

COUNTY OF INYO
Budget to Actuals with Encumbrances by Key/Obj

Ledger: GL

As Of 8/9/2018

Object	Description	Budget	Actual	Encumbrance	Balance	%
Key: 621601 - OVGA-OWENS VALLEY GROUNDWATER						
Revenue						
4301	INTEREST FROM TREASURY	4,000.00	0.00	0.00	4,000.00	0.00
4498	STATE GRANTS	713,155.00	0.00	0.00	713,155.00	0.00
4599	OTHER AGENCIES	747,585.00	0.00	0.00	747,585.00	0.00
	Revenue Total:	1,464,740.00	0.00	0.00	1,464,740.00	0.00
Expenditure						
5121	INTERNAL CHARGES	153,000.00	0.00	0.00	153,000.00	0.00
5263	ADVERTISING	2,000.00	0.00	0.00	2,000.00	0.00
5265	PROFESSIONAL & SPECIAL SERVICE	602,900.00	0.00	0.00	602,900.00	0.00
5291	OFFICE, SPACE & SITE RENTAL	3,000.00	0.00	0.00	3,000.00	0.00
5311	GENERAL OPERATING EXPENSE	500.00	0.00	0.00	500.00	0.00
5539	OTHER AGENCY CONTRIBUTIONS	50,000.00	0.00	0.00	50,000.00	0.00
	Expenditure Total:	811,400.00	0.00	0.00	811,400.00	0.00
621601	Key Total:	653,340.00	0.00	0.00	653,340.00	

SORT ORDER: OBJECT within BUDUNIT

SELECT BUDGET UNIT: 621601

Lg BUDGET UNIT	Primary Ref	Transaction Description	SS Ref Date	Job No	Debit	Credit	NET	
GL 621601-1000	TTLCR	AutoID: CR18410A Job: 2255822	CR	04/10/18	02255822	0.00	52,859.66	
GL 621601-1000	JE31424	AutoID: JH18425A Job: 2259597	JE	04/25/18	02259597	0.00	52,859.66	
GL 621601-1000	TTLCR	AutoID: CR18517A Job: 2265004	CR	05/17/18	02265004	0.00	40,273.89	
GL 621601-1000	TTLCR	AutoID: CR18529A Job: 2267032	CR	05/29/18	02267032	0.00	85,581.89	
GL 621601-1000	TTLCR	AutoID: CI18612A Job: 2270757	CR	06/12/18	02270757	0.00	138,441.55	
GL 621601-1000	JE31879	AutoID: JA17621A Job: 2275096	JE	06/21/18	02275096	0.00	191,301.21	
GL 621601-1000	IS0618	AutoID: IS18731A Job: 2284022	JE	06/24/18	02284022	280.13	191,021.08	
GL 621601-1000	JA17050	AutoID: JT18712A Job: 2278102	JE	06/24/18	02278102	0.00	213,675.08	
GL 621601-1000	JA17079	AutoID: JT18723D Job: 2281122	JE	06/24/18	02281122	13,966.39	199,708.69	
GL 621601-1000	TTLCR	AutoID: CR18709A Job: 2277089	CR	07/09/18	02277089	0.00	234,948.46	
*****Total *OBJT 1000		CLAIM ON CASH			DR	302,054.64	35,239.77	
GL 621601-1100	TTLAR	AutoID: AI18709A Job: 2277083	AR	06/24/18	02277083	0.00	35,239.77	
GL 621601-1100	TTLCR	AutoID: CR18709A Job: 2277089	CR	07/09/18	02277089	0.00	0.00	
*****Total *OBJT 1100		ACCOUNTS RECEIVABLE			DR	35,239.77	35,239.77	
GL 621601-4599	CR106406	OVGA-MONO CO CK#158980 17/18	CR	04/10/18	02255822	0.00	52,859.66	
GL 621601-4599	JE31424	OVGA-MONO CONTRIBUTION AR10640	JE	04/25/18	02259597	0.00	0.00	
GL 621601-4599	CR107007	OVGA-CITY OF BISHOP 17/18	CR	05/17/18	02265004	0.00	17,619.89	
GL 621601-4599	CR107008	OVGA-INDIAN CK-WESTRIDGE 17/18	CR	05/17/18	02265004	0.00	40,273.89	
GL 621601-4599	CR107148	5/23/18 I#1 OVGA-TR VALLEY	CR	05/29/18	02267032	0.00	62,927.89	
GL 621601-4599	CR107148	5/23/18 I#1 WHEELER CREST	CR	05/29/18	02267032	0.00	85,581.89	
GL 621601-4599	CR107369	I#1 OVGA MONO COUNTY	CR	06/12/18	02270757	0.00	138,441.55	
GL 621601-4599	JE31879	17/18 INYO CO OVGA CONTRIBUTIO	JE	06/21/18	02275096	0.00	52,859.66	
GL 621601-4599	JA17050	I#1 BIG PINE CSD	JE	06/24/18	02278102	0.00	191,301.21	
GL 621601-4599	TTLAR	AutoID: AI18709A Job: 2277083	AR	06/24/18	02277083	0.00	213,955.21	
*****Total *OBJT 4599		OTHER AGENCIES			CR	302,054.64	249,194.98	
GL 621601-5129	IS0618	IS PHOTOCOPIES	JE	06/24/18	02284022	0.00	280.13	
*****Total *OBJT 5129		INTERNAL COPY CHARGES (NON-IS)			DR	280.13	280.13	
GL 621601-5539	JA17079	I#1 OVGA STAFF SVCS	JE	06/24/18	02281122	0.00	13,966.39	
*****Total *OBJT 5539		OTHER AGENCY CONTRIBUTIONS			DR	0.00	13,966.39	
*****Total *BUDG 621601		OVGA-OWENS VALLEY GROUNDWATER			DR-CR	404,400.59	0.00	
** G R A N D T O T A L **							404,400.59	0.00

COUNTY OF INYO

Budget to Actuals with Encumbrances by Key/Obj

Ledger: GL

As Of 6/30/2018

Object	Description	Budget	Actual	Encumbrance	Balance	%
Key: 621601 - OVGA-OWENS VALLEY GROUNDWATER						
Revenue						
4599	OTHER AGENCIES	0.00	249,194.98	0.00	(249,194.98)	0.00
	Revenue Total:	0.00	249,194.98	0.00	(249,194.98)	0.00
Expenditure						
5129	INTERNAL COPY CHARGES (NON-IS)	0.00	280.13	0.00	(280.13)	0.00
5539	OTHER AGENCY CONTRIBUTIONS	0.00	13,966.39	0.00	(13,966.39)	0.00
	Expenditure Total:	0.00	14,246.52	0.00	(14,246.52)	0.00
621601	Key Total:	0.00	234,948.46	0.00	(234,948.46)	

