

February 10, 2022

AGENDA

2222 M Street, Board Room

Merced, CA

CLOSED SESSION

1:00 PM

SPECIAL MEETING

2:00 PM

Join Zoom Meeting

<https://us02web.zoom.us/j/88315298303?pwd=SmJBT2VmZk0xMXI2eUJuQmpDSUFsUT09>

Meeting ID: 883 1529 8303

Dial in: +1 669 900 6833

Passcode: 400605

IMPORTANT NOTICE: Due to the ongoing COVID-19 Crisis, and as authorized by Assembly Bill 361, 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, Jr., 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. STATE OF EMERGENCY TELECONFERENCE FINDINGS

Action Item: The Merced Subbasin GSA Governing Board will consider the circumstances of the State of Emergency and determine whether to make the following findings that any of the circumstances exist per AB 361:

1. The State of Emergency continues to directly impact the ability of the members to meet safely in person and/or
2. State or Local Officials continue to impose or recommend measures to promote social distancing.

3. CLOSED SESSION

CONFERENCE WITH LEGAL COUNSEL – POTENTIAL LITIGATION (Subdivision (b) of Government Code Section 54956.9) 1 potential case

4. PLEDGE OF ALLEGIANCE



5. 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.

6. APPROVAL OF MINUTES

Action to approve the meeting minutes from the Governing Board meeting on January 13, 2022.

- 7. SGMA IMPLEMENTATION PLANNING AND PROJECTS GRANT RESOLUTION** Action to adopt a resolution authorizing the Merced Subbasin Groundwater Sustainability Agencies to jointly submit a Sustainable Groundwater Management SGMA Implementation Round 1 Grant Application.

8. LAND REPURPOSING PROGRAM DEVELOPMENT

Review of 2021 Land Repurposing Survey results. Discussion and potential direction on land repurposing program eligibility.

9. PROPOSITION 218 PROCEEDING TIMELINE AND FEE STUDY

Discussion of Proposition 218 Proceeding timeline for 2022 and action to approve an exception to competitive bidding and authorize the Chair to sign a contract with Zanjero, Inc. for development of the Proposition 218 Fee Study.

10. WELL CONSISTENCY DETERMINATION POLICY

Discussion and possible action on a draft well consistency determination policy.

11. SURFACE WATER SALES WITHIN THE MERCED BASIN RESOLUTION

Discussion and possible action on a draft resolution encouraging the sale of surface water within the Merced Subbasin.

12. TECHNICAL ADVISORY COMMITTEE REPORT

Report from Technical Advisory Committee (TAC) member on the January 25, 2022 TAC meeting.

13. STAFF REPORT

14. BOARD REPORTS

15. NEXT REGULAR MEETING

16. 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.

GOVERNING BOARD

MINUTES FOR MEETING OF JANUARY 13, 2022

The agenda, original minutes, and all supporting documentation (for reference purposes only) of the Merced Subbasin Groundwater Sustainability Agency Governing Board meeting of January 13, 2022 are available online at www.countyofmerced.com/MercedSubbasinGSA.

I. CALL MEETING TO ORDER

The regular public meeting of the Merced Subbasin Groundwater Sustainability Agency Joint Powers Authority Governing Board was called to order at 2:05 p.m. on January 13, 2022, in person and via conference call due to the ongoing COVID-19 crisis and as authorized by Assembly Bill 361.

II. ROLL CALL OF BOARD MEMBERS

Board Members Present:

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

Board Members absent:

Nic Marchini	Vice Chair (Western White Area Representative)
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Staff Present:

Mark Hendrickson	Secretary
Lacey McBride	Water Resources Manager
Ana Muñiz-Laguna	Recording Secretary

III. STATE OF EMERGENCY TELECONFERENCE FINDINGS

Action Item: The Merced Subbasin GSA Governing Board will consider the circumstances of the State of Emergency and determine whether to make the following findings that any of the circumstances exist per AB 361:

1). The State of Emergency continues to directly impact the ability of the members to meet safely in person and/or 2). State or Local Officials continue to impose or recommend measures to promote social distancing.

