

Sustainable Groundwater Management Act (SGMA) Strategy

San Luis Obispo County Department of Public Works

Adopted January 13, 2015

Revisions or Addenda on:

May 24, 2016

November 1, 2016

March 7, 2017

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A. Introduction

California Senate Bills 1168 and 1319, and Assembly Bill 1739, signed by the Governor in September 2014, together comprise the “Sustainable Groundwater Management Act” (SGMA)¹. SGMA is ground breaking in that it requires local agencies to manage groundwater “...in a manner that can be maintained during the planning and implementation horizon without causing undesirable results”². SGMA, which took effect on January 1, 2015, provides for the preparation and implementation of Groundwater Sustainability Plans for all water basins in the State³, with High and Medium priority basins placed on a statutory schedule for identification of a Groundwater Sustainability Agency/Agencies (GSA), development of a Groundwater Sustainability Plan/Plans (GSP), and achieving sustainability. Based on the 2014 Final Basin Prioritization by the State Department of Water Resources (DWR), there are five⁴ high and medium priority groundwater basins mapped in San Luis Obispo County:

1. Paso Robles (High)
2. Santa Maria (High)
3. Los Osos (High)
4. San Luis (Edna) Valley (Medium)
5. Cuyama Valley (Medium)

B. Overarching Strategy

SGMA establishes the GSA process whereby local public agencies may organize themselves for the purpose of achieving sustainable groundwater management for the benefit of the community in and for the long term. Therefore, the overarching strategy is to:

Establish community focused GSA’s based on cooperative interagency and stakeholder relationships in order to comply with Sustainable Groundwater Management Act requirements.

C. Action Steps

1 Various amendments to SGMA became effective January 1, 2016 (e.g. revisions to Water Code Sections 10723.6(b).

2 CA Water Code Section 10721(u)

3 Groundwater basins and basin boundaries are defined by the State Department of Water Resources in Bulletin 118

4 In October 2016, DWR approved a modified basin boundary to create a new subbasin of the Salinas Valley Groundwater Basin, referred as Bulletin 118 Basin No. 3-004.11 Atascadero Area Subbasin. Consistent with Water Code Section 10722.4(c), DWR will reassess statewide basin prioritization in early 2017. Pending the re-prioritization, the number of basins subject to SGMA in San Luis Obispo County could change.

1. Groundwater Sustainability Agencies

SB1168 (Pavely) and AB1739 (Dickinson) both include: *“The Legislature finds and declares as follows: (6) Groundwater resources are most effectively managed at the local or regional level.”* To further this finding, SGMA requires the establishment of “Groundwater Sustainability Agencies” (GSAs), which are defined as *“...one or more local agencies that implement the provisions of this part [SGMA].”*⁵ Agencies eligible under SGMA to be or join a GSA include *“a local public agency that has water supply, water management, or land use responsibilities within a groundwater basin.”*⁶ In addition, a *“water corporation regulated by the Public Utilities Commission may participate in a groundwater sustainability agency if the local agencies approve.”*⁷

Although SGMA allows individual agencies to act as the GSA for the part of a basin that underlies that agency’s jurisdiction, and provides for multiple GSAs within a single basin, it is clear that the statute intends for local agencies to work cooperatively to satisfy SGMA requirements. This includes making the most efficient use of resources, including staff, consultants, and funding. It is also preferable for multiple agencies to form a limited number of GSAs so that stakeholders (the public, other agencies, private water purveyors) can effectively participate in all phases of the development and implementation of groundwater sustainability plans that affect their interests.

Therefore, this strategy focuses first and foremost on building GSAs with willing and eligible partner agencies, as defined in SGMA, as the first and key step. GSAs should be organized with the understanding that all other actions required under SGMA will be accomplished either through the GSA or as a result of the groundwater sustainability plan prepared by the GSA.

Further, it is recognized that there is no “one size fits all” for GSAs that will be formed to address groundwater management in San Luis Obispo County. As the interests of each agency and the community served and/or represented by each agency will differ among basins, it is expected that each GSA may have its own unique structure as necessary to accomplish the requirements of SGMA.

5 CA Water Code section 10721(j) [part]

6 CA Water Code section 10721(m)

7 CA Water code section 10723.6(b). Per revisions to SGMA (effective January 1, 2016), Water Code Section 10723.6(b) has been revised as follows: *“A water corporation regulated by the Public Utilities Commission or a mutual water company may participate in a [GSA] 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.”*

2. Organizational Agreements

In San Luis Obispo County, *“any local agency or combination of local agencies overlying a groundwater basin may elect to be a groundwater sustainability agency for that basin.”*⁸ Pursuant to section 10723.6 of the CA Water Code, 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.