SORT ORDER: OBJECT WITHIN BUDUNIT

SELECT BUDGET UNIT: 621601

Lg BUDGET UNIT	Primary Ref	Transaction Description	SS Ref Date	Job No	Debit	Credit	NET
GL 621601-1000	TTLR	AutoID: CR18410A Job: 2255822	CR	04/10/18	52,859.66	0.00	52,859.66
GL 621601-1000	JE31424	AutoID: JH18425A Job: 2259597	JE	04/25/18	0.00	52,859.66	0.00
GL 621601-1000	TTLR	AutoID: CR18517A Job: 2265004	CR	05/17/18	40,273.89	0.00	40,273.89
GL 621601-1000	TTLR	AutoID: CR18529A Job: 2267032	CR	05/29/18	45,308.00	0.00	85,581.89
GL 621601-1000	TTLR	AutoID: CI18612A Job: 2270757	CR	06/12/18	52,859.66	0.00	138,441.55
GL 621601-1000	JE31879	AutoID: JA17621A Job: 2275096	JE	06/21/18	52,859.66	0.00	191,301.21
GL 621601-1000	IS0618	AutoID: IS18731A Job: 2284022	JE	06/24/18	0.00	280.13	191,021.08
GL 621601-1000	JA17050	AutoID: JT18712A Job: 2278102	JE	06/24/18	22,654.00	0.00	213,675.08
GL 621601-1000	JA17079	AutoID: JT18723D Job: 2281122	JE	06/24/18	0.00	13,966.39	199,708.69
*****Total *OBJT 1000		CLAIM ON CASH			266,814.87	67,106.18	199,708.69
GL 621601-1100	TTLR	AutoID: AI18709A Job: 2277083	AR	06/24/18	35,239.77	0.00	35,239.77
*****Total *OBJT 1100		ACCOUNTS RECEIVABLE			35,239.77	0.00	35,239.77
GL 621601-4599	CR106406	OVGA-MONO CO CK#158980 17/18	CR	04/10/18	0.00	52,859.66	52,859.66
GL 621601-4599	JE31424	OVGA-MONO CONTRIBUTION AR10640	JE	04/25/18	0.00	0.00	0.00
GL 621601-4599	CR107007	OVGA-CITY OF BISHOP 17/18	CR	05/17/18	0.00	17,619.89	17,619.89
GL 621601-4599	CR107008	OVGA-INDIAN CK-WESTRIDGE 17/18	CR	05/17/18	0.00	22,654.00	40,273.89
GL 621601-4599	CR107148	5/23/18 I#1 OVGA-TR VALLEY	CR	05/29/18	0.00	22,654.00	62,927.89
GL 621601-4599	CR107148	5/23/18 I#1 WHEELER CREST	CR	05/29/18	0.00	22,654.00	85,581.89
GL 621601-4599	CR107369	I#1 OVGA MONO COUNTY	CR	06/12/18	0.00	52,859.66	138,441.55
GL 621601-4599	JE31879	17/18 INYO CO OVGA CONTRIBUTIO	JE	06/21/18	0.00	52,859.66	191,301.21
GL 621601-4599	JA17050	I#1 BIG PINE CSD	JE	06/24/18	0.00	22,654.00	213,955.21
GL 621601-4599	TTLR	AutoID: AI18709A Job: 2277083	AR	06/24/18	0.00	35,239.77	249,194.98
*****Total *OBJT 4599		OTHER AGENCIES			52,859.66	302,054.64	249,194.98
GL 621601-5129	IS0618	IS PHOTOCOPIES	JE	06/24/18	280.13	0.00	280.13
*****Total *OBJT 5129		INTERNAL COPY CHARGES (NON-IS)			280.13	0.00	280.13
GL 621601-5539	JA17079	I#1 OVGA STAFF SVCS	JE	06/24/18	13,966.39	0.00	13,966.39
*****Total *OBJT 5539		OTHER AGENCY CONTRIBUTIONS			13,966.39	0.00	13,966.39
*****Total *BUDG 621601		OVGA-OMENS VALLEY GROUNDWATER			369,160.82	369,160.82	0.00
** G R A N D T O T A L **							0.00

OWENS VALLEY GROUNDWATER AUTHORITY

Big Pine CSD — City of Bishop — County of Inyo — County of Mono — Eastern Sierra CSD — Indian Creek-Westridge CSD — Keeler CSD —
Sierra Highlands CSD — Starlite CSD — Tri Valley Groundwater Management District — Wheeler Crest CSD

P.O. Box 337
135 Jackson Street
Independence, CA 93526

Phone: (760) 878-0001
Fax: (760) 878-2552
www.inyowater.org

August 15, 2018

Via U.S. Mail and E-mail

Mr. Anselmo G. Collins, Director of Water Operations
Los Angeles Department of Water and Power
PO Box 51111
111 North Hope Street
Los Angeles, CA 90012

RE: Response to LADWP letter of May 22, 2018, addressed to OVGA Board of Directors

Dear Mr. Collins:

The Owens Valley Groundwater Authority (OVGA) Board wishes to assure Mr. Collins, Mr. Loveland and your superiors, the Los Angeles Department of Water and Power (LADWP) Board of Directors and the Mayor of the City of Los Angeles, that we truly believe this Board intends to fully recognize your property lines and fully respect your property rights!

However, we must ask if LADWP, in fact, recognizes the limits of its own property lines, and does LADWP intend to fully respect our property rights?

If LADWP's water extraction activities lower the water table and create a cone of depression that extends beyond its property lines, land is then being impacted that does not belong to LADWP. Seeing as this exact scenario has been seen here time and time again, what assurances can you provide the OVGA that this will never reoccur in the future?

Let us not enter, at this time, the question of what words may properly attach to a person or entity that knowingly and willfully contrives to take precious and valuable commodities from the property of a neighbor. Rather, let us consider only the impact of the lowering of our groundwater table by LADWP's actions, such that the OVGA then appears to be unable to show true sustainability of the aquifer in our portion of the basin. This would lead to sanctions, restrictions and mediation imposed by the State for our apparent failure to meet our stated Groundwater Sustainability Plan goals.

If LADWP creates a depression in the surface of the water table, even wholly within its own property, it will cause more of the water from our portion of the basin to flow into your property than would otherwise naturally occur, thus leaving the OVGA holding the bag for LADWP's actions.

A molecule of water deep beneath our feet knows nothing of our artificial contrivances, of lines drawn on maps and scratched upon the surface of the earth, of laws and deeds of ownership, nor of court orders and adjudications. The only laws that water molecule knows to obey are the laws of chemistry and physics, gravity, surface tension, and capillary action ... the Laws of Nature!

Nature created the Owens Valley as a unified groundwater basin.

The State of California has mapped the Owens Valley as a unified groundwater basin.

Groundwater within it behaves as though it is within a unified groundwater basin.

So, it would seem that the Owens Valley Groundwater Basin really is just one integral basin after all. Thus, if successful management of the water within this basin is to occur, it will have to be done in a holistic, unified fashion!

Sincerely,

Fred Stump
Temporary Chair
Owens Valley Groundwater Authority

cc: Owens Valley Groundwater Authority Board of Directors
Mr. Mel Levine, President, LADWP Board of Directors
Mr. Eric Garcetti, Mayor, City of Los Angeles
Mr. Greg Loveland, former Aqueduct Manager

OWENS VALLEY GROUNDWATER AUTHORITY

Big Pine CSD — City of Bishop — County of Inyo — County of Mono — Eastern Sierra CSD — Indian Creek-Westridge CSD — Keeler CSD —
Sierra Highlands CSD — Starlite CSD — Tri Valley Groundwater Management District — Wheeler Crest CSD

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Staff Report

Date: August 15, 2018

Subject: Groundwater Basin Prioritization

Introduction

The Department of Water Resources (“DWR”) has produced a Draft 2018 SGMA Basin Prioritization Process and Results (“2018 Basin Reprioritization”) (<https://water.ca.gov/Programs/Groundwater-Management/Basin-Prioritization>), which is open for public review and comment until August 20, 2018. In the 2018 Basin Reprioritization, DWR proposes that the Owens Valley Groundwater Basin (6-012.01) (“Owens Valley”) be changed from medium to high priority. The Owens Valley Groundwater Authority (“OVGA”) Board of Directors (“Board”) may submit comments to DWR regarding this matter, advocating for the Owens Valley to be reprioritized to low priority, remain at medium priority, or support DWR’s recommendation that the Basin be changed to high priority. Alternatively, the Board of Directors may take no action on this matter.

At the July 12, 2018 meeting of the OVGA Board of Directors, the Board of Directors requested information on the ramifications of the Owens Valley being assigned a low, medium, or high priority by. This staff report outlines the basin prioritization process, both as set forth the Water Code and as implemented by DWR; how a basin’s priority affects the implementation of the Sustainable Groundwater Management Act (“SGMA”) in the basin; how that process has been applied to the Owens Valley; and how the Owens Valley’s priority may affect the OVGA and Owens Valley stakeholders.

Attached is a draft letter prepared by staff for consideration by the Board advocating that the Owens Valley to be given low priority based on DWRs faulty methods and data, and the inequitable result. Alternatively, the OVGA Board could submit comments advocating that the Owens Valley retain its medium priority, comments supporting the high priority, or not submit comments on the 2018 Basin Reprioritization.

