

**BOARD OF DIRECTORS REGULAR MEETING  
AGENDA**

**DECEMBER 10, 2020  
3:00 PM**

**PURSUANT TO GOVERNOR NEWSOM'S EXECUTIVE ORDERS N-29-20 AND N-35-20, THE MEETING WILL BE CONDUCTED BY TELECONFERENCE. YOU MAY ATTEND AND PARTICIPATE IN THE MEETING AS FOLLOWS:**

**JOIN FROM A PC, MAC, IPAD, IPHONE OR ANDROID DEVICE**

**URL:**

**[HTTPS://US02WEB.ZOOM.US/J/104139260?PWD=WG14R2NIU2ZLUWSYMUUV2RERCQUDHQTO9](https://us02web.zoom.us/j/104139260?pwd=WG14R2NIU2ZLUWSYMUUV2RERCQUDHQTO9)**

**PASSWORD/PASSCODE: 2020 IF PROMPTED**

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**OR**

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**(CHECK WITH YOUR CARRIER TO DETERMINE WHETHER SERVICE CHARGES APPLY)**

**DIAL 1 669 900 6833**

**FOLLOW THE PROMPTS TO ENTER WEBINAR ID 104139260**

**PASSWORD/PASSCODE IS 2020**

**FOR ASSISTANCE WITH ACCESSING THE MEETING BY TELECONFERENCE, SEE BEST PRACTICES AT [HTTPS://SVBGSA.ORG/MEETINGS/](https://svbgsa.org/meetings/)**

**OATH OF OFFICE FOR GRANT LEONARD, CASTROVILLE COMMUNITY SERVICE DISTRICT BOARD ALTERNATE DIRECTOR**

**1. Call to Order**

**2. Roll Call**

**3. General Public Comment**

Members of the public may comment on matters within the jurisdiction of the agency that are not on the agenda. Comments on agenda items should be held until the items are reached.

Meeting comments made by Attendees joining the meeting by PC or other electronic device may be submitted by clicking "Raise Hand" in Attendees' meeting controls at the bottom of the Zoom screen. The Clerk will unmute Attendees' audio during public comments in the order requests were received. If you are joining by phone, please press \*9 to join the cue for comments.

Written comments on agenda items may be emailed to [board@svbgsa.org](mailto:board@svbgsa.org) prior to the meeting and will be included in the public record. Please include the agenda number and topic in the subject line. Comments that are emailed during the meeting and prior to/during public comments on the item will be read into the record and must be limited to 300 words/2 minutes. The Chair may limit the public comment period depending on meeting time constraints.

#### **4. Consent Items**

All matters listed under the Consent Agenda may be enacted by one motion unless a member of the Board, audience, or staff requests discussion or a separate vote.

##### **4.a** Approve 11/12/20 Board of Directors Meeting Minutes

[11-12-20 Unofficial Board Minutes.docx](#)

##### **4.b** Receive October Financial Reports

[4.b\\_Staff\\_Report\\_-\\_October\\_2020\\_Financial\\_Report.docx](#)

[Oct 2020 Statement of Revenues and Expenses - Budget v Actual.pdf](#)

[Oct 2020 Balance Sheet.pdf](#)

[Oct 2020 Disbursements Report.pdf](#)

##### **4.c** Consider appointing Grant Leonard as the Castroville Community Services District alternate on the Advisory Committee.

[Advisory\\_Committee\\_Appointment.pdf](#)

[Leonard - Committee application\\_Redacted.pdf](#)

#### **5. Scheduled Items**

##### **5.a** Receive Audited Financial Statement for Fiscal Year Ended June 30, 2020

[5.a\\_Staff\\_Report\\_-\\_Audited\\_Financial\\_Statements\\_FYE\\_6-30-20.docx](#)

[SVBGSA Audit Report FYE 06-30-20.pdf](#)

##### **5.b** Renewing and Approving Amendment No. 2 to the Agreement for Professional Services with Hansford Economic Consulting LLC

[BOD 12-10-2020 HEC\\_Amend\\_2\\_Staff\\_Report.docx](#)

[BOD 12-10 Amend 2 to HEC agreement.docx](#)

[BOD 12-10-2020 Resolution - HEC amendment 2.docx](#)

##### **5.c** Seawater Intrusion Working Group (SWIG) and Well Moratorium Working Group Receive Report and Provide Comments to Staff.

