



STEERING COMMITTEE MEETING

AGENDA

Wednesday, May 13, 2020

8:30 a.m. – 10:00 a.m.

Teleconference Meeting Only

Call-In Information Provided

NOTICE: Coronavirus COVID-19

See Attached Notice Regarding COVID-19, Closure of Board Chambers to the Public During the Steering Committee Meeting.

- I. Call to Order/Roll Call**
- II. Scheduled Items – *Presentation materials to be posted on ESJGroundwater.org and emailed prior to the meeting.***
 - A. Discussion Items**
 1. Continued discussion of FY 20/21 Budget and Cost Allocation (Attached Memo to GSAs, Ad Hoc Budget and Steering Committee recommended budget and cost allocation)
 2. Grant Funding; General and Specific Discussion (Attached- Grant Programs and Near Term Opportunities)
 - a. USBR WaterSMART Drought Response Program Grant: Drought Resiliency Projects for Fiscal Years 2020 and 2021. GSP projects and Ideas
 - b. 2020 Sustainable Groundwater Management Watershed Coordinator Grant Program
 3. Funding and Financing. General Discussion and Prop 68 Work Plan (Attached- Component 4 of P68 Grant).
 - B. Action Items: None**
- III. Public Comment (non-agendized items)**
- IV. Director's Comments**
- V. Future Agenda Items**
- VI. Adjournment**

Important Notice Regarding COVID 19 and Closure of Board Chambers to the Public During

EASTERN SAN JOAQUIN GROUNDWATER AUTHORITY

Steering Committee Meeting

AGENDA

(Continued)

Eastern San Joaquin Groundwater Authority Steering Committee Meeting

On March 18, 2020, Governor Gavin Newsom issued Executive Order N-29-20 recognizing that COVID 19 continues to spread throughout our community resulting in serious and ongoing economic harm. Governor Newsom has therefore waived certain requirements of the Ralph M. Brown Act relating to public participation and attendance at public meetings.

Based on guidance from the California Department of Public Health and the California Governor's Officer, *effective immediately* and while social distancing measures are imposed, Board chambers will be closed to the public during the Eastern San Joaquin Groundwater Steering Committee Meetings.

In order to minimize the spread of the COVID 19 virus, the following options are available to members of the public to listen to these meetings and provide comments to the Committee Members before and during the meeting:

1. You are strongly encouraged to listen to the Eastern San Joaquin Groundwater Authority Steering Committee meetings by attending the teleconference:

Join By Webex

(www.webex.com)

Meeting number (access code): 293 803 566

Meeting password: nJmP2puQT23

Join By Phone

1-866-590-5055 Call-in number (ATT Audio Conference) (ATT Audio Conference)

1-816-423-4282 Call-in number (ATT Audio Conference) (ATT Audio Conference)

661 530 5 Access Code

Once connected, we request you kindly mute your phone.

2. If you wish to make a comment on a specific agenda item, please submit your comment via email by 5:00 p.m. on the Tuesday prior to the meeting. Please submit your comment to the Secretary of the Board at ksmith@sjgov.org. Your comment will be shared with the Board members and placed into

EASTERN SAN JOAQUIN GROUNDWATER AUTHORITY

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AGENDA

(Continued)

the record at the meeting. Every effort will be made to read comments received during the meeting into the record but some comments may not be read due to time limitations. Comments received after an agenda item will be made part of the record if received prior to the end of the meeting.

Next Scheduled Meeting

Wednesday, June 10, 2020

8:30 am to 10:00 am

Location TBD



EASTERN SAN JOAQUIN GROUNDWATER AUTHORITY

Memo

To: GSA members

From: Matt Zidar, Water Resources Manager

RE: Ad Hoc Budget and Steering Committee recommended budget and cost allocation

Date: May 1, 2020

This memo is to brief the GSAs regarding the proposed FY 20/21 Budget and GSA Cost allocation recommendation of the GWA Steering Committee and the Ad Hoc Budget Committee. It also serves as a request for written comment.

