

Merced Subbasin Groundwater Sustainability Agency Governing Board

County of Merced Board Chambers, Third Floor

2222 M Street, Merced, California

March 29, 2018

Special Meeting

2:00PM

AGENDA

Bob Kelley, Stevinson Water District

Chair

Nic Marchini, Plainsburg Irrigation District

Vice Chair

George Park, Lone Tree Mutual Water Company

Rodrigo Espinoza, County of Merced

VACANT, Eastern White Area Representative

David Farmer, Western White Area Representative

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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 January 11, 2018.

5. REVENUE WORK GROUP UPDATE AND DATA COLLECTION

Update and discussion of potential assessment. Provide direction from the Board on assessment options and possible action to approve a consultant contract for a well analysis.

6. BUDGET AMENDMENT AND FUNDING

Action to approve an amended FY 2017-2018 budget, which includes funds for GSP development.

Action to approve additional member contributions to fund the budget amendment.

7. REQUEST FOR FIVE YEAR AUDIT

Action to approve a letter and resolution requesting the Merced County Board of Supervisors adopt five-year audits for the Merced Subbasin GSA, instead of annual audits, due to the GSA's small size and limited financial activities.

8. STAKEHOLDER COMMITTEE

Action to approve the Stakeholder Committee as recommended by the Coordination Committee.

9. COORDINATION COMMITTEE UPDATE

10. STAFF UPDATE

11. COMMENTS FROM THE BOARD

12. NEXT REGULAR MEETING: APRIL 26, 2018

13. ADJOURNMENT

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

MINUTES FOR MEETING OF JANUARY 11, 2018

The agenda, original minutes, and all supporting documentation (for reference purposes only) of the Merced Subbasin Groundwater Sustainability Agency Governing Board meeting of January 11, 2018, are available online at www.countyofmerced.com/MercedSubbasinGSA.

I. CALL MEETING TO ORDER

The meeting of the Merced Subbasin Groundwater Sustainability Agency Joint Powers Authority Governing Board was called to order at 2:00 p.m., on January 11, 2018, in the Board Chambers located at 2222 "M" Street, Third Floor, Merced, California.

II. CLOSED SESSION

Conference with Legal Counsel--Potential Litigation (Subdivision (b) of Government Code Section 54956.9) 1 potential case.

III. PLEDGE OF ALLEGIANCE

IV. ROLL CALL OF BOARD MEMBERS

Board Members

Present: Bob Kelley- Chairman (Stevinson Water District)
Nic Marchini- Vice Chair (Plainsburg Irrigation District)
David Farmer- (Western White Area)
George Park- (Lone Tree Mutual Water Company)
Supervisor Rodrigo Espinoza (Merced County)

Board Members

Absent: None

Staff Present:

Mark Hendrickson, Secretary
Ana Muniz-Laguna, Recording Secretary
Lacey Kiriakou, Merced County Water Resource Coordinator

V. PUBLIC COMMENT PERIOD

None

VI. APPROVAL OF MINUTES

MOTION: M/S PARK– FARMER, AND CARRIED BY A VOTE OF 5 – 0, THE BOARD APPROVES THE MINUTES FROM THE OCTOBER 12, 2017 MEETING.

VII. BYLAWS

Action to approve the resolution adopting the Merced Subbasin GSA Bylaws.

Ms. Lacey Kiriakou informed that bylaws are required per the JPA Agreement under Section 19.2, and stated that the Governing Board is directed to draft and approve the Bylaws of the Agency to govern the day-to-day operations. Ms. Kiriakou further affirmed that that bylaws may be amended by the Governing Board at any time. The Board discussed the proposed action.

Time available for public comment started at 2:05 p.m.

No one spoke in favor or opposition to this application.

The public comment ended at 2:06 p.m.

MOTION: M/S MARCHINI – ESPINOZA AND CARRIED BY A VOTE OF 5 – 0, THE BOARD APPROVES THE RESOLUTION ADOPTING THE MERCED SUBBASIN GSA BYLAWS.

VIII. VACANT EASTERN WHITE AREA REPRESENTATIVE POSITION

Informational item on the recently vacated Eastern White Area Representative Board position and application for a new member.

Ms. Kiriakou stated that the former Eastern White Area Representative on the GSA Governing Board resigned after being elected to another agency board. She further informed that the Merced County Board of Supervisors will appoint a new Eastern White Area Representative and that the position is available to any interested individual actively and primarily engaged in the production of agriculture within the white areas.

No action was required for informational item.