Basin Prioritization Process

Legislative requirements. Arising from the Comprehensive Water Package of 2009, Water Code §10933(b) requires that:

The department [DWR] shall prioritize groundwater basins and subbasins for the purpose of implementing this section. In prioritizing the basins and subbasins, the department shall, to the extent data are available, consider all of the following:

- (1) The population overlying the basin or subbasin.*
- (2) The rate of current and projected growth of the population overlying the basin or subbasin.*
- (3) The number of public supply wells that draw from the basin or subbasin.*
- (4) The total number of wells that draw from the basin or subbasin.*
- (5) The irrigated acreage overlying the basin or subbasin.*
- (6) The degree to which persons overlying the basin or subbasin rely on groundwater as their primary source of water.*
- (7) Any documented impacts on the groundwater within the basin or subbasin, including overdraft, subsidence, saline intrusion, and other water quality degradation.*
- (8) Any other information determined to be relevant by the department.*

2014 Basin Prioritization. In 2014, DWR applied these criteria to all 515 basins and subbasins in California to produce its first basin prioritization. Because groundwater basins vary widely in area, components 1 through 6 were normalized by basins size to facilitate basin-to-basin comparisons. For example, population was assessed on a persons-per-square-mile basis. For each of the first six components, each basin was assigned a rank of 0 through 5 based on the component's normalized value relative to other basins statewide. Unlike the first six components, components 7 and 8 do not lend themselves to rote numerical ranking. Information relevant to components 7 and 8 such as other DWR documents, local groundwater management plans, and public comments were used by DWR Region office staff to assign ranks for these components for each basin.

Basin Priority and SGMA. Groundwater basin priority took on new significance with the passage of SGMA. SGMA requires that (Water Code §10727(a)):

A groundwater sustainability plan shall be developed and implemented for each medium- or high-priority basin by a groundwater sustainability agency to meet the sustainability goal established pursuant to [SGMA].

Although low and very-low priority basins are not required to prepare groundwater sustainability plans (GSPs), SGMA leaves that option (Water Code §10720.7(b)):

The Legislature encourages and authorizes basins designated as low- and very low priority basins by the department to be managed under groundwater sustainability plans pursuant to this part.

Under SGMA, medium and high priority basins are subject to intervention by the State Water Resources Control Board (SWRCB) in the event that there is not a groundwater sustainability agency formed in a basin, or no groundwater sustainability plan developed and implemented, or a GSP's sustainability goals are not met. SWRCB intervention in a basin generally entails the SWRCB stepping in and imposing an interim GSP on a basin until local entities in the basin take responsibility for completing and implementing a GSP that meets SGMA goals. For low priority basins, local agency formation of GSAs and preparation of GSPs is at the discretion of the local agencies.

SGMA modified the criteria for basin prioritization by appending “*including adverse impacts on local habitat and local streamflows.*” to component 8.

Draft 2018 Basin Reprioritization. In 2016, DWR made revisions to groundwater basin boundaries, which necessitates basin reprioritization, because boundary revisions may alter the data that enters into determining a basin’s priority. In May, 2018 DWR made public draft reprioritizations for each of the 517 groundwater basins and subbasins in California (two additional subbasins were defined in the 2016 boundary revision process, including the Fish Slough Subbasin of the Owens Valley). DWR updated their methods and data used in this most recent basin reprioritization to include adverse impacts on local habitat and local streamflows, adjudicated areas, critically overdrafted basins, and groundwater related transfers.

DWR included consideration of habitat and streamflows because these factors were added to component 8 by the SGMA legislation, and more data concerning the location and extent of groundwater dependent habitat has become available since 2014.

DWR additionally considered the presence of an adjudicated area in a basin because SGMA does not apply to the adjudicated areas identified Water Code §10720.8. Because these adjudicated areas are not required to develop and adopt a GSP, DWR determined that SGMA prioritization should exclude those portions of the basin that were adjudicated. The non-adjudicated areas remain subject to SGMA, and DWR evaluated the non-adjudicated portion of the basin to determine the extent that these areas have the potential to affect groundwater management in the entire basin.

Critical overdraft was considered by DWR because such conditions indicate the presence of chronic lowering of groundwater levels and significant and unreasonable reductions in groundwater storage, both of which are undesirable results according to SGMA’s sustainability criteria.

DWR considered that groundwater-related water transfers from a basin are a relevant factor in basin prioritization on the assumption that such basins are at greater risk of significant impacts, including declining groundwater levels, depletion of interconnected surface water, and land subsidence.

Owens Valley Priority

2014 Prioritization. In the first round of basin prioritization, scores in the range 13.42 to 21.08 were ranked as medium priority, and the Owens Valley’s numerical score was 13.8. For Owens Valley, DWR gave a score of 5, the maximum score, to data component 8 (other information determined to be relevant by the department). The basis for these additional points was given as “*Actual GW Volume not fully captured due to gw [sic] exports out of the basin resulting in limited irrigated acres and domestic development. GW volume reflects the additional pumping that is exported [sic]*”. Thus, Owens Valley would have ranked low priority (8.8 points) were it not for the additional “other information” concerning pumping for export.

2018 Reprioritization. In the 2018 Basin Reprioritization, components 1 through 7 summed to a score of 9 points for Owens Valley. Component 8 (other information) provided 42 points based on the requirement of subcomponent 8.d.2 that any basin with groundwater-related water transfers receive the maximum score. Were it not for component 8.d.2, component 8 would have scored 2 points for an overall score of 11, and Owens Valley would be ranked low priority (range 7 to 14).

Effects of very-low, low, medium, and high priority designation on OVGA and Owens Valley stakeholders.

As of July, 2018, very-low and low priority basins are exempt from SGMA’s mandate to form GSAs and prepare GSPs, and medium and high priority basins are subject to those mandates. To assess the consequences of basin priority on the mandates, risks, benefits, and costs imposed by SGMA on basin stakeholders, it is useful to compare the effects of very-low and low priority versus effects of medium and high priority. Presently, SGMA’s requirements for medium and high priority basins are identical. This may change in the future, but for now, these two categories can be considered the same. Table 1, below, considers the effect of basin priority on a number of factors.

Table 1. Effect of basin priority on various issues of interest to the OVGA and Owens Valley stakeholders.

Issue	Basin Priority	
	Very-low or low	Medium or high
Requirement for formation of a GSA and preparation and implementation of a GSP.	No requirement for a GSA or GSP. GSA formation and GSP implementation is at the discretion of local agencies in very-low and low priority basins.	Entire basin is required to be within a GSA or multiple non-overlapping GSAs. Non-adjudicated (non-LADWP owned) portion basin must be managed under a GSP or multiple coordinated GSPs. A GSA administering a GSP has would exercise some control over non-adjudicated groundwater extraction, and be able to exercise a number of authorities given provided in the SGMA law.
Potential for state intervention in Owens Valley.	SGMA provides no authority for the state to intervene in very-low and low priority basins.	State intervention occurs in the event that no GSA is in place, no GSP is prepared, GSP is not implemented, or GSP is not meeting goals. See attachment.
Financial burden imposed by SGMA.	If no GSP is in place, SGMA would impose no costs on Owens Valley groundwater users (or others). If a GSP was prepared, the OVGA (or whatever GSA replaced the OVGA) would have to fund the preparation and implementation of the GSP through the fee levying authority provided by SGMA or some other source of funds (e.g., grant funds, property tax assessment, etc.).	A GSP for the non-adjudicated portion of the basin would need to be funded through the fee levying authority provided by SGMA or some other source of funds (e.g., grant funds, property tax assessment, etc.). In the event of state intervention, groundwater users would be subject to state fees (see attachment).