Background: The East San Joaquin Groundwater Authority (GWA) formed the Steering Committee at the February 2020 meeting. The Steering Committee met March 11, 2020 to begin discussion of the FY 20/21 budget and cost allocation strategy. At this meeting an Ad Hoc Budget Committee was formed¹ to help evaluate different cost allocation scenarios and develop a recommendation to the Steering Committee who would then take action to make a recommendation to the full GWA Board. Two Ad Hoc Budget committee meetings were held in April and a recommendation presented to the Steering Committee at their April 29, 2020 meeting. The Steering Committee considered the proposed Ad Hoc Budget Committee recommendation and adopted a motion to take the recommendation to the full Board, also directing staff to send the recommendation to the individual GSAs for their consideration. The intent is to provide time for the GSAs to evaluate the budget and cost allocation recommendation, develop their position and be prepared for subsequent GWA Board discussion at the May 13th GWA meeting. It is expected that the budget and cost allocation would then be considered for adoption by the full Board at the June 10th meeting. Written GSA comments should be submitted no later than May 29th so they can be consolidated and provided to the GWA Board in the June agenda package to be mailed on June 5th.

Discussion

The GWA adopted a 6-month budget in January 2020 for the balance of FY 19/20, also considering a range of approaches for allocating costs to each of the GSAs. At that time various cost allocation principles were developed and applied to the different expenditure categories (in-kind, equal share, minimum fee and proportionate). Different metrics were considered for assigning proportionate costs (groundwater pumping, population, land acreage). A range of cost allocation scenarios to distribute costs were developed and considered for the planned 6 month expenditures.

For the FY 20/21 budget (July 1, 2020 - June 30, 2021) a proposed budget has been developed (attached Table 1) showing the expenses for:

- Monitoring & Reporting (green) which are a combination of Zone 2 and GSA “in-kind” services assigned to the GSP implementation program

¹ Watkins (large ag), Lytle (urban), Zidar (staff) and Nakagawa (large ag), Herrick (low pumping, low population)

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- Program Management/Technical Support (blue), originally allocated as 'equal share' costs in the 6-month budget
 - Reserve Cost for 5 yr. Model and GSP update- Water Use/Population Split (corn flower), originally allocated by ratio of groundwater and population (e.g.; 50/50, 60/40, etc.)

Table 2, Budget Summary and GSAs Cost, shows the expense summary (\$1,021,000). The funding sources applied to meeting the expenses include the Proposition 68 Grant, Zone 2 contribution, GSA in kind, carryover of member contributions from the prior year, and the 2020-21 GSA member contributions (yellow highlight) needed to balance the budget. The revenue shortfall of approximately \$300,000 is the target amount needed from the member GSAs to balance the budget. This amount was then used to test different cost allocation scenarios.

After much deliberation and review of numerous scenarios, the Ad Hoc Budget Committee and Steering Committee is recommending the cost distribution shown in Table 3. The Ad Hoc Budget and Steering Committee believed that this was the clearest, easiest and most equitable way of allocating costs to generate the needed revenue to balance the budget, and recognized the principles and metrics previously discussed by the GWA. The total revenue needed to be generated (\$300K) to balance the budget was split 60 % groundwater pumping and 40% population. The analysis also included a minimum membership fee of \$8,500 and the adjustments to the East Side SJ GSA since they are not part of Zone 2. The table also shows the total cost per GSA and the percentage of the total costs contributed by the GSA.

As explained in Tables 4 and 5, all of the GSAs were sorted into a Population Class and a Groundwater Pumping Class. Table 4, Cost Allocation Class - Groundwater Pumping, shows five pumping classes (Col. 1), Agency Type and number of agencies per class (Col. 2), GSA Agencies assigned to the class based on their current pumping (Col 3), number of agencies in the class (Col. 4), Cost/GSA in the class (Col. 5), and the total costs or revenue generated per pumping class (Col. 6 = Col. 4 X Col. 5). The total revenue generated by this approach (\$170K) is 60% of the total cost based on groundwater pumping after the \$8,500 minimum fee has been factored into the analysis.

Table 5 shows the same information but for the population class analysis, which shows how \$114K, or 40% of the total cost of \$300,000 are allocated based on population to each GSA and after the \$8,500 minimum fee has been factored into the analysis.

