditions. Due to the small Overlap Areas in Santa Clara County, District costs related to GSP development are expected to be a small fraction of the total GSP cost.

District costs related to GSP implementation are expected to be relatively small in the near-term, but may increase depending on basin conditions or DWR requirements. Costs related to GSP development and implementation, including the potential District cost share, would be further estimated in coordination with SBCWD if the Board wishes to pursue this option.

- Option 2: Support SBCWD Action to Become the GSA.

Near-term District costs under this option are expected to be minimal and relate to formally opting out of a groundwater management role for this area. SBCWD would continue to manage the portions of the subbasins within their service area, and conduct limited monitoring downstream of Pacheco Reservoir. If significant groundwater management activities are needed within the Overlap Areas in the future, limitations related to SBCWD's service area may require that the District coordinate to manage these areas. As related activities that would be needed are unknown at this time, the District's role or implementation costs are also uncertain.

Since any activities undertaken by the District for the Overlap Areas likely would not provide water supply benefits to District customers within existing charge zones, costs incurred under either option would be likely sourced from non rate-related funds, such as District general funds, or a new groundwater charge zone.

CEQA:

The recommended action does not constitute a project under CEQA because it does not have a potential for resulting in direct or reasonably foreseeable indirect physical change in the environment.

ATTACHMENTS:

Attachment 1: Map

UNCLASSIFIED MANAGER:

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