

SPECIAL MEETING AGENDA

June 16, 2021

2:00 PM

2222 M Street, Board Room

Merced, CA

Join Zoom Meeting

<https://us02web.zoom.us/j/82817566349?pwd=T3AvM0l3RU9mOWthM1hZVFN5em5sQT09>

Meeting ID: 828 1756 6349

Dial in: +1 669 900 6833

Passcode: 091881

IMPORTANT NOTICE: Due to the ongoing COVID-19 Crisis, and as authorized by the Governor's Executive Order N-29-20, this meeting will be broadcast via conference call in addition to the meeting's physical location. Members of the public who wish to provide comment or observe the meeting may join in person or on the conference call.

Lloyd Pareira, County of Merced

Chair

Nic Marchini, Western White Area Representative

Vice Chair

Michael Gallo, Eastern White Area Representative

Kole Upton, Le Grand-Athlone Water District

Gino Pedretti, Sandy Mush Mutual Water Company

Eric Swenson, Merquin County Water District

1. CALL TO ORDER/ROLL CALL

2. PLEDGE OF ALLEGIANCE

3. PUBLIC COMMENT PERIOD

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

4. APPROVAL OF MINUTES

Action to approve the meeting minutes from the Governing Board meeting on May 13, 2021.

5. FY 2021 PROPOSED BUDGET AND SGMA COMPLIANCE LANDOWNER FEE

Action to approve the Fiscal Year 2021-2022 GSA budget and approve the FY 2021-2022 SGMA Compliance Landowner Fee.

6. COUNTY SUPPORT SERVICE CONTRACT AMENDMENT

Action to approve an amendment to the Agreement Between the County of Merced and the Merced Subbasin Groundwater Sustainability Agency for Support Services to extend the term for one year and increase the compensation by \$70,000 for FY 2021-2022 support services.

7. DEMAND REDUCTION AD HOC COMMITTEE REPORT

Report from the Demand Reduction Ad Hoc Committee on discussions and recommendations for meeting long-term and short-term sustainability goals.

8. TECHNICAL ADVISORY COMMITTEE REPORT

Report from a representative of the Technical Advisory Committee on the May 25, 2021 TAC meeting discussion and recommendation.

9. INTERBASIN COORDINATION UPDATE

10. STAFF REPORT

11. BOARD REPORTS

12. NEXT REGULAR MEETING

13. ADJOURNMENT

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

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

MINUTES FOR MEETING OF May 13, 2021

The agenda, original minutes, and all supporting documentation (for reference purposes only) of the Merced Subbasin Groundwater Sustainability Agency Governing Board meeting of May 13, 2021 are available online at www.countyofmerced.com/MercedSubbasinGSA.

I. CALL MEETING TO ORDER

The special public meeting of the Merced Subbasin Groundwater Sustainability Agency Joint Powers Authority Governing Board was called to order at 2:01 p.m., on May 13, 2021, in person and via conference call due to the ongoing COVID-10 crisis and as authorized by the Governor's Executive Order N-29-20.

II. ROLL CALL OF BOARD MEMBERS

Board Members Present:

Kole Upton	(Le Grand-Athlone Water District)
Eric Swenson	(Merquin County Water District)
Gino Pedretti	(Sandy Mush Mutual Water Company)
Supervisor Lloyd Pareira	Chairman (Merced County)
Michael Gallo	(Eastern White Area Representative)
Nic Marchini	Vice-Chair (Western White Area Representative)

Board Members absent:

None.

Staff Present:

Mark Hendrickson	Secretary
Lacey McBride	Water Resources Manager
Desiree Dobbs	Recording Secretary

III. PUBLIC COMMENT PERIOD

Public Comment Open/Closed

IV. APPROVAL OF MINUTES

Action to approve the meeting minutes from the Governing Board meeting on April 8, 2021.

**MOTION: M/S PEDRETTI - SWENSON, AND CARRIED BY A VOTE OF 6 – 0,
THE BOARD APPROVES THE MINUTES FROM THE APRIL 8, 2021 MEETING.**

V. COUNTY OF MERCED GROUNDWATER ORDINANCE

Steven Maxey, Deputy Planning Director provided an overview on the County of Merced Groundwater Mining and Export Ordinance and potential future revision of ordinance. Mr. Maxey presented that the proposal is for the County to maintain the well construction prohibition currently in place but adds an additional exemption which would address SGMA. Well applications would require approval from the GSA to meet this exemption.

Chairman Pereira commented that the Board needs to figure out a system to accept transfer of responsibility.

Board member Upton commented that he would like to commend the Merced County staff for the experience he had dealing with his like- for- like well replacement and states that he hopes that the GSA and County can work together to avoid additional hurdles for growers and those constructing wells.