Public Comment period Open/Close

MOTION: M/S SWENSON – PEDRETTI, AND CARRIED BY A VOTE OF 5 – 0, THE BOARD APPROVES ACTION ITEM TO CONSIDER THE CIRCUMSTANCES OF THE STATE OF EMERGENCY AND CIRCUMSTANCES EXIST PER AB361 THAT THE STATE OF EMERGENCY CONTINUES TO DIRECTLY IMPACT THE ABILITY OF

THE MEMBERS TO MEET SAFELY IN PERSON AND STATE AND/OR LOCAL OFFICIALS CONTINUE TO IMPOSE OR RECOMMEND MEASURES TO PROMOTE SOCIAL DISTANCING.

IV. PUBLIC COMMENT PERIOD

Public Comment period Open/Close

V. APPROVAL OF MINUTES

Action to approve the meeting minutes from the Governing Board meeting on December 10, 2021.

MOTION: M/S PEDRETTI – UPTON, AND CARRIED BY A VOTE OF 5 – 0, THE BOARD APPROVES THE MINUTES FROM THE DECEMBER 10, 2021 MEETING.

VI. LAND REPURPOSING PROGRAM ROADMAP

Presentation of the land repurposing roadmap by EKI representative and possible action to direct staff and consultants to move forward with developing a land repurposing program.

Presentation was given by Dr. Chris Heppner from EKI Environment and Water discussing land repurposing.

Board-member Swenson requested a budget update in the months of April or May for total cost of land repurposing program. He further recommended that the program focus on areas of subsidence and the potential impacts to domestic wells.

Board-member Pedretti suggested moving forward with program while keeping subsidence and domestic well impacts in mind.

Board-member Upton emphasized that losing the 40% of unimpaired flows that the State Board is proposing will pose a greater challenge in trying to meet the sustainability goals and suggested the GSA focus efforts on taking action against the State's initiative.

Public Comment Period Open/Close

MOTION: M/S SWENSON – PEDRETTI, AND CARRIED BY A VOTE OF 5 – 0, THE BOARD APPROVES ACTION TO DIRECT STAFF AND CONSULTANTS TO MOVE FORWARD WITH DEVELOPING A LAND REPURPOSING PROGRAM AND PRESENT TO THE BOARD AT THE FEBRUARY MEETING AN ESTIMATED DATE TO IDENTIFY THE LAND REPURPOSING PROPOSITION 218 FUNDING TARGET. ADDITIONALLY, THE BOARD APPROVES SUPPORT FOR THE DEMAND REDUCTION AD-HOC COMMITTEE TO WORK ON THIS ITEM.

VII. **PROPOSITION 218 DEVELOPMENT PLANNING**

Action to create an ad hoc committee to develop the recommended elements of a 2022 Proposition 218 proceeding.

Summary was given by Ms. Lacey McBride.

Board-member Upton requested that Ms. McBride and Ms. Jeanne Zolezzi contact Le Grand-Athlone Water District counsel to discuss the Proposition 218 fee process of the GSA and the existing Proposition 218 process of Le Grand-Athlone Water District.

Public Comment Period Open

Mr. Dave Nervino, Stevinson farmer, asked if parcels that are currently non-irrigated would be able to come back to irrigating in the future. He suggested the County put a moratorium on selling surface water outside of the basin or put a surcharge on water sales to supplement Proposition 218 costs.

Board-member Swenson suggested that a member of the Land Repurposing Ad-Hoc Committee also be a member of the 218 Development Ad-Hoc Committee for better communication.

Board-members Gallo and Swenson volunteered to be considered to serve on the Ad-Hoc Committee.