Numerous potential issues will likely arise as local agencies negotiate the details of Joint Powers Agreements/Joint Powers Authorities (JPAs) or Memorandums of Agreement (MOAs). One difficulty in formulating these agreements will be that the end result, implementation of the groundwater sustainability plan, will be unknown in as much as the plans will not yet be written.

Therefore, this strategy will focus first on establishing agreements that are initially intended to further the development and approval of the groundwater sustainability plans. Any such agreements will acknowledge the potential need to amend or replace the agreement once the details of the groundwater sustainability plans are known. The resultant management requirements of the groundwater sustainability plan will then form the basis for the interagency agreement that guides the actions of the GSA. The initial agreements must also conform to the regulations promulgated under SGMA by DWR, once they are adopted.

3. Groundwater Sustainability Plans

This strategy acknowledges that each GSA in San Luis Obispo County may have a unique structure, defined by the needs and interests of each participating agency and the community served and/or represented by each agency. Likewise, each Groundwater Sustainability Plan (GSP) will be defined by the conditions present in each groundwater basin, along with the benefits provided by that water.

Therefore, this strategy acknowledges that there is no “one size fits all” for GSPs that will be developed to manage individual groundwater basins in San Luis Obispo County. As the needs of each groundwater basin and the community dependent on groundwater will differ among basins, it is expected that each GSP may have its own unique approach as necessary to accomplish the requirements of SGMA.

⁸ CA Water Code section 10723(a)

4. Stakeholder Involvement

Section 10723.2 of the California Water Code requires that *“The groundwater sustainability agency shall consider the interests of all beneficial uses and users of groundwater, as well as those responsible for implementing groundwater sustainability plans. These interests include, but are not limited to, all of the following:*

- a) *Holders of overlying groundwater rights, including:*
 - 1) *Agricultural users.*
 - 2) *Domestic well owners.*
- b) *Municipal well operators.*
- c) *Public water systems.*
- d) *Local land use planning agencies.*
- e) *Environmental users of groundwater.*
- f) *Surface water users, if there is a hydrologic connection between surface and groundwater bodies.*
- g) *The federal government, including, but not limited to, the military and managers of federal lands.*
- h) *California Native American tribes.*
- i) *Disadvantaged communities, including, but not limited to, those served by private domestic wells or small community water systems.*
- j) *Entities listed in [CA Water Code] Section 10927 that are monitoring and reporting groundwater elevations in all or a part of a groundwater basin managed by the groundwater sustainability agency.”*

Therefore, this strategy includes the maximum feasible outreach to all potentially affected stakeholders.

D. Schedule

SGMA includes a detailed schedule for both information, guidelines, and regulations to be promulgated by the State as well as deadlines for actions by local agencies. Both a Time Line and an Implementation Deadlines Table are included in the appendices. Key dates applicable to this strategy include:

When	Who	What
January 1, 2016	CA Department of Water Resources	Adopt regulations for basin boundary adjustments
June 1, 2016	CA Department of Water Resources	Adopt regulations for evaluating GSPs and GSA agreements
January 1, 2017	CA Department of Water Resources	Publish groundwater sustainability best management practices
June 30, 2017	Local agencies in Medium & High Priority Basins	Establish GSAs
January 31, 2020	GSAs in medium- and high-priority basins in critical overdraft	Adopt GSPs and begin managing basins under GSPs
January 31, 2022	GSAs in other medium- and high- priority basins	Adopt GSPs and begin managing basins under GSPs
January 31, 2040	GSAs in medium- and high-priority basins in critical overdraft	Achieve groundwater sustainability goals
January 31, 2042	GSAs in other medium- and high- priority basins	Achieve groundwater sustainability goals

E. Priorities

SGMA requires that the organization of GSAs, development and implementation of GSPs, and achievement of sustainability, all occur on a defined time line. There are currently five⁹ groundwater basins in San Luis Obispo County that are subject to the prescribed timelines, either all or in part (High = Paso, Los Osos, Santa Maria, Medium = San Luis, Cuyama).