Vice Chair Marchini inquired about the correlation between the new changes and the export portion of the ordinance.

Mr. Maxey commented that this would only address the ground water mining portion of the ordinance.

Vice Chair Marchini commented that he is concerned that SGMA does not authorize the board the right to deny a person access to groundwater and that the new process may work against the initial ordinance.

Chairman Pereira commented that restrictions on the wells is where the Board's authority will be.

Legal Counsel Jeanne Zolezzi commented that we would have to determine where the authority is.

Chairman Pereira inquired about the timeline for this transition.

Mr. Maxey commented that the estimated time for the effort of three to five months is ideal but by the end of the year is a fair target.

Vice Chair Marchini inquired if this board would be responsible for only new wells under that exemption or if it would be responsible for replacement wells, as well.

Mr. Maxey commented that the board would only be looking at wells in their jurisdiction and subject to this ordinance. Counsel would have to confirm if CEQA findings will be required for all wells.

**MERCED SUBBASIN GROUNDWATER
SUSTAINABILITY AGENCY
SPECIAL MEETING
Minutes – May 13, 2021
Page 3**

Board member Swenson commented that the GSA should be responsible for all wells regardless of whether they are replacement or not and that establishing long term sustainable yield is the goal. He commented that the board would not preclude people from drilling and having wells, especially if they have surface water as primary or secondary source of water and suggested that the question is not whether a well can be drilled but how much water can be extracted and how that will change over time.

Chairman Pareira commented that he agrees with Mr. Swenson.

Public Comment Open/Closed

VI. COORDINATION COMMITTEE UPDATE

Coordination committee update by was presented Greg Young, from Tully and Young. Mr. Young presented that the Coordination Committee was held on April 26, 2021, the presentation at this meeting updated basin conditions and reported spring 2021 conditions. Woodard and Curran presented a Data Gaps Plan to identify where and how to place new monitoring wells for groundwater and subsidence data collection. Finally, the meeting offered information on the Meadowbrook intertie and recommendations.

Board member Swenson commented that Hicham Eltal recommended changes to groundwater monitoring, to move the fall monitoring event, historically done in October, to December for a better understanding of the groundwater conditions and changing sampling from monthly to quarterly.

VII. STAFF REPORT

Mrs. McBride reported that the Request for Qualifications (RFQ) has been posted on the County website, the deadline is June 9, 2021 and commented that closer to the deadline, board members will be contacted to identify the evaluation committee.

Mrs. McBride reported that for the study on groundwater levels and land use, the GSA has identified working with Luhdorff and Scalmanini to conduct this study, the contract has been executed by both parties and work will start immediately.

Mrs. McBride reported that the Technical and Advisory Committee (TAC) has a meeting scheduled for May 25, 2021. The TAC will discuss current drought conditions and potential impacts to domestic wells.

Mr. Hendrickson acknowledged Lacey McBride for her new title of Merced County Water Resources Manager.

VIII. **BOARD REPORTS**

Mr. Swenson reports that DWR is advertising an implementation grant program, guidance will be released summer 2021, and he is encouraging the board to start strategizing.

IX. **CLOSED SESSION**

Closed session opened at 2:50 p.m.

Chairman Pereira reported from the closed session that the board has given direction.

X. **NEXT REGULAR MEETING**

Next meeting will be held on Wednesday June 16, 2021.

XI. **ADJOURNMENT**

There being no further business, the meeting adjourned at 4:22 p.m.

BOARD ACTION ITEM

TO: MEMBERS OF MERCED SUBBASIN GSA GOVERNING BOARD
FROM: MARK HENDRICKSON, SECRETARY
DATE: JUNE 16, 2021

**SUBJECT: FY2021/22 PROPOSED BUDGET AND SGMA COMPLIANCE
LANDOWNER FEE**

SUMMARY:

The Merced Subbasin GSA Joint Powers Authority Agreement requires the Governing Board approve a new operating budget at the beginning of each fiscal year.

The proposed budget for fiscal year 2021-2022 will fund the anticipated GSA administrative expenses, including staffing, legal counsel, engineering and technical support expenses, and office expenses. The Support Services Agreement between the County and the MSGSA is budgeted for \$70,000, this is an increase of \$5,000 over last year. As discussed last year, the intention is for the contract amount to increase by steps until the GSA is paying the actual total costs of staff support.

Under Technical Services, the budget proposes \$150,000 for First Five: Studies and Data Collection. This encompasses projects, studies and analyses identified in the First Five Implementation Plan necessary to implement the GSP within the Merced Subbasin GSA's jurisdictional boundaries and includes any technical services support by the selected respondent to the RFQ that is currently released. These expenses do not include shared basin-wide GSP expenses.

