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Title: Approve an agreement establishing and joining the North Kings Groundwater Sustainability Agency, a Joint Powers Authority.

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Attachments: 1. Attachment 1.pdf, 2. Attachment 2.pdf, 3. Attachment 3.pdf

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REPORT TO THE CITY COUNCIL

October 13, 2016

FROM: THOMAS C. ESQUEDA, Director
Department of Public Utilities

SUBJECT

Approve an agreement establishing and joining the North Kings Groundwater Sustainability Agency, a Joint Powers Authority.

RECOMMENDATION

The Administration recommends that the Fresno City Council approve an agreement establishing and joining a Joint Powers Authority, the North Kings Groundwater Sustainability Agency (NKGSA).

EXECUTIVE SUMMARY

On September 14, 2014, the Governor of California signed into law three bills collectively referred to as the Sustainable Groundwater Management Act (SGMA). To comply with the SGMA, the City of Fresno must either establish itself as a groundwater sustainability agency (GSA) with jurisdiction over its municipal corporate limit boundary, or the City may join with other local public agencies to form a larger GSA with a broader geographic boundary. The deadline for forming a GSA is June 30, 2017.

The City of Fresno's municipal corporate limits and sphere-of-influence are located entirely within the boundaries of one groundwater basin - designated by the Department of Water Resources as the "Kings Sub-Basin" (Sub-Basin Number 5-22.08) of the greater "San Joaquin Valley Basin" (Basin

Number 5-22). Attachment 1 illustrates the boundaries for sub-basins within the San Joaquin Valley Basin.

Within a portion of the Kings Sub-Basin, a group of water supply agencies and local governments, generally located within the boundaries of Fresno Irrigation District's service area, have worked together to craft an agreement establishing the North Kings Groundwater Sustainability Agency (NKGSA), which will be a Joint Powers Authority (JPA) created to serve as a GSA in accordance with the SGMA.

This is a time-sensitive matter, and the Administration recommends Council approve this agreement which establishes the NKGSA as a JPA, and that the City will be a member of the NKGSA.

BACKGROUND

SGMA recognizes excessive groundwater extractions cause overdraft, failed wells, deteriorated water quality, environmental damage, and irreversible land subsidence - all conditions present in the Kings Sub-Basin. In January 2015, the State ranked the San Joaquin Valley Basin (and therefore the Kings Sub-Basin) as one of the 21 most over-drafted groundwater basins and sub-basins in California, out of 515. Accordingly, the San Joaquin Valley Basin is a "high-priority" groundwater basin for corrective action. SGMA mandates that corrective actions to bring a high priority basin into sustainability shall be defined and established in a Groundwater Sustainability Plan (GSP). GSPs are prepared by a GSA and submitted to the State for approval, and high-priority sub-basins such as ours must be operated pursuant to the GSP by January 31, 2020.

Local agencies- Parties to the NKGSA and JPA

SGMA explicitly states groundwater resources are best managed at local and regional levels, and affirms local and regional agencies require the necessary support and authority to effectively and sustainably manage groundwater basins and sub-basins. Pursuant to SGMA, any local agency (or group of local agencies) may serve as the GSA for all, or a portion of, the groundwater basin in which it is located.

Within the northern portion of the Kings Sub-Basin, the following water supply agencies and local governments have agreed to execute a JPA to form the NKGSA: the City of Fresno, City of Clovis, City of Kerman, Biola Community Service District, Fresno Irrigation District, the Garfield Irrigation District, International Irrigation District, Bakman Water Company, Fresno Metropolitan Flood Control District, CSU Fresno, and Fresno County. The boundaries for the NKGSA generally follow the boundaries of the Fresno Irrigation District. It is currently anticipated that four to five additional GSAs will be established within the Kings Sub-Basin.

Implementation Schedule

Pursuant to SGMA, the GSA must comply with the following schedule of events:

1. By June 30, 2017, a GSA must be designated for the City of Fresno service area; and
2. By January 31, 2020, all basins designated as high- or medium-priority basins by the State shall be managed under a groundwater sustainability plan (GSP).

Upon approval of this agreement, the first meeting of the NKGSA Board of Directors will be

conducted on November 16, 2016, from 6:00 pm to 9:00 pm. Since the NKGSA will serve as the local administrative and enforcement agent for the SGMA, the Mayor shall serve as the City's representative to the governing body of the NKGSA. In addition, the Mayor shall appoint the alternates to the Board who shall be an elected official, appointed official or employee of the City of Fresno. The immediate focus of the Board of Directors will be development of the GSP so that the basin may be managed in accordance with it by January 31, 2020.