At the same time, there are 17 other designated groundwater basins in the County that, because they are designated as either “low” or “very low” priority by the State, are not mandated to comply with the prescribed timelines. However, SGMA provides that development of GSAs and GSPs is optional for these basins. Among the “low” priority basins are those serving Cambria (Santa Rosa Valley, San Simeon Valley), and Morro Bay (Chorro Valley, Morro Valley). These and other similarly situated agencies may request other agencies’, including the County and the San Luis Obispo County Flood Control and Water Conservation District, to participate in a voluntary SGMA process. Given the issues and time lines already presented by the current high and medium priority basins, full attention to these potential requests will present challenges to both fiscal and staff resources.

Therefore, this strategy provides that those basins designated by the State as high and medium priority will receive first priority for the resources necessary to meet the statutory deadlines. Additional capacity will be invested in additional groundwater basins as it is available.

⁹ See Footnote 4.

F. Fiscal Implications

Existing fiscal resources, primarily that of the San Luis Obispo County Flood Control and Water Conservation District general fund, are likely sufficient to initiate agency and stakeholder outreach necessary to form the initial GSA’s. Costs associated with fully developing the information necessary to prepare a GSP will depend on the level of involvement of the GSA partner agencies, the amount of information already available in a particular groundwater basin, and the level of investment required to reach stakeholder agreement.

Therefore, this strategy applies a pay-as-you go approach focused on developing GSAs as described above. Once sufficient information is developed to accurately estimate the costs of finalizing GSA agreements, cost sharing agreements with the other GSA members will be sought. At the same time, it is anticipated that grant opportunities will be offered by the State, pursuant to the recently voter approved *Water Quality, Supply, and Infrastructure Improvement Act of 2014* (Proposition 1). This strategy includes seeking the maximum feasible funding through grant applications, and intends that sufficient FCWCD general funds be reserved to provide any necessary local match attributable to Flood Control Agency participation.

G. Staffing

Analysis of existing Public Works staffing resources shows a deficit when compared to existing and future water resource management needs. Public Works will present an organizational and funding plan for the Board of Supervisors, designed to establish adequate staffing levels within an appropriate organizational framework. These issues will be considered within the context of the Board’s existing strategic planning and budgeting framework, and are therefore not a part of this SGMA strategy.

H. Addenda to SGMA Strategy

The following table includes a list of adopted addenda to the SGMA Strategy:

No.	Title	Date Adopted/ Revised
1	County Participation Preferences for GSA Agreements	Adopted 11/1/2016, Revised 3/7/2017

1. Addendum No. 1: County Participation Preferences for GSA Agreements

Policy Statement 1. Interests Potentially Represented by County on GSAs.

The County supports participating on a GSA in a basin in order to represent one or more of the following key roles and/or authorities:

- **Interest 1:** Representation of County Service Area(s),
- **Interest 2:** Representation of otherwise unrepresented beneficial uses/ users of groundwater (e.g. rural domestic, agricultural, environmental, etc. as defined by SGMA),
- **Interest 3:** Land use authority,
- **Interest 4:** Well construction permitting authority, and/or
- **Interest 5:** Integration and alignment of the County's discrete management actions (e.g. groundwater export ordinance) to the GSA's basin-wide, comprehensive management actions.

Policy Statement 2. County Preferences on Legal Agreement Type.

The County supports the agreement type that makes the best sense for a particular GSA, while protecting the County and interest(s) represented by the County to the greatest extent possible under the circumstances in the basin.

- The County recognizes that the GSA agreement type selected will be driven by basin-specific needs and entity negotiations.
- Both Memoranda of Agreement (MOA) and Joint Powers Agreements (JPA) offer certain benefits and challenges.

Policy Statement 3. County Preferences on Key Elements of GSA Agreements.

The County supports governance and finance strategies that are fair, equitable, and acceptable to potential partner entities and affected basin users, recognizing that "no one size fits all" and that agreement elements may vary with each basin.

Policy Statement 3a. Financial Strategies

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- The County acknowledges that it may be challenging for GSAs to identify startup and ongoing funding sources. As such, the County advocates that GSAs pursue grants and other funding sources to the greatest extent feasible to offset local costs.
- Fund as a part of the FY 2017/2018 County Budget.

Policy Statement 3b. Membership and Participation on Governing Boards

The County supports 1) fair and equitable representation in decision making processes of GSAs that include participation by the County and/or an alternative, stakeholder-driven eligible entity, and 2) adequate consultation between any GSA efforts and related County authorities and/or planning/ management efforts.