The Water Rights Agreement expenses are separated, in order to keep a clear accounting of expenses spent on the Water Rights Agreement. Last year the expenses include the GSA's share of the application fee. This year's anticipated expenses are lower, the cost amount estimation was provided by Merced Irrigation District who is managing and administering the water rights application.

Basin wide shared expenses associated with the Groundwater Sustainability Plan include the contract with Woodard and Curran, expenses for the Water Year 2021 Annual Report, and monitoring expenses associated with the basin-wide contract with QK.

The proposed budget would require a SGMA Compliance Landowner Fee, as approved and authorized under Proposition 218 in July 2019, in the approximate amount of \$337,505 (this number may adjust minimally based on the end of year fund balance on June 30, 2021 and pending invoices). A SGMA Compliance Landowner Fee with a target of collecting \$337,505 would result in an estimated per acre fee of \$1.78 for irrigated acres and \$0.22 for all remaining acres not exempt. This estimated fee may change slightly due to updates to the Assessors Parcel Roll, end of year fund balance and pending invoices.

REQUEST/RECOMMENDATION/ACTION NEEDED:

Action to approve the Fiscal Year 2021/22 GSA budget and approve the FY 2021/22 SGMA Compliance Landowner Fee.

Merced Subbasin GSA
Proposed FY 2021-2022 Budget

	Actual 2019/20	Estimated Actual 2020/21	Proposed 2021/22
REVENUE			
Prop. 218 Landowner Fee	380,023	198,687	337,505
TOTAL GSA REVENUE	380,023	198,687	337,505
OPERATING EXPENSES			
Legal Services			
General	26,139	13,890	75,000
Total Legal Services	26,139	13,890	75,000
Technical Services			
218 Election	9,214	-	-
Prop. 218 Fee Model Maintenance	-	3,557	5,000
Rate Study	-	-	75,000
Hydrology/Modeling Update	-	-	25,000
First Five: Studies and Data Collection	-	30,833	150,000
Total Technical Services	9,214	34,390	255,000
Miscellaneous Expenses			
Administrative Services	-	57,760	70,000
Audits	-	2,500	5,000
Office Expense	896	873	8,000
General Liability Insurance	-	-	2,500
Memberships	-	-	2,000
Website Development , Maintenance	-	-	5,000
Legal Notices	-	-	1,000
Public Outreach	-	-	15,000
Grant Writing	28,703	32,977	20,000
Contingency/Reserve 10-15%	-	-	-
Total Miscellaneous Expenses	29,600	94,110	128,500
WATER RIGHTS APPLICATION EXPENSES			
Flood Mar Water Rights Application	-	127,199	50,000
Water Rights Application Expenses	-	127,199	50,000
TOTAL OPERATING EXPENSES	64,952	269,590	508,500
GROUNDWATER SUSTAINABILITY PLAN EXPENSES			
GSP Development	39,508	26,480	160,000
GSP Dev Available to Reimburse to Agencies	-	200,000	-
GSP Annual Report/Five Year Update Development	-	62,098	55,000
GSP implementation and monitoring	-	-	50,000
TOTAL GROUNDWATER SUSTAINABILITY PLAN	39,508	288,578	265,000
TOTAL GSA EXPENSES	104,461	558,168	773,500

If expenditures exceed revenue, the difference will be made up by Fund Balance.
Fund Balance is estimated when current year is not closed.

Fund Balance	802,591	435,995
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BOARD ACTION ITEM

TO: MEMBERS OF MERCED SUBBASIN GSA GOVERNING BOARD
FROM: MARK HENDRICKSON, SECRETARY
DATE: JUNE 16, 2021

SUBJECT: COUNTY SUPPORT SERVICE CONTRACT AMENDMENT

SUMMARY:

The County of Merced has been providing support services to the GSA since its formation in 2017 and formally entered into a Support Service Agreement with the GSA in July 2020. The Agreement outlines the services to be provided by Merced County's Community and Economic Development Department, including but not limited to preparing analysis, reports, agenda and minutes, providing support for recommendations to implement provisions of the GSP, serving as Secretary, responding to inquiries, serving as Treasurer and providing fiscal support services.

This item requests the Board consider an amendment to the Agreement with Merced County to reimburse the County for staff support provided to the GSA. The amendment extends the Agreement for one year through June 30, 2022. Additionally, the amendment updates the rates and increases the contract total to \$135,000, which adds \$70,000 for support services in FY 2021-2022. This is a \$5,000 increase from the prior contract amount. As discussed last year, the contract amendment reflects a step increase in the maximum costs to get to a point where the GSA is reimbursing for total actual costs. If the \$135,000 does not cover the total actual costs by County staff, the County will continue to provide support services in FY 2021-2022.