Groundwater Sustainability Plan

As required by the SGMA, a North Kings GSA will be responsible for developing and implementing a groundwater sustainability plan (GSP) in concert with the other GSAs in the Kings Sub-basin. The GSP must achieve the sustainability goal for the entire basin within 20 years of GSP implementation (by 2040) without adversely affecting the ability of adjacent basins to implement their respective GSPs or achieve their respective sustainability goals.

The GSP must include a physical description of the basin, including groundwater levels, groundwater quality, subsidence, and information on groundwater-surface water interaction; data on historical and projected water demands and supplies; and a description of how the GSP will be coordinated with other plans, including city and county general plans. In addition, the GSP must identify the specific projects and management actions that the local public agencies will implement to prevent undesirable results; measurable objectives for monitoring GSP effectiveness; data monitoring, management and reporting provisions; and the milestones for GSP implementation. It is currently estimated that the cost to develop the GSP will be approximately \$1 million, and the GSP must be submitted to the State, and the sub-basin must be managed under the GSP, by January 31, 2020.

JPA Protective Measures

On April 30, 2015, and October 22, 2015, the City Council approved separate Memoranda of Understanding (MOU) authorizing staff to engage in discussions with other public agencies and local governments in the North Kings Sub-Basin to review and evaluate the features, benefits, advantages and disadvantages of (1) collaborating with other agencies to form multi-agency GSAs, or (2) proceeding independently to form individual public agency GSAs. The key criteria in evaluating the range of options available to the City included capital and operating costs; water supply reliability and resiliency; institutional coordination requirements; regulatory compliance and reporting requirements; and degree of effectiveness in correcting groundwater contamination and groundwater overdraft conditions in the City. After reviewing the available options, City staff determined the most efficient and effective approach for complying with SGMA is collaborating with other agencies within the boundaries of the Fresno Irrigation District service area to form a GSA for the North Kings Sub-Basin.

Notwithstanding the intent of these public agencies to collectively develop, adopt, and implement a GSP, it is understood and commemorated in the formation agreement that each member of the JPA shall maintain complete control and autonomy over the surface water and groundwater supply assets to which it is currently legally and individually entitled, and makes no commitments by entering into the JPA to share or otherwise contribute their water supply assets as part of the preparation or participation in a GSP.

Further, the JPA clearly establishes that each member agency may exercise independent power within their own jurisdiction, including but not limited to, establishing or approving fees, and exercising and administering all powers held by each member agency with regards to groundwater management and regulation as they existed prior to the approval of this JPA or consistent with the

Act, except as otherwise provided in the JPA or as required by the Act.

Recommendation

As required by the SGMA, by June 30, 2017, the City must either collaborate with other agencies to form multi-agency GSAs, or proceeding independently to form City-only GSA. City staff has been working closely with other public agencies and local governments in the North Kings Sub-Basin for the past 12 months to review and evaluate the features, benefits, advantages and disadvantages of collaborating together to comply with the requirements of SGMA. Based on these 12-months of discussions, the public agencies and local governments within the North Kings Sub-Basin have developed a JPA that provides for the efficient and effective implementation of the SGMA requirements, and protects each member's control and autonomy over its surface water and groundwater supply assets.

This is a time-sensitive matter, and the Administration recommends Council approve the JPA to establish the North Kings Groundwater Sustainability Agency. The City Attorney's Office has reviewed and approved the agreement as to form.

ENVIRONMENTAL FINDINGS

This is not a "project" for the purposes of CEQA pursuant to CEQA Guidelines § 15378(b)(5), as it is an administrative action that will not result in direct or indirect physical changes to the environment.

LOCAL PREFERENCE

Local preference was not considered because approving the agreement approving the formation of the JPA and City's participation in the NKGSA does not include a bid or award of a construction or services contract.

FISCAL IMPACT

As this is an enterprise operation, there is no impact to the General Fund.

Attachments:

Map of San Joaquin Valley Basin and Kings Sub-Basin - Attachment A

Map of Anticipated GSAs within the Kings Sub-Basin - Attachment B

Agreement Establishing the NKGSA as a Joint Powers Authority - Attachment C