- The County intends to form a GSA to represent any and all of the interests identified in Policy Statement 1 (above) in a manner consistent with other Policy Statements.
- The County acknowledges that landowners and/or registered voters may prefer to form an eligible entity to ensure their representation on a GSA. The County supports landowner-driven eligible entity formation processes. As such, if an eligible entity is formed by December 31, 2017, the County may decide (in consultation with such agency and the other participants in the GSA) that it no longer needs to participate in the GSA within the boundary(ies) of the newly formed agency.
- The County advocates for fair and equitable representation in the decision-making process (relating to Interests 1 and 2), and adequate consultation with the County as GSA efforts relate to County authorities, and planning/ management efforts (relating to Interests 3, 4, and 5).
- Fair and equitable representation could be accomplished in a number of ways, such as through inclusion of appointed seats on a GSA board for certain beneficial user interests¹⁰ (e.g. domestic well users, agricultural users, environmental users of groundwater), or through a robust public process and formation of representative advisory committees, and should be negotiated by the eligible entities in each basin.
- Adequate consultation can be accomplished by a GSA's close coordination with the appropriate County processes (e.g. participation in and review of updates to the County General Plan).
- Significant GSA decisions should require a greater majority vote.
- For basins where the County is one partner on a multi-agency GSA/GSP effort; GSAs should use third party staff and resources to develop and implement GSPs, to the greatest extent possible. This will allow each entity's interest to remain independent during GSP development.
- For basins where the County is the sole acting GSA, County staff could act as staff to the GSA.

¹⁰ Water Code Section 10723.2 "The groundwater sustainability agency shall consider the interests of all beneficial uses and users of groundwater, as well as those responsible for implementing groundwater sustainability plans. These interests include, but are not limited to, all of the following: interests include, but are not limited to, all of the following: (a) Holders of overlying groundwater rights, including (1) Agricultural users. (2) Domestic well owners. (b) Municipal well operators. (c) Public water systems. (d) Local land use planning agencies. (e) Environmental users of groundwater. (f) Surface water users, if there is a hydrologic connection between surface and groundwater bodies. (g) The federal government... (h) California Native American tribes. (i) Disadvantaged communities.... (j) Entities ...that are monitoring and reporting groundwater elevations..."

Appendix 1

Affected Areas and Agency Descriptions

(Basin information excerpted from San Luis Obispo County Master Water Report 2012
and Paso Robles Basin Model Update 2014)

a. Cuyama Groundwater Basin

The Cuyama Valley Groundwater Basin underlies the southeast corner of San Luis Obispo County and extends into Santa Barbara, Ventura, and Kern Counties. The Basin encompasses approximately 147,200 acres (230 square miles), of which approximately 32,600 acres (51 square miles) are within San Luis Obispo County. The basin underlies the valley drained by the Cuyama River and is bounded on the north by the Caliente range and on the Southwest by the Sierra Madre Mountains. Recharge to the basin comes primarily from seepage from Cuyama River, deep percolation of precipitation, and residential/agricultural return flows.

Basin groundwater users include oil field operators, residential, and agricultural. Perennial yield for the entire basin has been estimated between 9,000 and 13,000 AFY. A safe yield of 10,667 Acre Feet per Year (AFY¹¹) was estimated in 1992 (Baca et al., 1992). Total groundwater pumpage is about 40,592 AFY, resulting in a deficit of 30,532 AFY (Anderson et al., 2009).

Potential local public agency GSA members in the Basin include the Counties of Santa Barbara, Ventura, and Kern, along with the New Cuyama Community Services District, in addition to the County and Flood Control District.

b. Santa Maria Groundwater Basin

The Santa Maria Valley Groundwater Basin encompasses approximately 184,000 acres (288 square miles), of which approximately 61,220 acres (95.7 square miles) is within San Luis Obispo County. This groundwater basin underlies the Santa Maria Valley in northern Santa Barbara and southern San Luis Obispo Counties. The basin also underlies Nipomo and Tri-Cities Mesas, Arroyo Grande Plain, with sub-basins in the Nipomo, Arroyo Grande and Pismo Creek Valleys. The basin is bounded on the north by the San Luis and Santa Lucia Ranges, on the east by the San Rafael Mountains, on the south by the Solomon Hills and the San Antonio Creek Valley Groundwater Basin, on the southwest by the Casmalia Hills, and on the west by the Pacific Ocean.

¹¹ One acre foot equals 325,851 gallons, enough water to cover 1 acre one foot deep.