IX. COORDINATION COMMITTEE UPDATE

Chairman Kelley gave an update to the Board members on the Ad Hoc Committee regarding status of Coordination Committee Meetings and also the development of a Stakeholder Committee. The Stakeholder Committee is looking for public participation of 10-15 members that represent the community of the subbasin. Applications for this committee are due by February 12, 2018 and are located at <http://www.mercedsgma.org>

X. STAFF UPDATE

Ms. Kiriakou updated the Board regarding items from the previous Merced Mariposa Boundary modification discussion presented in the GSA meeting on October 12th 2017. Ms. Kiriakou reported that data from well logs located within the Merced Subbasin in Mariposa County were reviewed and the data did not support a modification of the boundary to exclude Merced County. She also stated that County Staff, along with Woodard and Curran's engineer Jim Blanke, spoke with DWR staff and discussed the potential modification. Ms. Kirakou informed that DWR staff advised not to proceed with a boundary modification as there would be a heavy burden to demonstrate where the subbasin is. She affirmed that DWR's recommendation is consistent with the decision made by the Board in the October 2017 meeting. Ms. Kiriakou further updated the Board on the Amsterdam Water District being formed in the Merced Subbasin stating that LAFCO recently released the proposal to establish the new district and documents are available to the public. There is a public comment period which is open until January 26, 2018.

XI. COMMENTS FROM THE BOARD

None

XII. NEXT REGULAR MEETING

Staff will coordinate with Board members and their availability to schedule the next Board meeting.

XIII. ADJOURNMENT

There being no further business, the meeting adjourned at 2:20 p.m.

BOARD ACTION ITEM

TO: MEMBERS OF MERCED SUBBASIN GSA GOVERNING BOARD
FROM: MARK HENDRICKSON, SECRETARY
DATE: MARCH 29, 2018

SUBJECT: REVENUE WORK GROUP UPDATE AND DATA COLLECTION

SUMMARY:

A work group of GSA Board Members Bob Kelley and George Park, along with member agency staff and counsel, have been discussing the options to address the funding challenges for the Merced Subbasin GSA.

As per the JPA Agreement, the initial budget for the Merced Subbasin GSA was funded by member agency contribution equally split between the six board positions. The JPA agreement did not specify further funding allocations, but deferred those decisions to the Governing Board. The GSA is now expending funds for legal counsel and committed to funding the Groundwater Sustainability Plan development through the Coordination MOU signed in October 2017. Additional expenditures may include administrative staff expenses, insurance, and engineering and consultant expenses for GSA specific projects.

With the assistance of counsel and member agency staff, a work group of two Board members, Bob Kelley and George Park, have been discussing the options for raising revenue to meet the future financial obligations of the GSA.

The work group has discussed options and is pursuing the exploration of a “well head” or “groundwater extraction” fee leveled upon non de-minimus wells that can extract groundwater in the GSA’s management area, as expressly authorized by SGMA, and allowed by both Proposition 218 and Proposition 26.

Adequate investigation of the number of irrigation wells in the Merced Subbasin GSA’s management area is required to determine the groundwater extraction fee, and additional investigation is necessary to determine the accurate size and the owner of each well. The work group also discussed allowing member agencies who have already collected funding, or will collect funding, for SGMA from their membership to pay the fee directly to the GSA to avoid any duplication of assessment.

Woodard and Curran, the consulting firm working on GSP development, is developing cost estimate of the first task to determine the initial number of wells in the GSA’s management area, focusing on the white areas; and a strategy to determine well size and landowner for assessment purposes.

This item seeks to inform the board on the recommended direction of the work group and to obtain direction from the Board on assessment options. Additionally, the Board may take action to approve contracting with Woodard and Curran to continue the analysis of wells in the GSA’s management area.

REQUEST/RECOMMENDATION/ACTION NEEDED:

1. Provide direction to staff and the work group on the suggested assessment option.
2. Approve contracting with Woodard and Curran for the analysis of the number of wells, in an amount not to exceed \$60,000 subject to review and consent by the Chair and Vice Chair.
3. Direct member agencies to assist in the collection of data on wells and sizes in each agency's management area.

BOARD ACTION ITEM

TO: MEMBERS OF MERCED SUBBASIN GSA GOVERNING BOARD
FROM: MARK HENDRICKSON, SECRETARY
DATE: MARCH 29, 2018

SUBJECT: BUDGET AMENDMENT AND FUNDING

SUMMARY:

The Fiscal Year (FY) 2017-2018 budget that the GSA approved in July 2017 was a status quo budget based upon the initial budget and funds collected from member agencies in early 2017.