Public Comment Period Close

MOTION: M/S GALLO– PEDRETTI, AND CARRIED BY A VOTE OF 5 – 0, THE BOARD MOVES TO APPROVE ACTION FOR THE CHAIR TO CHOSE THE MEMBERS AND CREATE AN AD HOC COMMITTEE TO DEVELOP THE RECOMMENDED ELEMENTS OF A 2022 PROPOSITION 218 PROCEEDING, WITH ONE MEMBER FROM THE LAND REPURPOSING AD HOC COMMITTEE ON THE COMMITTEE.

VIII. **CONTINUATION OF WORKSHOPS REGARDING GSP IMPLEMENTATION PHASE 1 AND PHASE 2 ACTIONS**

Discussion and possible guidance to staff regarding additional regional public workshops within the jurisdiction of the Merced Subbasin GSA focusing on elements of the Two Phased GSP Implementation Approach and allocation topics.

Summary was given by Ms. Lacey McBride.

Board-member Swenson suggested adding an opportunity for public to comment on the Proposition 218 Process and piggy back the meetings to existing water agency

meetings in order to generate more participation from the public.

Public Comment Period Open/Close

IX. STAFF REPORT

Mrs. McBride updated on Well Consistency Determination Policy and the SGMA Implementation grant. Ms. McBride also informed on a phone call between Department of Water Resources (DWR) and the Merced GSAs to discuss the deficiencies identified in a letter from DWR.

X. BOARD REPORTS

Chairman Pareira updated on the call with DWR and the GSAs.

XI. NEXT REGULAR MEETING

Next meeting will be held on Thursday, February 10, 2022 at 2 p.m.in the Merced County Board Chambers at 2222 M Street, Merced CA 95340.

XII. ADJOURNMENT

There being no further business, the meeting adjourned at 3:02 p.m.

BOARD ACTION ITEM

TO: MEMBERS OF MERCED SUBBASIN GSA GOVERNING BOARD
FROM: MARK HENDRICKSON, SECRETARY
DATE: FEBRUARY 10, 2022

SUBJECT: STATE OF EMERGENCY TELECONFERENCE FINDINGS

SUMMARY:

In March 2020 Governor Newsom issued an Executive Order N-29-20 proclaiming a State of Emergency in California as a result of the threat of COVID-19. Under this executive order, local legislative bodies were authorized to hold public meetings via teleconferencing and to make public meetings accessible telephonically or electronically to all members of the public seeking to address the local legislative body. Requirements of the Brown Act to meet physically in person and certain requirements for teleconferencing were waived.

In September 2021, the California legislature passed AB 361. Under this legislation, a local agency is authorized to use teleconferencing without complying with teleconferencing requirements under the Brown Act, when a local agency holds a meeting during a declared state of emergency. Under this legislation, every 30 days, the legislative body is required to consider the circumstances of the state of emergency and make findings that a state of emergency continues to directly impact the ability of the members to meet safely in person and/or state or local officials continue to impose or recommend measures to promote social distancing. This provision is in effect until January 1, 2024.

The Board is required to make these findings every 30 days. The last findings were made in January.

REQUEST/RECOMMENDATION/ACTION NEEDED:

Action to consider the circumstances of the State of Emergency and make the finding that the State of Emergency continues to directly impact the ability of the members to meet safely in person.

BOARD ACTION ITEM

TO: MEMBERS OF MERCED SUBBASIN GSA GOVERNING BOARD
FROM: MARK HENDRICKSON, SECRETARY
DATE: FEBRUARY 10, 2022

SUBJECT: SGMA IMPLEMENTATION PLANNING AND PROJECTS GRANT RESOLUTION

SUMMARY:

The Merced Subbasin GSAs intend to submit a Sustainable Groundwater Management (SGM) Grant Program SGMA Implementation Round 1 Grant application by the February 28, 2022 deadline. The California Department of Water Resources is administering the SGM SGMA Implementation Round 1 grant solicitation for projects that encourage sustainable management of groundwater resources that support SGMA and/or invest in groundwater recharge projects with surface water, stormwater, recycled water, and other conjunctive use projects. There is \$152 million available for critically overdraft basins in Round 1, each critically overdrafted groundwater basin is anticipated to receive \$7.6 million.