Issue	Basin Priority	
	Very-low or low	Medium or high
Access to state funds for groundwater projects and studies.	Likely to be ineligible or lower priority for future grant funds for SGMA-related activities. DWR has indicated that basins reprioritized from high or medium to low that were approved for a Sustainable Groundwater Planning Grants will still be eligible for the grant if they pursue the work plan that was submitted in the grant application.	Likely to be eligible and high priority for access to future grant funds for SGMA-related activities.
Effect on Inyo/LA Water Agreement.	No effect on lands subject to the Water Agreement. Even if a GSP is prepared, the Water Agreement would retain its adjudicated status and thereby be exempt from GSA and GSP authority. If no GSP is prepared, there would be no SGMA-based process for groundwater management on Owens Lake.	No effect, because Water Agreement is considered adjudicated with respect to SGMA. Adjudications are largely exempt from SGMA's requirements, as long as the adjudication is adhered to. Adjudications have certain reporting requirements under SGMA. If LADWP's proposed pumping project to supply water for dust control on Owens Lake is not subject to the Inyo/LA Water Agreement (an unresolved question), then then it would be subject to SGMA and/or its associated EIR.
Effect on tribes	Tribes are exempt from SGMA; however, SGMA allows that tribes "may voluntarily agree to participate in the preparation or administration of a groundwater sustainability plan."	Tribes are exempt from SGMA; however, SGMA allows that tribes "may voluntarily agree to participate in the preparation or administration of a groundwater sustainability plan."
Effect on OVGA.	OVGA could withdraw its GSA notice, because a GSA and GSP would not be required. OVGA could remain in place to prepare and implement a GSP, or remain in place so that there would be a GSA in place should the Owens Valley be again reprioritized as medium or high priority.	OVGA, as GSA for the Owens Valley, must prepare and implement a GSP, or the basin is subject to state intervention.
Effect on private agricultural pumpers or other businesses (e.g., water bottling).	No effect, unless OVGA elects to prepare a GSP, in which case groundwater users could be subject to fee, metering, reporting, and other GSA regulations as determined by GSA and GSP.	Pumping may be regulated by GSP or state interveners if pumping results in undesirable results. Subject to fees, metering, reporting, and other GSA regulations as determined by GSA and GSP.
Effect on environmental users of groundwater.	No effect, unless OVGA elects to prepare GSP, in which case groundwater users could be subject to fee, metering, and reporting, and other GSA regulations as determined by GSA and GSP.	Unless otherwise exempt from SGMA, be subject to authority of GSA and GSP.
Effect on public water systems.	No effect, unless OVGA elects to prepare GSP, in which case groundwater users could be subject to fee, metering, and reporting, and other GSA regulations as determined by GSA and GSP.	Extraction is unlikely to be regulated by GSP, but would likely be subject to fees to pay for developing and implementing GSP, metering, and reporting.

Issue	Basin Priority	
	Very-low or low	Medium or high
Disadvantaged communities.	No effect, unless OVGA elects to prepare GSP, in which case groundwater users could be subject to fee, metering, and reporting, and other GSA authorities as determined by GSA and GSP.	Extraction is unlikely to be regulated by GSP, but would likely be subject to fees to pay for developing and implementing GSP, metering, and reporting.
Effect on domestic well owners. SGMA defines “de minimis extractors” as “a person who extracts, for domestic purposes, two acre-feet or less per year.”	No effect, unless OVGA elects to prepare GSP and regulates domestic wells, which is unlikely in Owens Valley.	Exempt from GSA’s fees unless GSP regulates domestic wells, which is unlikely in Owens Valley. GSA’s authority to require metering does not extend to de minimis users. Subject to state fees and water use reporting in the event of state intervention.

OWENS VALLEY GROUNDWATER AUTHORITY

Big Pine CSD — City of Bishop — County of Inyo — County of Mono — Eastern Sierra CSD — Indian Creek-Westridge CSD — Keeler CSD —
Sierra Highlands CSD — Starlite CSD — Tri Valley Groundwater Management District — Wheeler Crest CSD

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August 15, 2018

Via U.S. Mail and Email

Trevor Joseph, Supervising Engineering Geologist
Sustainable Groundwater Management Section
Department of Water Resources
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Timothy Ross, Senior Engineering Geologist
Groundwater Section
California Department of Water Resources
770 Fairmont Ave, Suite 102
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RE: PUBLIC COMMENT – 2018 Sustainable Groundwater Management Act Basin Prioritization
Process and Results

Dear Mr. Joseph and Dr. Ross:

The Owens Valley Groundwater Authority (Authority) appreciates the opportunity to comment on the Department of Water Resources' (DWR) Draft 2018 Sustainable Groundwater Management Act Basin Prioritization (Draft Prioritization). The Authority is a joint powers authority consisting of eleven local public agencies¹ with land and groundwater regulatory authority in the Owens Valley Groundwater Basin (Basin). The Authority is the exclusive groundwater sustainability agency (GSA) for the Basin for purposes of the Sustainable Groundwater Management Act (SGMA), and therefore has great interest in DWR's process of categorizing groundwater basins. The Draft Prioritization resulted in the Basin, including both the Owens Valley Groundwater Subbasin and the Fish Slough Subbasin, being re-categorized from a medium- to a high-priority. The Authority is concerned that the Draft Prioritization misinterprets certain SGMA provisions governing the treatment of adjudicated areas within basins and evidences a fundamental misunderstanding of the unique characteristics, water use, and management activities occurring in the Basin. Accordingly, the Authority respectfully provides the following comments on the Draft Prioritization and requests that the Basin be re-categorized in a manner consistent with the comments provided through this letter.

¹ Specifically, the Authority consists of the following local governments and local public agencies: City of Bishop, County of Inyo, County of Mono, Big Pine Community Services District, Eastern Sierra Community Services District, Indian Creek-Westridge Community Services District, Keeler Community Services District, Sierra Highlands Community Services District, Starlite Community Services District, Tri-Valley Groundwater Management District, and Wheeler Crest Community Services District.

1. Consideration of City of Los Angeles and LADWP Out-of-Basin Transfers from Exempt Adjudicated Areas is Not Supported by SGMA or the Draft Prioritization

The largest private landowner and water user in the Basin is the City of Los Angeles (City), which through its Department of Water and Power (LADWP), diverts surface water and extracts groundwater for export from the Basin to the City and its residents for municipal and domestic use. SGMA provides that “[a]ny groundwater basin or portion of a groundwater basin in Inyo County managed pursuant to the terms of the stipulated judgment in *City of Los Angeles v. Board of Supervisors of the County of Inyo, et al.* (Inyo County Case No. 12908)² shall be treated as an adjudicated area pursuant to this section.” (Wat. Code, § 10720.8(c)). This provision effectively exempts the City and LADWP’s water management and use activities in the Basin from SGMA’s regulatory authorities. In recognition of this exemption, the Draft Prioritization provides: “DWR determined that SGMA prioritization should exclude those portions of the basin that were adjudicated,” and continues to explain: “DWR evaluated the non-adjudicated portion of the basin to determine the extent that these [adjudicated] areas have the potential to affect groundwater management in the entire basin...” (Draft Prioritization, at p. 4.) However, despite SGMA’s exemption for adjudicated areas and DWR’s determination that prioritization should not consider activities in adjudicated areas, the Draft Prioritization re-categorizes the Basin to high-priority based exclusively on LADWP out-of-basin transfers from properties subject to the Long-Term Water Agreement. In short, the Draft Prioritization applies an arbitrary process not supported by SGMA. Based on the plain language of SGMA and the Draft Prioritization, DWR should not have considered LADWP out-of-basin transfers when categorizing the Basin. Accordingly, the Authority requests that the Draft Prioritization process be revised so that out-of-basin transfers are only taken into consideration if the transfer is not conducted pursuant to an adjudication. In the Basin, all out-of-basin groundwater transfers are subject to the Inyo/Los Angeles Water Agreement, which under SGMA, is considered an adjudication; therefore, the Authority requests that the Draft Prioritization not consider LADWP’s transfers when categorizing the Basin. .

2. Re-Categorizing the Basin as a High-Priority Solely Because of the City of Los Angeles and LADWP’s Out-of-Basin Transfers is Inequitable

As explained above, SGMA exempts from its regulatory purview and requirements certain adjudicated areas, including portions of the Basin managed pursuant to the Long-Term Water Agreement. (See Wat. Code, § 10720.8(c).) Were it not for the assignment of the maximum 42 points from sub-component 8.d, based on DWR scoring the Basin would be a low-priority basin.