[BOD 12-10-2020 SWIG and Working Group Staff Report .docx](#)

[Draft\\_Well\\_Due\\_Course\\_Ordinance.pdf](#)  
[Exhibit\\_C\\_and\\_D.pdf](#)  
[Chapter\\_15.08\\_draft.pdf](#)

6. **General Manager's Report**
7. **Directors' Reports**
8. **Future Agenda Items**
9. **Adjournment**

#### **Accommodation, Meeting Viewing, Agenda Posting**

Disability-related modification or accommodation, including auxiliary aids or services, may be requested by any person with a disability who requires modification or accommodation in order to participate in the meeting. Requests should be referred to Clerk of the Board at [camela@svbgsa.org](mailto:camela@svbgsa.org) or 831-471-7519 as soon as possible, but by no later than 5 p.m. two business days prior to the meeting. Hearing impaired or TTY/TDD text telephone users may contact the Agency by dialing 711 for the California Relay Service (CRS) or by telephoning any other service providers' CRS telephone number.

#### **VIEWING MEETINGS**

The Board of Directors' teleconference meetings will be livestreamed and saved at <https://www.facebook.com/SalinasValleyBasinGSA>

**AGENDA POSTING** The meeting agenda was posted at the Salinas City Clerk's Office and City Hall Rotunda, Monterey County Offices at 1441 Schilling Place, Salinas, CA on December 7, 2020.

**UNOFFICIAL MINUTES  
BOARD OF DIRECTORS REGULAR MEETING  
NOVEMBER 12, 2020**

**Call to Order**

Chair Adcock called the meeting to order at 3 p.m..

**Roll Call**

**Present:** Directors Adams, Alejo, Bramers, Brennan (Alternate Robin Lee substituted at 4:10 p.m.), Chapin, Lipe, McIntyre, McShane, Pereira, Stefani (joined after the Consent Adoption) and Chair Adcock

**Absent:** None

**Staff:** General Manager Donna Meyers, Deputy General Manager Emily Gardner, Sr. Advisors Gary Petersen and Roberto Moreno, Legal Counsel Les Girard, Clerk Harrison Tregenza

**Consent Items**

**Upon motion by Director Lipe and second by Director McShane, the Board approved the Consent Agenda. AYES: Directors Adams, Alejo, Bramers, Brennan, Chapin, Lipe, McIntyre, McShane, Pereira, and Chair Adcock. NOES: None. ABSTAIN: NONE. ABSENT: Director Stefani.**

The Consent Resolution included the following:

- a. Approved the October 8, 2020 meeting minutes
- b. Approved the September 2020 financial claims
- c. Appointed Jason Smith as the primary Advisory Committee member representing the Grower-Shipper Association

**Scheduled Items**

- a. Approve Key Elements of the Arroyo Seco Management Framework and continue cooperating with Arroyo Seco Groundwater Sustainability Agency (ASGSA) on a Management Area for the Forebay Subbasin Groundwater Sustainability Plan

Donna Meyers reported that a Subcommittee comprised of SVBGSA Directors Lipe and McIntyre and ASGSA Directors Jim Thorpe and Michael Griva has been meeting to develop the management area and framework. Staff will return with a proposal for landowner outreach, an implementation agreement, boundary proposal, and administrative fees not to include project funding.

Thomas Virsik stated this appears to be a good step in the right direction and hopes the boundaries will be prioritized.

Norm Groot, Monterey County Farm Bureau, supports the key elements, but wonders if consideration is being given to a management area that is different than the overlap area.

Donna Meyers stated that a broader or bigger management area is not anticipated. She confirmed that possible outcomes could include a management area that does not include some of the overlap area.

Derrick Williams stated that both GSAs developed maps of area within constraints of the overlap area that might have a water budget or water management system unique enough that it should be a management area.