The Merced Subbasin's Coordination Committee is reviewing proposed projects and has been prioritizing and scoring the projects during the month of January.

The action for consideration is adoption of a required resolution authorizing the Merced Subbasin GSA, in coordination with MIUGSA and Turner Island Water District GSA-1 to apply for a Sustainable Groundwater Management SGMA Implementation – Planning and Projects Round 1 grant. As with the previous Sustainable Groundwater Management grant awards, this grant may be administered by MIUGSA or Merced Irrigation District on behalf of the three GSAs.

REQUEST/RECOMMENDATION/ACTION NEEDED:

Action to adopt a resolution authorizing the Merced Subbasin Groundwater Sustainability Agencies to jointly submit a Sustainable Groundwater Management SGMA Implementation Round 1 Grant Application.

**MERCED SUBBASIN GROUNDWATER SUSTAINABILITY AGENCY
RESOLUTION NO. 2022-01**

**RESOLUTION OF THE MERCED SUBBASIN GROUNDWATER SUSTAINABILITY AGENCY
AUTHORIZING THE SUBMISSION OF A 2021 SUSTAINABLE GROUNDWATER
MANAGEMENT GRANT PROGRAM SGMA IMPLEMENTATION – ROUND 1 GRANT
APPLICATION**

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

WHEREAS, the Merced Subbasin Groundwater Sustainability Agency (GSA) was formed as a joint powers authority pursuant to Government Code section 6500, *et seq.*, by agencies that qualify to be groundwater sustainability agencies; and

WHEREAS, the California Department of Water Resources (DWR) is administering the Sustainable Groundwater Management (SGM) Grant Program Sustainable Groundwater Management Act (SGMA) Implementation funding using funds authorized by the California Budget Act of 2021 and the California Drought, Water Parks, Climate, Coastal Protection, and Outdoor Access For All Act of 2018 (Proposition 68); and

WHEREAS, the SGM Grant Program SGMA Implementation Proposal Solicitation Package requires eligible applicants for proposals be GSAs for the respective basin and states only one application will be accepted per basin; and

WHEREAS, the three GSAs in the Merced Subbasin have entered into a Coordination Memorandum of Understanding to share costs related to basin-wide GSP development and implementation; and

WHEREAS, the three GSAs in the Merced Subbasin have entered into a contract for GSP development with the firm Woodard and Curran, Inc. and received a Round 3 Sustainable Groundwater Management Planning Grant Program award for GSP development and implementation planning from DWR in 2020 and a Round 1 Sustainable Groundwater Management Implementation Grant award in 2021; and

WHEREAS, the contract and grant award have been administered by Merced Irrigation District on behalf of the three GSAs; and

WHEREAS, the Merced Subbasin GSA intends to submit a joint Sustainable Groundwater Management SGMA Implementation Round 1 application with the Merced Irrigation Urban Groundwater Sustainability Agency (MIUGSA) and the Turner Island Water District GSA-1 for projects that encourage sustainable management of groundwater resources that support SGMA in the Merced Groundwater Subbasin (DWR Subbasin No. 5-22.04); and

**MERCED SUBBASIN GROUNDWATER SUSTAINABILITY AGENCY
RESOLUTION NO. 2022-01**

NOW, THEREFORE, BE IT RESOLVED, by the Governing Board of the Merced Subbasin GSA that an application be made to the California Department of Water Resources by the MIUGSA in coordination with the Merced Subbasin GSA and the Turner Island Water District GSA-1 to obtain a grant under the 2021 Sustainable Groundwater Management (SGM) Grant Program SGMA Implementation Round 1 Grant pursuant to the California Drought, Water, Parks, Climate, Coastal Protection, and Outdoor Access For All Act of 2018 (Proposition 68) (Pub. Resource Code, § 80000 et seq.) and the California Budget Act of 2021 (Stats. 2021, ch. 240, § 80) and to enter into an agreement to receive a grant for the Merced Subbasin 2022 GSP Implementation and Sustainability Program.