The Steering Committee recommended showing a table comparing the other cost allocation scenarios. Table 6 shows different analysis. The highlighted columns show the recommended budget. The others scenarios were:

- 50/50 GW/Pop split of the Reserve costs with even split of the Program Management costs
- 50/50 GW/Pop split of total Reserve and Program Management costs with a minimum membership cost of \$5,000 assumed
- 60/40 GW/Pop split of total Reserve and Program Management costs with a minimum membership cost of \$5,000 assumed
- Equal share split of all costs

I should also be noted that all of the scenarios included an assumed total Zone 2 contribution of \$225,000 and an adjustment to the East Side San Joaquin GSA costs to reflect that areas outside the County are unable to be subsidized by Zone 2.

Attachments



EASTERN SAN JOAQUIN GROUNDWATER AUTHORITY

Memo

To: Steering Committee for May 13, 2020 Discussion

From: Matt Zidar, Water Resources Manager

RE: Grant Programs and Near Term Opportunities

Date: May 6, 2020

This memo is to support discussion of how the GWA will plan for and pursue grant opportunities and to discuss two near term opportunities.

Discussion Points

Potential discussion points and questions include:

1. How and when should the GWA pursue grant funding?
2. Which GWA or GSA projects can be or should be subsidized by grants?
3. Who will support the GSA or GWA in grant pursuits?
4. What are the roles of the GWA and GSAs in seeking grants?
5. How will grant pursuits be funded? How will local match requirements be met?

Near Term Opportunities

brief the GSAs regarding potential sources of grant funding to support GWA activities and implementation of the GSP. Two programs are summarized.

USBR WaterSMART Drought Response Program Grant: Drought Resiliency Projects for Fiscal Years 2020 and 2021.

1. Funding Amount: Total funding- \$2.9 million
 - a. Funding Group I: Up to \$300,000 per agreement for a project that can be completed within two years.
 - b. Funding Group II: Up to \$750,000 per agreement for a project that can be completed within three years. Projects in this group will be funded on an annual basis. Funding for the second and third years of the project is contingent upon future appropriations
2. Cost Share 50%. Cost share may be made through cash, costs contributed by the applicant, or third-party in-kind contributions.
3. Original Closing Date for Applications: **Jul 08, 2020**
4. Program Objectives
 - a. Projects that will build long-term resilience These projects are generally in the final design stage, environmental and cultural resources compliance may have been initiated, and the non-Federal funding, necessary permits, and other required approvals have been secured.
 - b. Projects that improve forecasts of water availability and improve use of technology to increase water reliability
 - c. Project is supported by an existing drought planning effort.
 - d. Project should decrease vulnerabilities and costs of drought by giving water managers flexibility.
 - e. Mitigation actions or tools that will improve water management flexibility or improve access to critical water supply information

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- f. Develop a drought contingency plan or to update an existing plan.
 - g. Projects focused on water conservation,
- b. Specific Project Types
- a. Task A Projects: Increasing the Reliability of Water Supplies through Infrastructure Improvements
 - 1. System modifications or improvements: New conveyance, new surface intakes interties
 - 2. Storing water and/or recharging groundwater supplies
 - i. Developing or expanding small-scale surface water storage facilities
 - ii. Installing water towers and storage tanks to store water for municipal and domestic use
 - iii. Installing recharge ponds or injection wells to increase recharge of surplus, inactive, or reclaimed water.
 - 3. Developing alternative sources of water supply including water treatment
 - i. Constructing wells to provide back-up water supplies during times of drought
 - ii. Constructing extraction wells at groundwater banks
 - iii. Constructing or expanding small-scale water treatment facilities to treat impaired groundwater, municipal wastewater, stormwater runoff, for environmental, agricultural, or potable purposes
 - iv. Constructing stormwater capture and reuse systems
 - v. Installing residential grey water and rain catchment systems
 - b. Task B Project: Improve Water Management through Decision Support Tools, Modeling, and Measurement
 - 1. Provide entities with water use information and tools; development of tools that facilitate water marketing between willing buyers and sellers to redistribute water supplies to meet other existing needs or uses
 - i. Developing water management and modeling tools
 - ii. Developing online decision support tools to help communities identify alternative water supplies or water management options in times of drought.
 - iii. Developing new models or improving existing models for analyzing and predicting drought conditions.
 - iv. Real-time operational modeling to track supply conditions and demands.
 - v. Assessing water quality with respect to the level of drought
 - 2. Installing water measurement equipment and monitoring instrumentation devices to accurately track water supply conditions
 - 3. Developing a water marketing tool or program that would provide a mechanism for willing participants to buy, sell, lease, or exchange water to avoid or reduce water conflicts.
 - c. Task C Projects: Provide Protection for Fish, Wildlife, and the Environment
 - 1. Installing and/or modifying fish screens, ladders, bypasses, and modifications to water intakes
 - 2. Improving fish hatcheries
 - 3. Improving habitat