Les Girard stated that the record needs to reflect the basis for drawing the lines and the process that Mr. Williams is going through with his counterpart in determining what the boundaries are.

Jim Thorpe, ASGSA Chair, urged Board approval of the proposed key elements.

#### **BOARD ACTION**

**Director Alejo moved to approve the staff recommendation to approve the key elements of the Management Framework as a foundational set of actions to continue the work with ASGSA. The motion was seconded by Director McShane and passed. AYES: Directors Adams, Alejo, Bramers, Brennan, Chapin, Lipe, McIntyre, McShane, Pereira, Stefani, and Chair Adcock. NOES: None. ABSTAIN: NONE. ABSENT: None.**

#### b. Provide approval for Subgrant Agreement with Arroyo Seco Groundwater Sustainability Agency

Donna Meyers presented the report. There were no questions or comments.

#### **BOARD ACTION**

**Upon motion by Director Brennan and second by Director McShane, the Board approved the Subgrant Agreement with Arroyo Seco Groundwater Sustainability Agency. AYES: Directors Adams, Alejo, Bramers, Brennan, Chapin, Lipe, McIntyre, McShane, Pereira, Stefani, and Chair Adcock. NOES: None. ABSTAIN: None. ABSENT: None.**

#### c. Resolution to Submit Funding Application to Department of Water Resources Round 1 Proposition 68 Implementation Grant

Donna Meyers stated that staff has looked at projects with Monterey One Water and the Monterey County Water Resources Agency, including invasive species eradication, CSIP Optimization, and the deep aquifer. Staff continues to narrow the project list and will update the Board in December.

#### **BOARD ACTION**

**Upon motion by Director McIntyre and second by Director Alejo, the Board adopted RESOLUTION 2020-18 authorizing the General Manager to submit a Prop 68 Round 1 Implementation Grant application to Department of Water Resources. AYES: Directors Adams, Alejo, Bramers, Brennan, Chapin, Lipe, McIntyre, McShane, Pereira, Stefani, and Chair Adcock. NOES: None. ABSTAIN: None. ABSENT: None.**

#### d. Receive Department of Water Resources Grant Status Report

Roberto Moreno presented his report and will provide quarterly reports. The Agency's cash flow is affected by the Department of Water Resources' quarterly reimbursement. Alternatives include requesting a dry-period loan from Monterey County based on anticipated GSA fee collections or delay payment of invoices in November to ensure there is sufficient cash to meet all liquidity needs. RGS and Montgomery have indicated that 30 day delay in invoice payment is acceptable.

Steve Adams would like a reserve policy and cash flow recommendation before the budget process.

Director Brennan left the meeting and Alternate Lee took her seat.

Norm Groot asked if there is an assurance of receipt of State grant funds or a contingency plan. Donna Meyers responded that the Agency receives assurances that the funds are available with the appropriate invoicing, timing and approvals. Mr. Moreno noted that the grants are bond funded and not paid from State General Funds.

#### **BOARD ACTION**

**Director Lipe moved to approve the staff and Finance Subcommittee recommendation to work with RGS and Montgomery and Associates to allow some flexibility on payment terms to get through this next quarter. The motion was seconded by Director Adams and passed. AYES: Directors Adams, Alejo, Bramers, Chapin, Lee, Lipe, McIntyre, McShane, Pereira, Stefani, and Chair Adcock. NOES: None. ABSTAIN: None. ABSENT: None.**

e. Seawater Intrusion Update

Gary Petersen presented an update on the work of the Seawater Intrusion Working Group (SWIG) and Deep Aquifer Well Working Group (DAWWG) and answered questions. Tom Virsik commented. There was no action on this item.

#### **Adjournment**

The meeting adjourned at 4:40 p.m.



**BOARD OF DIRECTORS  
STAFF REPORT**

**MEETING DATE:** December 10, 2020

**AGENDA ITEM:** 4.b

**SUBJECT:** Receive October 2020 Financial Reports

**RECOMMENDATION:**

The Budget and Finance Committee recommends approval of the October 2020 financial reports.