BE IT FURTHER RESOLVED, that the Merced Subbasin GSA authorizes and directs the Merced Irrigation District of the MIUGSA, or designee, to prepare the necessary data, conduct investigations, file such application, and execute a grant agreement and any future amendments (if required), submit invoices, and submit any reporting requirements with the California Department of Water Resources.

PASSED AND ADOPTED at a regular meeting of the Governing Board at Merced, California, this 10th day of February 2022, by the following vote:

AYES:

NOES:

ABSTAINING:

ABSENT:

MERCED SUBBASIN GROUNDWATER
SUSTAINABILITY AGENCY

By: _____
Lloyd Pareira, Jr.
Chair

ATTEST:

Mark Hendrickson
Secretary

BOARD ACTION ITEM

TO: MEMBERS OF MERCED SUBBASIN GSA GOVERNING BOARD
FROM: MARK HENDRICKSON, SECRETARY
DATE: FEBRUARY 10, 2022

SUBJECT: LAND REPURPOSING PROGRAM DEVELOPMENT

SUMMARY:

In November 2021, the Governing Board adopted the Two Phased GSP Implementation Approach resolution, identifying land repurposing as the primary activity to achieve the Phase 1 target of reducing the consumptive use of groundwater by 15,000 acre feet annually. MSGSA consultants, EKI Water and Environment, Inc., have been working with the Demand Reduction Ad Hoc Committee and the Technical Advisory Committee on development of the Land Repurposing Program, according to the roadmap share with this Board in January 2022.

The topics for discussion on the Land Repurposing Program for this Board meeting are: a review of the Land Repurposing Survey released to MSGSA landowners and growers in November 2021 and program applicant eligibility. Direction given by this board does not need to be formal at this time. Direction on elements of the Land Repurposing program will be included in program itself, which will be approved by the Board at a later date.

REQUEST/RECOMMENDATION/ACTION NEEDED:

Review of 2021 Land Repurposing Survey results. Discussion and potential direction on land repurposing program eligibility.

BOARD ACTION ITEM

TO: MEMBERS OF MERCED SUBBASIN GSA GOVERNING BOARD
FROM: MARK HENDRICKSON, SECRETARY
DATE: FEBRUARY 10, 2022

SUBJECT: PROPOSITION 218 PROCEEDING TIMELINE AND FEE STUDY

SUMMARY:

In November 2021, the Governing Board adopted the Two Phased GSP Implementation Approach resolution, identifying a Proposition 218 proceeding to take place in 2022 in order to fund Phase 1 of GSP implementation. The funding mechanism for Phase 1 is anticipated to be a Proposition 218 fee. In January 2022, the Chair appointed an ad hoc committee to make recommendations to the Governing Board on elements of the Proposition 218, including what is funded by the fee, rate structure, and which parcels participate in the fee. The Proposition 218 Ad Hoc Committee members are: Board Member Mike Gallo, Board Member Eric Swenson, Chair Lloyd Pereira, Technical Advisory Committee member Brad Samuelson and Technical Advisory Committee member Lou Myers.

This item presents the timeline for decision making for the Governing Board and the Ad Hoc Committee, in order to hold a public hearing and election in July 2022.

Additionally, this item requests consideration of an exception to competitive bidding and approval of entering into a contract with Zanjero, Inc. (formerly Tully and Young, Inc.) for the development and completion of a Fee Study and public workshops associated with the Proposition 218. Through this contract Greg Young with Zanjero will provide support to assist in developing and determining property-related fee methodologies and amounts, in addition to preparing a report to document compliance with the Proposition 218 requirements. EKI Water and Environment, Inc. will be available to provide additional support to the Proposition 218 proceeding and Fee Study under the technical services contract.