Against this backdrop, assigning a high priority to the Basin creates inequitable results. In the first instance, the Draft Prioritization burdens the low-population, low-resource, low-tax base, low-water use, severely disadvantaged and disadvantaged communities of the Basin with SGMA compliance because of the activities of a wealthy, distant, out-of-basin municipality over which SGMA provides them no control. Also, the Draft Prioritization creates a regulatory scheme that makes the Authority, its local agency members, and their constituents responsible for conserving groundwater for the City’s benefit without requiring LADWP to contribute to or participate in any way to the efforts required to comply with SGMA’s sustainability mandates. These results are simply unacceptable to the Authority and its member agencies. Therefore, the Authority requests that the Draft Prioritization be revised in a way that categorizes the Basin to avoid such inequitable results.

² Hereinafter, the stipulated judgment in *City of Los Angeles v. Board of Supervisors of the County of Inyo, et al.* (Inyo County Case No. 12908) is referred to as the “Long-Term Water Agreement.”

3. The Draft Prioritization Fails to Consider All Criteria Required by Water Code Section 10933(b) When Re-Categorizing the Basin as a High-Priority

SGMA provides that basin categorization shall be “[p]ursuant to [Water Code] Section³ 10933.” (Wat. Code, § 10722.4(a).) Section 10933(b) provides: “In prioritizing the basins and subbasins, [DWR] shall, to the extent data are available, consider all of the following:

1. The population overlying the basin or subbasin.
2. The rate of current and projected growth of the population overlying the basin or subbasin.
3. The number of public supply wells that draw from the basin or subbasin.
4. The total number of wells that draw from the basin or subbasin.
5. The irrigated acreage overlying the basin or subbasin.
6. The degree to which persons overlying the basin or subbasin rely on groundwater as their primary source of water.
7. Any documented impacts on the groundwater within the basin or subbasin, including overdraft, subsidence, saline intrusion, and other water quality degradation.
8. Any other information determined to be relevant by the department, including adverse impacts on local habitat and local streamflows.”

(Wat. Code, § 10933(b).) The plain language of this provision requires DWR to consider “all of the” criteria listed in Section 10933(b). However, the Draft Prioritization re-categorizes the Basin to high-priority based on a single factor, specifically the out-of-basin transfers by LADWP. To be sure, the Draft Prioritization scores the Basin according to each of these criteria. Using these criteria, the basin would score less than 13 points and would be rated as low priority. But that exercise is nothing more than lip service when the Draft Prioritization creates a prioritization scheme that automatically results in the Basin being categorized as a high-priority based solely on LADWP’s out-of-basin transfers. This approach violates Section 10933(b), which requires DWR to consider “all of the” above-listed factors. (*Ibid.*) Moreover, this automatic categorization of the Basin is based on a factor not expressly listed in Section 10933(b) but instead under the catch-all provision of Section 10933(b)(8). The Authority does not dispute the relevancy of considering groundwater transfers and exports for purposes of categorizing basins, but the fact remains that the plain language of Section 10933(b) requires DWR to consider all of the Section 10933(b) criteria.

Therefore, the Authority requests that the Draft Prioritization be revised so that the Basin is categorized based on consideration of all Section 10933(b) criteria and not a single, unlisted factor.

4. Treating Groundwater Transfers as a Detrimental Factor During the Categorization Process is Inconsistent with SGMA and the Draft Prioritization

Automatic categorization of basins based solely on out-of-basin transfers is internally inconsistent with SGMA and the Draft Prioritization. The Draft Prioritization recognizes that “The purpose of this factor [groundwater related transfer] is not to discourage water transfers involving groundwater, which are recognized as “one of the water management tools to enhance flexibility in the allocation and use in

³ Hereinafter, all section references are to the Water Code unless otherwise provided.

California.” “But transfers undertaken without an adequate understanding of the changes in groundwater levels, water budget, groundwater-surface water interactions, and land subsidence, and other features considered in a GSP, would leave the basin from which water is transferred and potentially adjacent basins vulnerable to adverse impacts” (Draft Prioritization, at p. 4.). As demonstrated by the comprehensive information submitted to DWR relating to the Basin by Inyo County and the OVGA over the multi-year SGMA process, the out-of-basin water transfer occurring from the adjudicated area is well quantified and understood and not in violation of SGMA’s strictures.

In other words, groundwater transfers are not intrinsically bad. However, the Draft Prioritization only treats groundwater related transfers as negatively affecting basins and their sustainability without any recognition of their benefit – so much so that the mere existence of a transfer automatically results in a basin being categorized as high-priority without any consideration of the other Section 10933(b) factors or whether those transfers are subject to an adjudication exempt from SGMA. If groundwater related transfers are considered, then the prioritization process should not result in categorization without also considering all Section 10933(b) factors and the water management benefits of transfers, including whether: (i) the transfer is subject to SGMA; (ii) whether the transfer is adversely affecting the basin or causing an undesirable result; and (iii) whether the transfer is increasing the likelihood or magnitude of any other Section 10933(b) factor. In the case of the Basin, the groundwater related transfers that resulted in its automatically being categorized a high-priority are not subject to SGMA because the City and LADWP’s out-of-basin transfers are exempt from SGMA. Further, the Draft Prioritization does not show that the transfers will result in – or have been the cause of – any adverse effect to the Basin. Accordingly, the Authority requests that the Basin be re-categorized as a low-priority basin unless and until DWR demonstrates that the groundwater related transfers from the Basin are, in fact, having a detrimental effect.

5. The Draft Prioritization’s Use of a Flat Rate of Pumping to Categorize Basins is Arbitrary and Irrational

Sub-component 8.c.3 of the Draft Prioritization uses the amount of groundwater extracted from the non-adjudicated portion of each basin with an adjudication or adjudicated area to determine whether the basin should be categorized as a very-low priority. This determination relies on a flat rate of non-adjudicated pumping (i.e., 9,500 AF), rather than the amount of groundwater pumped per acre used elsewhere in the Draft Prioritization (e.g., sub-components 6.a and 8.a). Using information from Appendix 3 of the Draft Prioritization, the Authority computed non-adjudicated pumping per non-adjudicated acre for the Basin and then compared that result to other adjudicated basins that the Draft Prioritization categorized as very-low priority basins because their annual pumping was less than 9,500 AF. The results are depicted below in Table 1.

TABLE 1
Non-adjudicated pumping, non-adjudicated basin area, and non-adjudicated pumping per non-adjudicated acre.

Basin Number	Basin/Subbasin Name	Non-Adjudicated Groundwater Use (AF)	Non-Adjudicated Area (acres)	Groundwater Pumping per Acre (AF/acre)	Priority in Draft Report	Priority Without Subcomponents 8.c.3 and 8.d.1
6-012.01	Owens Valley/Owens Valley	24,228	429,659	0.056	High	Low
3-008	Los Osos	1,027	2,417	0.42	Very Low	High
4-012	San Fernando	1,025	1,474	0.70	Very Low	Medium
4-013	San Gabriel	7,000	3,776	1.85	Very Low	High
8-002.01	Upper Santa Ana/Chino	2,553	7,110	0.36	Very Low	High
8-002.04	Upper Santa Ana/Rialto-Colton	2,349	1,158	2.03	Very Low	High

In other basins, it is evident that many of the non-adjudicated areas with less than 9,500 AF of pumping actually have far higher areal non-adjudicated pumping stress than the Basin, yet they are categorized as very-low priority due to the arbitrary 9,500 AF threshold. Table 1 clearly demonstrates that relying solely on groundwater related transfers to categorize a basin as high-priority is irrational. Accordingly, the Authority requests that DWR revise the Draft Prioritization to consider a metric that accounts for basin size by casting the threshold in terms of non-adjudicated pumping per non-adjudicated acre.