Over the last six months progress has been made on determining Groundwater Sustainability Plan costs and GSA responsibilities. In October 2017, the three GSAs in the Merced Subbasin executed a Memorandum of Understanding (MOU) outlining the cost share for Groundwater Sustainability Plan (GSP) development; the Merced Subbasin GSA is responsible for 58% of GSP development costs. Woodard and Curran, the consultant firm under contract with the GSAs, has provided the GSA's with an estimated cost for a Merced Subbasin Groundwater Sustainability Plan in the amount of \$1.733 million. Additionally, in February 2018 the Department of Water Resources released the recommended funding awards for the Sustainable Groundwater Planning Grant; the Merced Subbasin was recommended to receive the maximum award of \$1.5 million for GSP development and the full requested amount of \$901,261 for the Category 1 Severely Disadvantaged Communities projects.

Factoring in this information, the Board is being requested to consider a budget amendment to the FY 2017-2018 budget that would increase the budget by \$100,000 in GSP Development expenses and \$65,000 in Administrative Support. In order to fund this budget increase, above the already funded FY2017-2018 budget, the member agencies would contribute according to formula of an equal split between the governing board positions, as the initial budget was funded in 2017.

REQUEST/RECOMMENDATION/ACTION NEEDED:

1. Approve the budget amendment in the amount of \$165,000.
2. Approve the Merced Subbasin GSA to invoice the member agencies represented on the Board according to an equal split of the budget amendment amount.

**Merced Subbasin GSA
Proposed FY 2017-2018 Budget AMENDMENT**

Expenditure

Budget Cat.		Description	FY 2017/18 APPROVED	FY 2017/18 AMENDED
Administrative Support		Member Agency Staff Time (Lacey Kiriakou)		35,000.00
		Secretary Staff Time (Mark Hendrickson/Ana Muniz-Laguna)		20,000.00
		Treasurer Staff Time (Loren DeMoss)		10,000.00
Administrative Support - Total			100,000.00	65,000.00
Services & Supplies		Communications	1,500.00	0.00
		Duplicating	3,000.00	500.00
		Membership	2,000.00	0.00
		Insurance (ACWA JPIA)	0.00	0.00
		Office Expense-General	5,000.00	1,500.00
		Office Expense-Computers	5,000.00	0.00
		Office Expense-Postage	1,000.00	1,000.00
		Professional & Special Svcs - Legal Counsel	20,000.00	100,000.00
		Professional & Special Svcs - Engineering	0.00	65,000.00
		Publications & Legal Notices	1,000.00	500.00
		Rent & Lease - Facility	0.00	0.00
		Spec Dept Expense-Other	0.00	0.00
		Transportation & Travel	5,000.00	0.00
		Trans & Travel- Car Allow	5,000.00	0.00
	Utilities	0.00	0.00	
Services & Supplies - Total			48,500.00	168,500.00
Special Projects (Variable Costs)		Professional & Special Svcs - Woodard & Curran	20,000.00	100,000.00
Special Projects - Total			20,000.00	100,000.00
Expenditure - Total			168,500.00	333,500.00

BOARD ACTION ITEM

TO: MEMBERS OF MERCED SUBBASIN GSA GOVERNING BOARD
FROM: MARK HENDRICKSON, SECRETARY
DATE: MARCH 29, 2018

SUBJECT: REQUEST FOR A FIVE YEAR AUDIT

SUMMARY:

As a joint powers agency, the Merced Subbasin GSA is required by Government Code 26909 to perform an annual audit of its books, accounts and financial records. Government Code section 26909 also provides that a special district may, by unanimous request of the Governing Board, and unanimous approval of the Merced County Board of Supervisors, replace its required annual audit with a five-year audit. Since the Merced Subbasin GSA's revenue do not exceed any limitation on a five-year audit request, the Merced Subbasin GSA is considering requesting the Merced County Board of Supervisors adopt a five-year audit for the GSA. An annual audit would be financially burdensome during the initial set-up of the GSA, due its limited financial transactions and relatively short time in existence. Should the annual revenue of the GSA exceed the limitations set to be eligible for a five-year audit, the audit will revert to occurring annually.

This item requests the Governing Board approve a resolution adopting a five-year audit and requesting the concurrence of the Merced County Board of Supervisors in adopting a five-year audit for the GSA.

REQUEST/RECOMMENDATION/ACTION NEEDED:

1. Approve a resolution adopting a five-year audit and requesting the Merced County Board of Supervisors adopt a five-year audit for the GSA.
2. Approve the Chairman to sign a letter to the Merced County Board of Supervisors requesting the adoption of a five-year audit and any other necessary documents.