With the July target date for holding the Proposition 218 election and public hearing, staff is recommending an exception to competitive bidding for this contract. Greg Young, as a consultant for the County of Merced, has been providing the Merced Subbasin GSA with strategic support throughout the development of the Two Phased GSP Implementation Approach. Additionally, Mr. Young has been instrumental in putting together the timeline and coordination between the Proposition 218 proceeding and the Land Repurposing Program development. Starting a competitive bid process for this work and bringing a new consultant up to speed on this process would unnecessarily delay the start of the Fee Study and the Proposition 218 proceeding.

REQUEST/RECOMMENDATION/ACTION NEEDED:

Discussion of Proposition 218 Proceeding timeline for 2022 and action to approve an exception to competitive bidding and authorize the Chair to sign a contract with Zanjero, Inc. for development of the Proposition 218 Fee Study.

**Merced Subbasin Groundwater Sustainability Agency
Exception to Competitive Bidding Process**

Estimated Cost: \$35,000

Proposed Vendor: Zanjero, Inc. (formerly Tully and Young, Inc.)

Justification: The requested service is one in which Zanjero, Inc. staff have specialized training and extensive expertise.

This contract is for the purpose of developing a Proposition 218 Fee Study Report and supporting outreach workshops on the Proposition 218 proceeding and Fee Study. The recommended consultant Zanjero, Inc., formerly Tully and Young, Inc., has been working to support the Merced Subbasin GSA, through a contract with Merced County, since 2019. Greg Young has expertise in providing policy and strategic direction regarding water resources policy and technical expertise.

Mr. Young has extensive expertise and a history of working directly with the Merced Subbasin GSA on these tasks. He supported the GSA during the process to adopt the SGMA Compliance Landowner Fee in 2019 through a similar Proposition 218 proceeding. Additionally, Mr. Young has been instrumental in implementing the Two Phased Groundwater Sustainability Plan Implementation Approach and in the discussions of the Land Repurposing Program, which is Phase 1 of the Two Phased GSP Implementation Approach. This 2022 Proposition 218 proceeding is for the purpose of funding Phase 1 of the Two Phased GSP Implementation Approach. Mr. Young has already been working with GSA staff on the timeline for the Proposition 218 proceeding and is planning on assisting the Proposition 218 Ad Hoc Committee through their discussions and recommendations on key elements of the process.

Bringing in another consultant through a competitive bidding process at this time would unnecessarily delay the start of the Fee Study and the Proposition 218 proceeding. A new consultant would not have the institutional knowledge of the GSA nor a history of working with staff and other consultants on these particular topics. The additional time necessary to bring a new consultant up to speed on the programs this fee would fund and the fee structure itself would also cost the GSA time it cannot afford, as the timeline for adopting a Proposition 218 fee is short.

Legal Counsel Jeanne Zolezzi was consulted regarding the expertise requirements for the consulting firm developing the Fee Study Report and had no concerns with Zanjero, Inc. providing those services.

Scope of Work

Proposition 218 Fee Study

Prepared for:



February 2022

Prepared by:



Project Purpose

The purpose of this scope is to prepare a Proposition 218 Fee Study (Fee Study) to support Merced Subbasin Groundwater Sustainability Agency's (MSGSA) procedures for establishing a fee to support projects and management actions a part of efforts to achieve sustainability goals defined in the Merced Subbasin Groundwater Sustainability Plan (GSP).

Scope of Work

Zanjero will accomplish the following tasks under this Scope of Work:

Task 1 – Coordinate with MSGSA

The purpose of this task is work closely with the MSGSA Board, staff, legal counsel, the Technical Advisory Committee, and appointed ad-hoc committee(s) to assure the Fee Study appropriately incorporates and describes all anticipated funding needs and articulates the Board's desired fee allocation approach. This will include necessary coordination and communications to define projects and programs to be funded, necessary capital needs for each project and program, and how to allocate the fee among landowners within the MSGSA. Zanjero will attend and present at Board meetings at staff direction, and will participate as necessary to assure information from these communications is appropriately reflected in the Fee Study.