2020 Sustainable Groundwater Management Watershed Coordinator Grant Program

Grant Program is being launched at the Department of Conservation. Grants are being offered for watershed coordinators in parts of the state impacted by implementation of SGMA. The Program will fund watershed coordinator positions to facilitate watershed and groundwater improvement efforts areas of the state most immediately impacted by the implementation of SGMA, basins designated as high and medium priority.

- 1. Funding: \$200K; total of \$1.5M available. Source Prop 50. Hire 1 Full Time Equivalent staff for two years or use consultants.
- 2. Dates

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- a. Solicitation released—May 15, 2020
 - b. Public Workshop 1(North/Sacramento)
 - c. Applications due—July 30, 2020
 - d. Awards announced—September 15, 2020
3. Purpose: to support implementation of related groundwater sustainability plans developed pursuant to the Sustainable Groundwater Management Act.
 - a. Work with local groundwater sustainability agencies, landowners, and local governments to identify and implement projects to help develop landowner driven solutions to increase groundwater sustainability and meet broader statewide goals of biodiversity and climate resiliency.
 - b. Facilitate watershed-scale collaborations, promote integrated watershed management efforts, and support local implementation activities focusing on areas significantly impacted by SGMA implementation
 - c. Program emphasizes that collaboration between diverse entities at the regional scale is critical to efficiently meet the state’s goals and address variations in water management conditions throughout California
 4. Project types are eligible for funding under this solicitation:
 - a. Local watershed activities
 - b. Coordination and assistance
 - c. Watershed monitoring and assessment protocols
 - d. Education and outreach
 5. Eligible applicants are: (1) special districts; (2) nonprofit groups (with 501(c)(3) status); (3) local governments; (4) federally recognized California Native American tribes, (5) non-federally recognized California Native American tribes; and (6) Groundwater Sustainability Agencies.

A. Scope of Work and Deliverables

Component 3: Financing Plan

Component 3 is the development of a financing plan for funding implementation of the Eastern San Joaquin GSP to meet SGMA requirements. For the purposes of this proposal, the terms financing and funding are considered to be synonymous. The proposed plan will provide an evaluation of various funding strategies and a final recommendation for the ESJGWA Board for approval. The financing plan is intended to provide specific funding strategies to fund GSP implementation activities at least through to the first 5-year GSP update in 2025, with recommendations for a longer-term funding plan that considers future uncertainties such as changing regulations and compliance requirements.

Budget: \$50,000

(a) Component Administration

Task 1: Project Management and Communications (0% complete)

The intent of Task 1 is to manage and administer the grant funding to be received for this component. This task will involve contracting with the consultant preparing the study, and will include contract management, invoicing and quarterly progress reports showing progress made during the month, next steps for the following billing cycle, and status of both schedule and budget. Activities under this task will also include bi-weekly to monthly progress conference calls with the technical team to ensure coordination among tasks and sharing of information and data.

(b) Stakeholder Engagement / Outreach

Task 1: Stakeholder Outreach and Communications (0% complete)

Under this task, stakeholders, including groundwater users, the general public, and other interested parties, will be kept informed about the progress of Component 3, the results of the tasks implemented, and recommendations for financing GSP implementation. Outreach materials will be created and outreach activities to stakeholders and landowners (i.e. attending growers' workshops with district representatives) conducted to disseminate information gathered as part of this component. These outreach efforts will be coordinated with ongoing stakeholder outreach and communications regarding the Subbasin GSPs.