**Merced Subbasin Groundwater Sustainability Agency
2222 M Street
Merced, CA 95340**

March 29, 2018

Clerk of the Board
Merced County Board of Supervisors
2222 M Street
Merced, CA 95340

RE: Merced Subbasin Groundwater Sustainability Agency Five-Year Audit

Dear Madam or Sir:

Enclosed is a Resolution signed by the Chairman of the Merced Subbasin Groundwater Sustainability Agency (GSA) wherein the GSA's Governing Board unanimously authorized the replacement of its annual audit period with a five-year audit period. The GSA's first five-year audit will cover the period from July 1, 2016 through June 30, 2021.

Pursuant to Government Code Section 26909 the GSA must obtain the approval of the Board of Supervisors to replace the GSA's annual audit with a five-year audit. Therefore, the GSA requests the Board of Supervisors review the enclosed Resolution at its next regularly scheduled meeting and approve the GSA's replacement of its annual audit with a five-year audit.

Sincerely,

Robert Kelley
Chairman

Enclosure

**MERCED SUBBASIN GROUNDWATER SUSTAINABILITY AGENCY
RESOLUTION NO. 2018-02**

**RESOLUTION OF THE MERCED SUBBASIN GROUNDWATER SUSTAINABILITY
AGENCY AUTHORIZING FIVE-YEAR AUDITS**

WHEREAS, the Merced Subbasin Groundwater Sustainability Agency (GSA) was formed by a joint powers agreement under Division 7 of the California Government Code on January 2, 2017; and

WHEREAS, Government Code Section 26909 requires special districts to conduct annual audits of its books, accounts and financial records; and

WHEREAS, California Government Code Section 26909 also provides that a special district may, by unanimous request of the governing board of the special district and with unanimous approval of the local board of supervisors, replace its required annual audit with a five-year audit if the special district's annual revenues do not exceed an amount specified by the board of supervisors; and

WHEREAS, an annual audit would be financially burdensome during the initial start-up of the GSA and a five-year audit will reduce the GSA's expenses in connection with its required audit; and

WHEREAS, the GSA's Governing Board desires to adopt a five-year audit for the five year period starting on July 1, 2016 and ending on June 30, 2021 and for every five-year period thereafter.

NOW, THEREFORE BE IT RESOLVED that the Governing Board hereby adopts a five-year audit as of the five-year period ending June 30, 2021 and every five years thereafter; and

BE IT FUTHER RESOLVED that the Governing Board requests concurrence and approval from the Merced County Board of Supervisors to adopt a five-year audit; and

BE IT FURTHER RESOLVED that the Governing Board hereby authorizes the Chair of the Merced Subbasin GSA to execute all documents and take any other action necessary or advisable to carry out the purpose of the foregoing resolution.

PASSED AND ADOPTED at a special meeting of the Governing Board at Merced, California on this 29th day of March, 2018 by the following vote:

AYES:

NOES:

ABSENT:

**MERCED SUBBASIN GROUNDWATER SUSTAINABILITY AGENCY
RESOLUTION NO. 2018-02**

ABSTAINING:

MERCED SUBBASIN GROUNDWATER
SUSTAINABILITY AGENCY

By: _____
Chair

ATTEST:

Secretary

BOARD ACTION ITEM

TO: MEMBERS OF MERCED SUBBASIN GSA GOVERNING BOARD
FROM: MARK HENDRICKSON, SECRETARY
DATE: MARCH 29, 2018

SUBJECT: GSP STAKEHOLDER COMMITTEE

SUMMARY:

In October 2017 the three GSAs in the Merced Subbasin entered into a Memorandum of Understanding that formed a Coordination Committee that would guide the activities under the Agreement and GSP development. The Coordination Committee makes unanimous recommendations of technical and substantive basin-wide issues to the GSA Boards for approval.

The first task of the Coordination Committee was to approve a basin-wide Stakeholder Committee. The Stakeholder Committee is expected to advise the GSAs and Coordination Committee on topic such as; groundwater conditions, management issues and needs, and projects and management actions to improve the sustainability of the groundwater basin. Additionally, as representatives of diverse interests in the region, the Stakeholder Committee will bring those perspectives to the GSP development process.

The open process to identify the Stakeholder Committee started with the release of a publicly available application that was due in February. Ideal applicants demonstrated commitment to community service and civil leadership, prior experience participating constructively on similar advisory committees and an understanding of water issues. The Coordination Committee then selected applicants, representing broad stakeholder interests in the basin from agriculture, industry, local communities, disadvantaged communities, business and environmental interests, in addition to geographic representation.

The Coordination Committee is scheduled to recommend the proposed Stakeholder Committee at the March 26 meeting. This action requests the Governing Board approve the proposed Stakeholder Committee.

REQUEST/RECOMMENDATION/ACTION NEEDED:

1. Approve the Stakeholder Committee as recommended by the Coordination Committee.