6. The Draft Prioritization’s Estimate of Groundwater Pumping is Incorrect and the Methods Used to Determine Groundwater Pumping are Unclear

The Draft Prioritization background data provided in Appendix 3 indicate that total pumping in the Basin is 166,298 acre-feet per year (AFY), of which 24,228 AFY is in the non-adjudicated portion of the Basin. Accordingly, the difference between total pumping in the Basin (166,298 AFY) and pumping in the non-adjudicated portion of the Basin (24,228 AFY) represents the amount of water pumped from the adjudicated portion of the Basin or 142,070 AFY. The Long-Term Water Agreement requires LADWP to share all data relevant to the Agreement, including groundwater pumping data. Over the period between 1991 and 2016, LADWP’s groundwater pumping under the Long Term Water Agreement has averaged 73,265 AFY, and of this amount a significant component has been for in-valley (non-exported) agricultural and environmental use (appx. 20,000-30,000 AFY). (See Inyo County Water Department : 2016-2017 Annual Report, available at http://www.inyowater.org/wp-content/uploads/2012/12/2017-AnnualReport-ICWD-final-no-appendix-5_2.pdf, at p. 20., and the annual reports submitted to DWR pursuant to the adjudicated status of the Basin, available at <https://sgma.water.ca.gov/adjudbasins/report/preview/105>). To put this amount of pumping in context, recharge to the Basin is estimated to be between 220,000-271,300 AFY (Table 5, Hydrogeologic Conceptual Model of the Owens Valley, available at <https://sgma.water.ca.gov/basinmod/docs/download/142>). The amount of actual adjudicated pumping is roughly half of the amount estimated in the Draft Prioritization. Notwithstanding its best efforts, the Authority was unable determine the source of this discrepancy because the methods used to arrive at the estimate in the Draft Prioritization are not described in sufficient detail (e.g., <https://drinc.ca.gov/ear/>). Given the arbitrary approach taken in the Draft Prioritization, DWR’s failure to clearly describe its

Mr. Joseph and Dr. Ross

RE: Public Comment - 2018 Basin Prioritization Process and Results

August 15, 2018

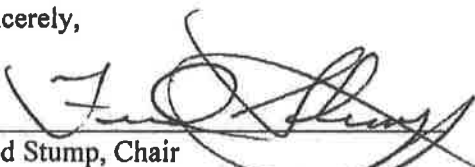
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analytical approach and methodology to categorizing basins can only be described as arbitrary and irrational. The Authority requests that DWR revise the Draft Prioritization to incorporate the most currently available local data.

In conclusion, the Authority appreciates DWR's attempt to revise the basin categorization process, but it simply cannot support the Draft Prioritization. Its misinterpretation of SGMA's express language and failure to identify, employ, and apply the most accurate and current data regarding individual basins result in the Basin being categorized arbitrarily as a high-priority and inequitably burden its local governments, agencies, and communities with the cost of conserving groundwater for the benefit of the City of Los Angeles, LADWP, and their residents and ratepayers. This result is an unfair, disproportionate, and wasteful imposition on the Basin's constituents, many of which have dedicated substantial resources over several decades to implement agreements and projects that demonstrate sustainable groundwater management can coexist with municipal, agricultural, and habitat water uses. Therefore, the Authority requests that DWR revise the Draft Prioritization in light of the comments provided herein and strongly urges that the Basin be re-categorized in a manner consistent with the comments provided through this letter. The Authority additionally requests that DWR provide a transparent explanation of the rationale for any scoring criteria that deviates from the recommendations made in this letter.

Thank you for the opportunity to comment on the Draft Prioritization. If you have any questions or comments regarding the Authority's comment letter, please contact the Authority's Executive Director, Bob Harrington, at (760) 878-0001 or bharrington@inyocounty.us.

Sincerely,



Fred Stump, Chair
Owens Valley Groundwater Authority

cc: Board of Directors, Owens Valley Groundwater Authority (email only)
Anita Regmi, Department of Water Resources (email only)
Erik Ekdahl, State Water Resources Control Board (email only)

State Intervention – The State Backstop

Sustainable Groundwater Management Act (SGMA)

SGMA and State Intervention

SGMA requires the formation of local groundwater sustainability agencies (GSAs) in California's high- or medium-priority groundwater basins. GSAs are required to develop groundwater sustainability plans (plan) that make basins sustainable within 20 years of implementation. If locals are unable or unwilling to sustainably manage their basin or subbasin, the State Water Resources Control Board (State Water Board or Board) can step in to protect groundwater using a process called state intervention. State intervention is triggered by one of the following events:

Date	Event
July 1, 2017	Entire basin is not covered by GSA(s).
Feb. 1, 2020	Basin is in critical overdraft and there is either 1) no plan or 2) the Department of Water Resources (DWR) fails the plan.
Feb. 1, 2022	There is either 1) no plan or 2) long-term overdraft and DWR fails the plan.
Feb. 1, 2025	DWR fails plan and basin has significant surface water depletions.

For general SGMA information, visit: www.waterboards.ca.gov/water_issues/programs/gmp/sgma.shtml.

Levels of Intervention

Unmanaged Area

An unmanaged area is a part of a basin not within the management area of a GSA before July 1, 2017. Anyone that extracts groundwater from an unmanaged area must submit an extraction report to the State Water Board each year. The first extraction reports were due by Dec. 15, 2017, and must include well location and capacity, where the water was used, purpose of use, and monthly extraction volumes.

Probationary Basin

If local agencies fail to form a GSA, fail to develop an adequate sustainability plan, or fail to implement the plan successfully, the State Water Board may designate the entire basin probationary. Anyone who extracts groundwater from a probationary basin, including extractors under the management of a GSA, must file extraction reports with the Board unless the Board decides to exclude certain types of extractions. The Board may require the use of a meter to measure extractions and reporting of additional information.

Interim Plan

The State Water Board will allow local agencies time to fix the issues in the basin that led to probation. If local agencies are unable to fix those issues, the Board will develop an interim plan to directly manage groundwater extractions. An interim plan will contain corrective actions, a timeline to make the basin sustainable, and a monitoring plan to ensure corrective actions are working.

Extraction Reports

Well owners must ensure extraction reports are submitted to the State Water Board by Dec. 15 of each year for extractions made during the previous water year (Oct. 1 – Sep. 30). An extraction report is required for each well and must include monthly pumping data. Extractions must be measured by a method satisfactory to the Board. Extraction reports must be submitted online through the Board's website. For more information about extraction reports, visit www.waterboards.ca.gov/water_issues/programs/gmp/reporting.shtml.

Intervention Fees

Each extraction report must be accompanied by a fee to cover State Water Board intervention costs. The fees for state intervention are detailed below.

Fee Category*	Annual Fee	Applicable Parties
Base Filing Fee	\$300 per well	All extractors required to report.
Unmanaged Rate	\$25 per acre-foot	Extractors in unmanaged areas. If extractors use a meter to measure extractions the rate is \$10 per acre-foot.
Probationary Rate	\$40 per acre-foot	Extractors in probationary basins.
Interim Plan Rate	\$55 per acre-foot	Extractors in probationary basins where the Board determines an interim plan is required.
De minimis Fee	\$100 per well	A well owner that extracts two acre-feet or less per year for domestic purposes in a probationary basin, if the Board decides these extractions are significant.
Late Fee	25% of total fee per month	Extractors that do not file reports by the due date.

*Fees are subject to change. Additional information available at waterboards.ca.gov/gmp.

Meters and Groundwater Management

The State Water Board can require the installation of meters in a probationary basin. The need for meters will depend on local conditions and the level of intervention required in the basin. The State Water Board is likely to require meters in the development of an interim plan, in order to develop corrective actions and verify compliance with pumping restrictions. Extractors will be responsible for installing and maintaining meters and paying the related costs – although it is unlikely that the Board would require meters for de minimis users (see below).

De minimis Users

A well owner who extracts two acre-feet or less per year from a parcel for domestic purposes is a de minimis user. Domestic purposes do not include commercial activities. A well owner who extracts more than two acre-feet per year from a parcel is not a de minimis user. De minimis users in unmanaged areas are exempt from reporting. However, the State Water Board can require reporting by de minimis users in probationary basins if necessary to manage the basin.

Interim Plans and Groundwater Sustainability Plans

State intervention is intended to temporarily protect groundwater. An interim plan is not intended to permanently manage a basin and is not designed to replace a groundwater sustainability plan. To regain local control, local agencies will have to demonstrate their ability and willingness to manage groundwater sustainably and address the issues that caused state intervention.