**BACKGROUND:**

Section 10.2 of the Joint Exercise of Powers Agreement forming the Salinas Valley Basin Groundwater Sustainability Agency (“Agency”) states “The Agency shall maintain strict accountability of all funds and report all receipts and disbursements of the agency on no less than a quarterly basis.” Reports are being presented monthly.

**DISCUSSION:**

Attached are the following financial statements for the Agency through October 31, 2020:

- Statement of Revenue & Expense - Budget vs. Actual – October expenses were \$ 228,209 with no revenue creating a deficit for the month of \$228,209. The YTD Deficit is \$970,457. This is to be expected since the GSA fees will not be received until December.
- Balance Sheet – shows \$366,368 in cash, with \$455,850 in accounts payable. The Accounts Receivable of \$210,210 includes \$209,243 due from the DWR Prop 1 Grant which are not expected to be received for some time until the project is closed out.
- Disbursements Report – shows the detail of deposits and disbursements for the month of October with a net decrease in cash of \$155,660.

**FISCAL IMPACT:**

None.

**ATTACHMENT(S):**

Financial Statements as stated above

**PREPARED BY:**

Roberto Moreno, RGS Senior Advisor

Salinas Valley Basin Groundwater Sustainability Agency  
Statement of Revenues & Expenses - Budget v. Actual  
July 1 through October 31, 2020

	October MTD	October YTD	Budget	\$ Over Budget	% of Budget
<b>Revenue</b>					
440100 · GSA Fee	0	0	1,200,000	-1,200,000	0.0%
444000 · Interest Income	0	2,162	4,000	-1,838	54.06%
452100 · Round 3 DWR Grant	0	0	2,500,000	-2,500,000	0.0%
452200 · Round 3 ASGSA Grant	0	0	553,000	-553,000	0.0%
452300 · Round 3 Monterey Subbasin	0	0	163,888	-163,888	0.0%
<b>Total Revenue</b>	<b>0</b>	<b>2,162</b>	<b>4,420,888</b>	<b>-4,418,726</b>	<b>0.05%</b>
<b>Expense</b>					
520000 · Administrative Services	45,861	193,739	916,650	-722,911	21.14%
530000 · 2020 GSP - Prop 1	8,076	62,513	41,500	21,013	150.63%
530500 · Legal Services	12,891	17,675	60,000	-42,325	29.46%
531000 · 2022 GSPs					
Total 531100 · 2022 GSPs (Grant Adm)	3,263	13,942	132,800	-118,858	10.5%
Total 531200 · 2022 GSPs (Stakeholder Engagmr)	52,618	247,807	859,320	-611,514	28.84%
Total 531300 · 2022 GSPs (GSP Development)	82,792	298,513	1,772,840	-1,474,328	16.84%
Total 531400 · 2022 GSPs (Monitoring/Assessmr)	1,834	10,491	129,200	-118,709	8.12%
531500 · 2022 GSPs (Expenses)	194	927	33,000	-32,073	2.81%
<b>Total 531000 · 2022 GSPs</b>	<b>140,700</b>	<b>571,679</b>	<b>2,927,160</b>	<b>-2,355,481</b>	<b>19.53%</b>
Total 532100 · M'rey Subbasin (Grant Admin)	1,258	1,549	30,648	-29,099	5.05%
Total 532200 · M'rey Subbasin (Stkhldr Engmnt)	0	12,342	24,220	-11,879	50.96%
Total 532300 · Monterey Subbasin (GSP Devel)	1,804	35,946	282,260	-246,315	12.74%
<b>Total 532000 · Monterey Subbasin</b>	<b>3,062</b>	<b>49,836</b>	<b>337,128</b>	<b>-287,292</b>	<b>14.78%</b>
<b>Total 533000 · Arroyo Seco GSA</b>	<b>0</b>	<b>0</b>	<b>553,000</b>	<b>-553,000</b>	<b>0.0%</b>
540000 · Grant Management Services (RGS)	1,630	10,156	0	10,156	100.0%
540100 · GSA Fee Plan	0	7,287	25,000	-17,713	29.15%
540200 · Facilitation Services	0	0	20,000	-20,000	0.0%
540300 · Grant Writing / Lobbying	2,500	10,000	50,000	-40,000	20.0%
540400 · Outside Specialty Legal Svcs	5,376	19,088	70,000	-50,912	27.27%
540500 · Communications Consultant (RGS)	0	525	10,000	-9,475	5.25%
550200 · Conferences / Training	460	460	7,100	-6,640	6.48%
550300 · Dues and Subscriptions	0	675	3,000	-2,325	22.5%
550400 · External Audit	0	4,950	6,000	-1,050	82.5%
550500 · Auditor-Controller Collection	0	0	3,000	-3,000	0.0%
550510 · GSA Fee Appeal Refunds	0	0	5,000	-5,000	0.0%
550600 · Insurance Premium	2,840	3,459	4,000	-541	86.48%
550700 · Legal Notices & Ads	0	145	5,000	-4,855	2.9%
550800 · Office Supplies	262	327	4,500	-4,173	7.26%
550900 · Postage and Delivery	0	446	3,000	-2,554	14.87%
551000 · Printing and Reproduction	0	0	5,000	-5,000	0.0%