The majority of the Santa Maria Valley Groundwater Basin has been adjudicated since 2005, and is listed as such in SGMA. Therefore, a GSP for the Basin will apply only to those areas not included in the adjudication, which are the Nipomo, Arroyo Grande and Pismo Creek Valleys.

Potential local public agency GSA members in the applicable Basin areas include the Nipomo Community Services District, the City of Arroyo Grande, and the City of Pismo Beach, in addition to the County and Flood Control District.

c. San Luis Groundwater Basin

The San Luis Obispo Valley Groundwater Basin encompasses approximately 13,800 acres (21.6 square miles). The Basin is bounded by the Santa Lucia Range, the San Luis Range and the Los Osos and Edna faults. The safe yield of the San Luis Valley Groundwater Basin was determined in a 1991 study based on elements of recharge and discharge, and in a 1997 study using elements of recharge and discharge, the length of drought periods and the recovery time following them, and an assessment of the behavior of the basin. The 1991 study reported a value of sustained yield of 5,900 AFY. A 1997 DWR study reported a long-term dependable yield value for the San Luis Valley Sub-basin at 2,000-2,500 AFY, and a long-term dependable yield value for the Edna Valley Sub-basin at 4,000-4,500 AFY.

A potential local public agency GSA member in the Basin is the City of San Luis Obispo, in addition to the County and Flood Control District.

d. Los Osos Groundwater Basin

The Los Osos Valley Groundwater Basin encompasses approximately 10 square miles, of which 3.3 square miles underlie the Morro Bay estuary and sand spit, and 6.7 square miles underlie the communities of Los Osos, Baywood Park, and the Los Osos Creek Valley. The basin is bounded by the Pacific Ocean, and elsewhere by relatively impermeable rocks. The southern basin boundary also runs parallel to the main strand of the Los Osos fault. Basin groundwater users in the Los Osos Valley basin include Golden State Water Company, S&T Mutual, the Los Osos Community Services District, and overlying private well users.

The three local water purveyors, along with the County of San Luis Obispo, are currently preparing a Basin Management Plan (BMP) under a court-approved Interlocutory Stipulated Judgment (ISJ Working Group). At the point in time where the Basin (or a

portion of the Basin) concludes the adjudication process¹², that portion would no longer require or be subject to a GSP provided that the adjudication determines the rights to extract groundwater for that entire portion of the Basin. There are no potential public agency GSA members in the area of the Basin that is currently outside the adjudication process except for the County and Flood Control District.

e. Paso Robles Groundwater Basin¹³

The Paso Robles Groundwater Basin is located in both Monterey and San Luis Obispo counties and roughly 800 square miles in size. Roughly one-third of the areal extent of the Paso Robles Groundwater Basin extends into Monterey County. The basin ranges from the Garden Farms area south of Atascadero to San Ardo in Monterey County, and from the Highway 101 corridor east to Shandon. Groundwater in the basin is found in alluvium and in the Paso Robles Formation. Water users in the basin include municipalities, communities, rural domestic residences, and agricultural users. The major municipal water purveyors include the Atascadero MWC, City of Paso Robles, Templeton CSD, CSA 16-1 (Shandon), and San Miguel Community Services District (San Miguel CSD). The San Luis Obispo County Environmental Health Department also identified 36 small commercial and community water systems that extract groundwater from the basin. Overlying users include rural domestic residences and agricultural users. The perennial yield of the Paso Robles Groundwater Basin is estimated to be 89,700 AFY. Annual average change in groundwater storage for the period 1981-2011 is estimated at -2,400 AFY.

Potential local public agency GSA members in the Basin include the future Paso Robles Basin Water District, the City of Paso Robles, City of Atascadero, San Miguel CSD, and Templeton CSD, in addition to the County.

¹² On October 14, 2015, Judge Martin J. Tangeman of the San Luis Obispo Superior Court signed an order approving the Stipulated Judgment and the Updated Basin Management Plan for the Los Osos Groundwater Basin.

¹³ See Footnote 4.

Appendix 2 Maps

- a. Countywide Groundwater Basins
- b. Five High and Medium Priority Basins
- c. Cuyama Groundwater Basin
- d. Santa Maria Groundwater Basin
- e. San Luis Groundwater Basin
- f. Los Osos Groundwater Basin
- g. Paso Robles Groundwater Basin

***NOTE: Removed for this Board staff report.
However, these materials are available on:
www.slocountywater.org/sgma**

Appendix 3

SGMA Background Information

- a. Association of California Water Agencies SGMA Materials:
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