For More Information

Additional information on SGMA and state intervention is available at the State Water Board website: www.waterboards.ca.gov/gmp or the DWR website: www.water.ca.gov/Programs/Groundwater-Management/SGMA-Groundwater-Management.



State Water Resources Control Board

December 15, 2015

Mr. Wade Horton
Director of Public Works
San Luis Obispo County
County Government Center, Room 206
San Luis Obispo, CA 93408

Dear Mr. Horton:

Thank you for your November 17, 2015 letter. We appreciate the opportunity to learn more about the Paso Robles Basin Water District formation efforts, and the steps that are being taken toward locally-driven groundwater sustainability for the basin. Your letter requests clarification on the potential role of the State Water Resources Control Board (State Water Board) in implementing the Sustainable Groundwater Management Act (SGMA) and includes a number of questions in the following four general areas: groundwater management, fees, de minimis user exemptions, and the effect of an adjudication on state and local roles in managing the basin.

As a general management principle, the State Water Board does not intend to intervene in any groundwater basin unless local management efforts are unsuccessful. State intervention can only occur if local authorities fail to adequately manage the basin under the following circumstances: 1) a local agency or group of local agencies fails to develop a groundwater sustainability agency (GSA); 2) a GSA fails to develop a groundwater sustainability plan, or, 3) the Department of Water Resources (DWR), in consultation with the State Water Board, finds that a sustainability plan is inadequate or is not being implemented adequately.

The State Water Board is committed to providing technical and managerial assistance to support local groundwater management efforts, and would much prefer to see local efforts succeed in achieving sustainable groundwater management before state-developed management approaches are necessary. If intervention does occur, the State Water Board's goal will be to return the basin to local management as soon as local authorities can demonstrate their capability and willingness to manage the basin sustainably.

Responses to your specific question are provided below.

1. State Intervention - Metering and Groundwater Management

Your letter seeks confirmation of statements made by State Water Board staff regarding state intervention and metering requirements, and whether state intervention would focus solely on demand management or if implementation of a physical solution would be considered. The need for metering is dependent on local conditions and the level of intervention required in the basin. The State Water Board may intervene if one or more GSAs are not formed to cover the

FELIX A. MARQUEZ, CHAIR | THOMAS HOWARD, EXECUTIVE DIRECTOR

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entire basin, leading to "unmanaged areas." Groundwater extractors in unmanaged areas must report extraction data directly to the State Water Board, which can then begin the process of designating the basin as probationary and developing an interim groundwater management plan (Interim Plan). Meters will likely be required to verify extraction volumes, and will become increasingly important as additional intervention actions are needed.

If the State Water Board must develop an Interim Plan to directly manage the basin's groundwater resources, the State Water Board will need to develop a water budget, and would likely need to meter existing extractions in order to assess how local extractions compare to that budget and to manage demand. Metering of extractions will be necessary to verify compliance with pumping restrictions, will be at the pumper's expense, and will include associated reporting and extraction fees.

We expect that most Interim Plans will not initially focus on physical solutions for the basin. Physical solutions are typically projects that help increase water supply, and can include stormwater capture, desalination, reservoir construction, and other approaches. While the Water Code allows for physical solutions to be included in an Interim Plan (Cal. Wat. Code, § 10735.8, subd. (c)), these sorts of projects would most likely be proposed and paid for by the local community. Generally, local agencies and their community members will be in a better position than the State Water Board to decide whether to proceed with any particular project and to structure a financing plan. Accordingly, the State Water Board expects to focus on demand management (i.e., pumping reductions) to reduce water use to meet a sustainability goal.

2. State Intervention – Fees

Your letter posed the following questions with respect to state intervention and associated fees: what fees would be likely under State intervention and how would costs for individual landowners compare to costs for local management by a Groundwater Sustainability Agency (GSA)? How would fees be collected, and would State Fees be subject to a Proposition 218 vote?

State oversight fees will be based on recovering costs incurred in administering state intervention activities. Intervention activities can include, but are not limited to, investigations, facilitation, monitoring, enforcement, and administrative costs – in essence, all of the same activities as a locally-developed SGMA plan. However, state intervention will also include a number of additional actions, which could lead to higher costs. Notably, a GSA's preparation and adoption of a groundwater sustainability plan is exempt from the California Environmental Quality Act (CEQA; Water Code section 10728.6) while Board-developed interim plans are not. State costs associated with CEQA compliance will be recovered through fees. Costs for Board hearings related to designation of probationary basins and adoption of interim plans would also need to be recovered.

Possible billing methods for these and other state intervention costs are still being determined. One possible approach is to bill each parcel owner directly through the State Board of Equalization, with the fee included as an item on each landowner's tax bill. The State Water Board's cost recovery program will consist of state imposed regulatory fees, which are not subject to Proposition 218.

3 De Minimis Extractors and SGMA

De minimis extractors are exempted from local metering programs under Water Code section 10725.8, subdivision (e), and are exempt from local regulatory fees under Water Code section 10730, subdivision (a) unless the GSA regulates minimis users as part of the local sustainability plan.

De minimis exemptions to metering programs and fees do not apply under certain circumstances of state intervention. Water Code section 5202 exempts de minimis users from requirements to report groundwater extractions to the State Water Board – unless the basin is designated as a probationary basin and the State Water Board has determined that de minimis users need to be incorporated as part of a state-developed management approach. Once the basin is designated as probationary, it is up to the State Water Board to determine whether regulation of de minimis extractors is an important component of basin management; if needed, the State Water Board can require reporting and associated fees from de minimis extractors

In addition to fees for filing extraction reports, de minimis extractors would likely be required to pay a share of the costs incurred in connection with investigations, facilitation, monitoring, hearings, enforcement, and administrative costs for state intervention.

4. Groundwater Adjudications and SGMA

Adjudicated areas that are not specifically exempted in Water Code section 10720.8, and all future groundwater adjudications, are subject to SGMA. Water Code section 10720.8, subdivision (e) provides that where an adjudication action has determined the rights to extract groundwater for only a portion of a basin, only the area where extraction rights have been determined would be excluded from the requirements of SGMA.

In recent legislation regarding groundwater adjudications, the Legislature has made clear that any future adjudication effort cannot circumvent SGMA, and should be managed to avoid interference with SGMA efforts. The relationship between adjudicated basins and SGMA can be summarized as follows: SGMA applies if a basin is adjudicated in the future, SGMA applies during an adjudication action, and a pending adjudication does not prevent the state from intervening if SGMA deadlines and requirements are not met. In limited circumstances, after the conclusion of a comprehensive adjudication, SGMA may be enforced by a court rather than the State Water Board; however, the basin would still need to comply with all of SGMA's requirements

Regardless of a water user's basis of right, using groundwater in a manner that exacerbates overdraft of the basin is both unsustainable and unreasonable. Groundwater users in overdrafted basins must work together to manage the basin sustainably, or state intervention will bring the basin to a sustainable condition until such time as basin water users can themselves sustainably manage the basin for this and future generations.

Sincerely,


Thomas Howard
Executive Director

cc: See next page

cc. The Honorable Katcho Achadjian
California State Assembly

The Honorable William W. Monning
California State Senate

Mr. David Gutierrez
Department of Water Resources



SAN LUIS OBISPO COUNTY
DEPARTMENT OF PUBLIC WORKS

Wade Horton, Director

County Government Center, Room 206 • San Luis Obispo CA 93408 • (805) 781-5252

Fax (805) 781-1229

email address: pwd@co.slo.ca.us



November 17, 2015

Thomas Howard, Executive Director
State Water Resources Control Board
1001 I Street
Sacramento, CA 93814

SUBJECT: Request for Information Regarding Potential State Water Resources Control Board Fees and Management Activities within the boundaries of the proposed Paso Robles Basin Water District under the Sustainable Groundwater Management Act (SGMA)

Dear Mr. Howard,

On November 10, 2015, the San Luis Obispo County Board of Supervisors took action to initiate local SGMA compliance in the Paso Robles Groundwater Basin (Basin). Such action includes formation of the Paso Robles Basin Water District (a California Water District with certain unique features, including a hybrid board of directors as set forth in AB 2453 (Water Code Section 37900 et seq.) (Water District)¹ and the approval of a special tax² under Proposition 218. In addition, the Board of Supervisors directed the Public Works Director to write to the State Water Resources Control Board (SWB) in an attempt to seek clarity on SWB management in probationary basins under SGMA. Hopefully your staff can review the questions presented in this letter and are able to provide a response in a timely manner.