Task 2 – Prepare Fee Study

The purpose of this task is to prepare the Fee Study for adoption by the MSGSA Board. Activities will include drafting necessary chapters to comply with Proposition 218 requirements for establishing a fee. Chapters will be shared with MSGSA staff and legal counsel for initial review, with an administrative draft provided for MSGSA Board review and comment.

A final Fee Study will be prepared based upon comments received during preparation of the administrative draft Fee Study. The final Fee Study will be considered for Board adoption as required to support the Proposition 218 process. Prior to adoption, information included in the Fee Study, such as the proposed rate structure and fee distribution, will be shared during Board presentations and public workshops.

Task 3 – Public Outreach

Zanjero will assist the MSGSA Board and staff with public outreach associated with the Proposition 218 Fee, including presentations at Board meetings, and presentations at a public workshop anticipated to be held after the Fee Study is final but prior to adoption by the Board (anticipated to occur in April 2022). Outreach activities will include preparing and making presentations and assisting staff and Board with answering stakeholder questions.

Task 4 – Project Management

Zanjero will provide project management, client communications, and other administrative functions as necessary to efficiently complete Tasks 1-3. For quality control purposes, a senior-level staff member will review the draft Fee Study prior to release.

Compensation

The tasks described above will be completed based on time and materials basis using the rates shown below. Based on adequately available data, timely input, and review from the MSGSA, the budget to complete the Fee Study should not exceed \$35,000.

<u>Hourly Staff Rates (Zanjero, Inc.)</u>	
Principal	\$255
Senior Resource Planner	\$185
Resource Planner	\$165
Administrative Assistant	\$85

Schedule

Zanjero anticipates that the administrative draft of the Fee Study will be delivered as an electronic version to the MSGSA by the end of March. Completion of the administrative draft on this schedule is based on Zanjero's understanding that necessary program costs for the Land Repurposing Program, a key driver for the new fee, and other programs, will be provided in a timely manner.

Zanjero anticipates completing the final Fee Study within a week of receiving MSGSA Board comments on the administrative Draft. Following the public workshop, Zanjero anticipates limited efforts to prepare the Fee Study for adoption by the MSGSA Board in May 2022.

BOARD ACTION ITEM

TO: MEMBERS OF MERCED SUBBASIN GSA GOVERNING BOARD
FROM: MARK HENDRICKSON, SECRETARY
DATE: FEBRUARY 10, 2022

SUBJECT: WELL CONSISTENCY DETERMINATION POLICY

SUMMARY:

The County of Merced Board of Supervisors is considering adoption of amendments to the Groundwater Mining and Export Ordinance on February 8, 2022. Adoption of these changes to the Groundwater Ordinance would require Groundwater Sustainability Agencies in the County to evaluate well permit applications within their jurisdiction and make determinations on whether the proposed well and its usage are consistent with the adopted Groundwater Sustainability Plan.

In order to be prepared to respond to constituents within the Merced Subbasin GSA who approach the GSA requesting well consistency determinations for their well permit applications, the Well Consistency Ad Hoc Committee has been developing a draft policy. The draft policy proposed for discussion today addresses consistency criteria for applications regarding domestic wells, agricultural replacement wells, agricultural back up wells, non-agricultural replacement wells, and public water agency wells. In order to apply this policy fairly across the GSA, the policy outlines rules and enforcement.

REQUEST/RECOMMENDATION/ACTION NEEDED:

Discussion and possible action on a draft well consistency determination policy.

BOARD ACTION ITEM

TO: MEMBERS OF MERCED SUBBASIN GSA GOVERNING BOARD
FROM: MARK HENDRICKSON, SECRETARY
DATE: FEBRUARY 10, 2022

**SUBJECT: SURFACE WATER SALES WITHIN THE MERCED BASIN
RESOLUTION**

SUMMARY:

Per the Bylaws, this item is up for consideration before the Governing Board at the request of multiple Governing Board Members. The Merced Subbasin has been designated by the California Department of Water Resources as in critical condition of overdraft. Additionally, the Merced Subbasin GSP confirms that the consumptive use of groundwater in the Merced basin exceeds the sustainable yield. Surface water is an important tool to bringing the basin into sustainability.