REQUEST/RECOMMENDATION/ACTION NEEDED:

Action to approve an amendment to the Agreement Between the County of Merced and the Merced Subbasin Groundwater Sustainability Agency for Support Services to extend the term for one year and increase the compensation by \$70,000 for FY 2021-2022 support services.

**AMENDMENT #1
TO
CONTRACT NO. 2020155
BETWEEN
MERCED COUNTY
AND
THE MERCED SUBBASIN GROUNDWATER SUSTAINABILITY AGENCY**

THIS Amendment to Contract No. 2020155, is executed by and between the County of Merced, a political subdivision of the State of California, (hereinafter called "County"), and the Merced Subbasin Groundwater Sustainability Agency (hereinafter called "GSA").

This Amendment is hereby annexed to and made a part of the printed part of the Agreement to which it is attached, or modifies the existing Agreement between the parties. In each instance in which the provisions of this Amendment shall contradict or be inconsistent with the provisions of the printed portion of the original Agreement and any previous amendments, the provision of this Amendment shall prevail and govern and the contradicted or inconsistent provisions shall be deemed amended accordingly. Both parties agree that there is new and adequate consideration for this Amendment.

This Amendment shall be deemed to have been duly approved when executed by both parties to the original Agreement. Once duly approved, this Amendment shall become effective as of the date signed by the Chairman of the Merced County Board of Supervisors.

MODIFICATIONS:

- 1). Section 2, entitled "TERM", is amended to read as follows:

The term of this Agreement shall be from July 1, 2020 to June 30, 2022 ("Term").

- 2). Section 3, entitled "PAYMENT", is amended to read as follows:

County shall be reimbursed for hours worked at the hourly staff rates identified in Exhibit A, up to a maximum of one hundred and thirty-five thousand dollars (\$135,000) for the Term. In the event, the \$135,000 maximum limit is reached, County would continue to provide services at no additional cost for the Term. County shall submit invoices to Merced Subbasin GSA on a quarterly basis stating the total amount due based on hours worked and applicable rate. Merced Subbasin GSA shall pay County invoiced amounts within thirty (30) days following receipt of an invoice.

- 3). Exhibit A is amended to include the 2021-2022 staff hourly rates and shall read as shown in the attachment entitled "Exhibit A."

Signature page to follow

Except as herein modified, all terms and conditions in said Agreement as heretofore approved remain unchanged and in full force and effect.

County of Merced

**Merced Subbasin
Groundwater Sustainability Agency**

By: _____
Signature

By: _____
Signature

Daron McDaniel

Name

Chair, Board of Supervisors

Title

Dated

Dated

APPROVED AS TO LEGAL FORM
MERCED COUNTY COUNSEL

BY: _____

**EXHIBIT A
STAFF RATES
2021 - 2022**

Staff	Rate/Hour
GSA Secretary	\$ 159.26
Director of Administrative Services	\$ 96.34
Recording Secretary/Office Assistant III	\$ 47.20
Water Resources Manager	\$ 102.23
Accounting Technician	\$ 53.20

BOARD ACTION ITEM

TO: MEMBERS OF MERCED SUBBASIN GSA GOVERNING BOARD
FROM: MARK HENDRICKSON, SECRETARY
DATE: JUNE 16, 2021

SUBJECT: DEMAND REDUCTION AD HOC COMMITTEE REPORT

SUMMARY:

Report from members of the Demand Reduction Ad Hoc Committee on discussions and recommendations for meeting long-term and short-term sustainability goals.

REQUEST/RECOMMENDATION/ACTION NEEDED:

No action required.

Merced Subbasin GSA Annual Available Sustainable Yield and Overdraft

MSGSA Assumptions:

1)	Current Consumptive Use of Groundwater (est.)	400,000
2)	Sustainable Yield	268,000
3)	Total Parcel Acres	330,486
4)	Irrigated Acres	170,396
5)	Non-Irrigated Acres	160,090
6)	Total GSA Acres	337,574

Annual Available Sustainable Yield and Overdraft (AF/year)			
Year	Merced Subbasin GSA		
	Sustainable Yield	Overdraft	Rampdown Rate
2020	268,000	132,000	
2021		129,360	2%
2022		126,720	2%
2023		124,080	2%
2024		121,440	2%
2025		118,800	2%
5-year Reduction =		13,200	--
2026	268,000	110,880	6%
2027		102,960	6%
2028		95,040	6%
2029		87,120	6%
2030		79,200	6%
2031		71,280	6%
2032		63,360	6%
2033		55,440	6%
2034		47,520	6%
2035		39,600	6%
2036		31,680	6%
2037		23,760	6%
2038		15,840	6%
2039		7,920	6%
2040		0	6%