The decision to seek clarification from the SWB is based on feedback from outreach to over 1,300 unique stakeholders within the Basin. As these individuals learn about their management and funding options under SGMA, the most common question asked is what SWB management would entail. In order to provide voters with the most information possible prior to the March 8, 2016 elections, the following four categories are areas on which the County is seeking clarification and/or detailed information.

1. State Intervention³ - Groundwater Management

During meetings of the Local Agency Formation Commission (LAFCO) for the Water District formation, SWB staff attended two meetings and gave detailed presentations on SGMA and State groundwater management of a probationary basin. Due to the fact that

¹ The formation election is subject to a simple majority of ballots returned by affected landowners.

² The special tax election is subject to 2/3 approval of registered voters.

³ Per Water Code 10735 et seq.

State intervention may not start until 2018, details on this subject were still conceptual and limited to statements that groundwater management would focus solely on demand management. Your staff suggested that the SWB would meter all groundwater extractors in the basin, establish the sustainability goal of the basin, and reduce pumping of all extractors to meet the long-term sustainability goal. Additionally, no physical solutions would be investigated, developed or implemented. We are seeking confirmation of this demand management approach and would appreciate any additional input or direction on the subject.

2. State Intervention – Fees

During the same LAFCO meetings SWB staff also indicated that State intervention would result in a substantially higher cost to the regulated community than local management. While we understand the SWB is not obligated under SGMA to develop State fees until July 1, 2017,⁴ our local process has included the initiation of a Proposition 218 special tax proceeding, which means local SGMA compliance costs have been established. The proposed annual budget for local SGMA compliance is not to exceed \$950,000 and the following table shows the assignment of costs to parcels within the boundaries of the Water District.

TYPE OF CHARGE	ANNUAL CHARGE
1. All Parcel Charge	\$15
2. Per Unit Charge	
Single Family Residential (SFR)	\$20
Multi-Family Residential (MFR)	\$40
Commercial/Government/Industrial	\$100
Vacant	\$10
3. Per Acre Charge	
Non-Irrigated	\$0.25/acre
Irrigated	\$18/acre

With this funding formula, a rural resident would pay the \$15/year parcel charge plus the Single Family Residential charge of \$20/year plus \$0.25 per acre for non-irrigated land. For example, a 10 acre homeowner with no identified irrigated land would have an annual cost of \$37.50. Our research indicates that approximately 60% of the Single Family Residential parcels (out of a total of 3,858) are on 10 acres or less. Thus, their annual charge would be \$37.50 or less, which amounts to only \$3.13 or less on a monthly basis.

Rangeland, open space and any other property not categorized as irrigated acreage would pay the \$15/year parcel charge plus the \$10/year vacant charge plus \$0.25 per acre. For example, a 100 acre parcel being utilized as rangeland would have an annual cost of \$50. Irrigated agriculture would pay the \$15/year parcel charge plus the \$10/year

⁴ Water Code Section 1529.5

vacant charge plus \$18 per acre of irrigated land. For example, a 100 acre parcel with 100% of the parcel being utilized for irrigated agriculture would have an annual cost of \$1,825. The intent of the large cost difference between the non-irrigated and irrigated charge is to best represent pumping activity (in the absence of metering) on that parcel.

Another way to look at the formula is to calculate costs on the same size parcel for various types of land use. The following chart shows the impact of the funding formula to SFR, MFR, commercial, rangeland and irrigated agriculture for 10, 25 and 100 acre parcel sizes.

10 Acre Parcel	Annual Charge	25 Acre Parcel	Annual Charge	100 Acre Parcel	Annual Charge
SFR	\$ 37.50	SFR	\$ 41.25	SFR	\$ 60.00
MFR	\$ 57.50	MFR	\$ 61.25	MFR	\$ 80.00
Commercial	\$ 117.50	Commercial	\$ 121.25	Commercial	\$ 140.00
Rangeland	\$ 27.50	Rangeland	\$ 31.25	Rangeland	\$ 50.00
Irrigated Ag (100% of Acreage Irrigated)	\$ 205.00	Irrigated Ag (100% of Acreage Irrigated)	\$ 475.00	Irrigated Ag (100% of Acreage Irrigated)	\$ 1,825.00

Given the fully developed Paso Robles Basin local SGMA compliance costs, we are hoping SWB staff can review these costs and provide input on:

- a) A comparison of SWB fees for the Paso Robles Basin
- b) Method of collection of such fees
- c) Voter approval (are SWB fees subject to Proposition 218?)
- d) What groundwater management efforts will still need to be accomplished at the local level simultaneous to SWB management

3. De Minimis User Exemptions

A common belief expressed during stakeholder outreach is that de minimis extractors⁵ are exempt from SGMA. County staff has interpreted any such "exemption" for de minimis extractors as limited to *local* metering programs⁶ and *regulatory* fees.⁷ We are seeking clarification that the SWB does not interpret the above-cited provisions as exempting de minimis users from a SWB metering program or SWB fees. Any other pertinent information regarding de minimis users as it relates to SWB management of the Paso Robles Basin would be appreciated.

4. Adjudication and SWB Groundwater Management

Another common belief expressed during stakeholder outreach is that "adjudication" of the Paso Robles Basin (a basin that is not identified in Water Code Section 10720.8) will eliminate the requirement for both local management and/or SWB intervention under

⁵ Water Code Sections 10721(e), 10725.8 and 10730

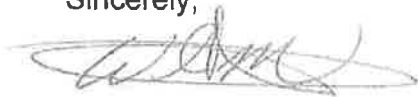
⁶ Water Code Section 10725.8

⁷ Water Code Section 10730

SGMA. Please elaborate on how local or SWB intervention would proceed should the Paso Robles Basin be adjudicated, both in the event that a "comprehensive adjudication" as described in the recently enacted AB 1390 and SB 226 (Civil Code Section 830(c) is initiated or in the event that the action does not ripen into such a "comprehensive adjudication."

Thank you for taking the time to review this request and provide a response. If possible, I would kindly ask we receive a response by December 11, 2015. Should you have any questions, please contact John Diodati at (805) 788-2832 or jdiodati@co.slo.ca.us.

Sincerely,



WADE HORTON
Director of Public Works

c: Assemblyman Katcho Achadjian
Senator Bill Monning
Erik Ekdahl, SWB

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OWENS VALLEY GROUNDWATER AUTHORITY

Big Pine CSD — City of Bishop — County of Inyo — County of Mono — Eastern Sierra CSD — Indian Creek-Westridge CSD — Keeler CSD —
Sierra Highlands CSD — Starlite CSD — Tri Valley Groundwater Management District — Wheeler Crest CSD

P.O. Box 337
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Staff Report

Date: August 15, 2018

Subject: SGWP Grant

Discussion:

As your Board is aware, prior to the OVGA becoming the exclusively recognized GSA for the Basin, for a number of practical reasons Inyo County, as a GSA within the Basin, applied for and was awarded a SGWP Grant to prepare a GSP. Inyo County is poised to enter into an agreement with DWR to receive and manage the grant, recognizing that the OVGA may desire to assume that role at some point in the future.

Throughout these past months Inyo County staff asked DWR staff about how the grant award would be affected by the OVGA's assumption of the GSA status in the Basin. After finally receiving a response from DWR staff last week and discussing the matter with DWR staff and attorneys it became apparent that if the OVGA desires to have the grant transferred to its direct control it will need to obtain a tax identification number and pass a resolution to this effect. This will not be possible to accomplish before the initial 08/10 deadline (that DWR staff informed us of last Wednesday).

Since the SGWP Grant Guidelines allow for a grant recipient to be a GSA or a member of a GSA, the current grant award to Inyo County (on behalf of the entire basin) is not in jeopardy. However, the OVGA Board may consider if it wants to take the steps to assume responsibility for the grant at some point in the future.