This is a resolution to encourage the surface water rights holders in the Merced Basin to pursue surplus water sales within the Merced Basin rather than exporting surplus surface water outside the basin. Additionally, the Merced Subbasin GSA and its member agencies are willing to acquire any surface water supplies available for sale in the Merced Subbasin and request that all surface water right holders negotiate first with the Merced Subbasin GSA when surplus surface water supplies are deemed available.

REQUEST/RECOMMENDATION/ACTION NEEDED:

Discussion and possible action on a draft resolution encouraging the sale of surface water within the Merced Subbasin.

**MERCED SUBBASIN GROUNDWATER SUSTAINABILITY AGENCY
RESOLUTION NO. 2022-02**

**RESOLUTION OF THE MERCED SUBBASIN GROUNDWATER SUSTAINABILITY
AGENCY ON ENCOURAGING SURFACE WATER SALES WITHIN THE MERCED
BASIN**

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

WHEREAS, the purpose of SGMA is to provide sustainable management of groundwater basins and enhance local management of the groundwater through empowering local management agencies with authority necessary to sustainably manage groundwater; and

WHEREAS, the Merced Subbasin Groundwater Sustainability Agency (**Merced GSA**) was formed on March 15, 2017 as a joint powers authority pursuant to Government Code section 6500, *et seq.*, by agencies that qualify to be groundwater sustainability agencies; and

WHEREAS, three GSAs in the Merced Groundwater Subbasin (Basin Number 5-22.04) have coordinated on the development of a single Groundwater Sustainability Plan (**GSP**) pursuant to Water Code section 10727(a) and submitted that GSP to the California Department of Water Resources (**DWR**) on January 28, 2020; and

WHEREAS, DWR has designated the Merced Subbasin as in critical condition of overdraft and the consumptive use of groundwater in the basin exceeds the available sustainable yield (Merced Subbasin GSP section 2.3.5); and

WHEREAS, maintaining and expanding the availability of surface water in the Merced Subbasin is a critical part of the solution to reducing groundwater consumption and overdraft; and

WHEREAS, the Merced GSA has identified the conjunctive management of surface water and groundwater resources, and expanding the availability of surface water in the Merced Subbasin, as important methods available to achieving the necessary reduction of groundwater consumption within the GSA to achieve sustainability goals; and

WHEREAS, the Merced GSA and certain member agencies have already demonstrated their commitment toward additional surface water use through the partnership and cost share in an “Application to Appropriate Water from the Merced River and 11 other Streams in Eastern Merced County”, submitted to the California State Water Resources Control Board on May 28, 2020.

NOW, THEREFORE, BE IT RESOLVED that the Governing Board of the Merced GSA strongly encourages all surface water right holders within the Merced Subbasin to pursue surplus surface water sales within the Merced Basin rather than exporting surplus surface water outside the basin,

**MERCED SUBBASIN GROUNDWATER SUSTAINABILITY AGENCY
RESOLUTION NO. 2022-02**

BE IT FURTHER RESOLVED, that the Merced GSA and its member agencies are willing to acquire any surface water supplies available for sale in the Merced Subbasin, and request that all surface water right holders negotiate first with the Merced GSA when surplus surface water supplies are deemed available rather than negotiate for sale of such supplies outside of the basin.

PASSED AND ADOPTED at a special meeting of the Governing Board at Merced, California, this 10th day of February 2022, by the following vote:

AYES:

NOES:

ABSTAINING:

ABSENT:

MERCED SUBBASIN GROUNDWATER
SUSTAINABILITY AGENCY

Lloyd Pareira, Jr., Chair

ATTEST:

Mark Hendrickson, Secretary