(c) GSP Development

Task 1: Refined Cost Analysis and Revenue Requirement Calculation (0% Complete)

Calculating a funding mechanism for an agency to collect its costs is a multi-step process. It involves first determining the revenue requirement, which is the amount of revenue that must be recovered for an agency to meet its budgeted costs less its revenue offsets. Under this task, the GSP implementation costs developed for inclusion in the Eastern San Joaquin Subbasin GSP will be revised to provide more detailed planning-level implementation costs and to establish the required revenue on an annual basis over the first five years of GSP implementation with a broader cost estimate for long-term financing that considers uncertainties associated with future SGMA compliance. This effort will include consideration of operating expenses (including administrative services, communications, engineering services, legal services and other operations and maintenance [O&M] expenses). The availability of future grant funding will be considered in this analysis along with a consideration of various options for GSP delivery (e.g. the entire GSP implementation conducted by a single entity versus implementation of specific GSP requirements at the GSA level). For each option, capital, annual, and long-term (five-year) costs will be estimated to facilitate the analysis and scoring of the options. Where possible and available, construction cost estimates will be developed for data gap activities involving construction using GSA and consultant experience in design, bidding and construction of similar projects. Capital costs will be developed for implementing one-time activities and will include an allowance for engineering, legal, and administrative

costs and services. Recurring costs (e.g. for annual reports) will be estimated as present worth costs for the first anticipated delivery. From this analysis, a technical memorandum will be prepared which will include a compilation of the planning level costs specific to each option considered. This study will focus on implementing non-project related GSP implementation costs.

Task 2: Financing Analysis (0% Complete)

Once the required revenue has been estimated and a preferred option selected for implementation delivery, potential funding sources for the preferred option will be identified. Alternatives considered may include assessing regulatory fees (as allowed under CWC Section 10730) or extraction fees (as allowed under CWC Section 10730.2) at the subbasin level, evaluating the ability of the Subbasin GSAs to include fees in their water rates (and the ability to secure those rate increases under Prop 218) for continued member agency contribution, creating a service fee for charges relating to property ownership, and/or the ability to include fees in a parcel or other existing tax structure or to create a new special tax. This study will focus on implementing non-project related GSP implementation costs.

The results of the financial analysis will be summarized and a schedule for funding will be developed. The funding planning process will use information developed through the prior cost estimating and schedule development tasks. A cash flow needs assessment will be developed for the entire program and will include the total dollars needed and timing for major expenditures. It is assumed that the consultant will meet with the Subbasin GSAs and various funding agencies as needed and determine the process, timing and key elements of the various grant/loan programs.

Task 3: Financing Plan (0% Complete)

The results of Tasks 1 and 2 will be compiled in a financing plan that will provide a narrative and, when relevant, a quantitative assessment of each funding strategy. The financing plan will also include a final recommendation as to which funding strategy(ies) would potentially be the most effective for the Subbasin for funding GSP implementation.

(d) Monitoring / Assessment

This component does not include monitoring or assessment activities.

D.6.b. Project Deliverables

The following table summarizes the current status of each task, including the percent complete and deliverables for Components 1 through 5.

Component / Task	% Complete	Deliverables
Component 3: Financing Plan		
(a) Component Administration		
Task 1: Project Management and Communications	0%	<ul style="list-style-type: none"> Quarterly invoices Quarterly progress reports
(b) Stakeholder Engagement / Outreach		
Task 1: Stakeholder Outreach and Communications	0%	<ul style="list-style-type: none"> Component-specific outreach materials
(c) GSP Development		
Task 1: Refined Cost Analysis and Revenue Requirement Calculation	0%	<ul style="list-style-type: none"> Required Revenue Technical Memorandum
Task 2: Financing Analysis	0%	<ul style="list-style-type: none"> Identification of potential funding sources Summary and schedule for funding Cash Flow Needs Assessment
Task 3: Financing Plan	0%	<ul style="list-style-type: none"> Financing Plan
(d) Monitoring / Assessment		
N/A	N/A	N/A