Salinas Valley Basin Groundwater Sustainability Agency  
Statement of Revenues & Expenses - Budget v. Actual  
July 1 through October 31, 2020

	<b>October MTD</b>	<b>October YTD</b>	<b>Budget</b>	<b>\$ Over Budget</b>	<b>% of Budget</b>
551100 · Office Rent	250	1,000	3,000	-2,000	33.33%
551200 · Technology	1,753	6,921	40,000	-33,079	17.3%
551220 · Website Upgrade	750	3,210	2,000	1,210	160.5%
551250 · Agenda Management Software	0	0	3,700	-3,700	0.0%
551300 · Travel Expense	0	0	10,000	-10,000	0.0%
551400 · Bank Service Charges	0	0	500	-500	0.0%
551800 · Meals and Meeting Expenses	0	0	2,500	-2,500	0.0%
551810 · Mileage Reimbursement	0	0	1,000	-1,000	0.0%
551900 · Board Stipends	1,800	8,528	26,400	-17,872	32.3%
<b>Total Expense</b>	<b>228,209</b>	<b>972,619</b>	<b>5,145,138</b>	<b>-4,172,519</b>	<b>18.9%</b>
<b>Net Income</b>	<b>-228,209</b>	<b>-970,457</b>	<b>-724,250</b>	<b>-246,207</b>	<b>134.0%</b>

**Salinas Valley Basin Groundwater Sustainability Agency**  
**Balance Sheet Prev Year Comparison**  
 As of October 31, 2020

	<u>Oct 31, 20</u>	<u>Oct 31, 19</u>	<u>\$ Change</u>	<u>% Change</u>
<b>ASSETS</b>				
<b>Current Assets</b>				
<b>Checking/Savings</b>				
100100 · Rabobank Checking	0.00	4,704.50	-4,704.50	-100.0%
100200 · Rabobank Money Market	0.00	25,346.46	-25,346.46	-100.0%
100300 · CalTrust Medium Term Funds	183,778.28	186,549.08	-2,770.80	-1.49%
100400 · Community Bank of the Bay Chkg	5,545.46	2,000.00	3,545.46	177.27%
100500 · Community Bank of the Bay MMkt	177,045.07	2,508.92	174,536.15	6,956.63%
<b>Total Checking/Savings</b>	<u>366,368.81</u>	<u>221,108.96</u>	<u>145,259.85</u>	<u>65.7%</u>
<b>Accounts Receivable</b>				
110000 · Accounts Receivable	210,210.30	343,945.66	-133,735.36	-38.88%
<b>Total Accounts Receivable</b>	<u>210,210.30</u>	<u>343,945.66</u>	<u>-133,735.36</u>	<u>-38.88%</u>
<b>Other Current Assets</b>				
120005 · Prepaid Expense	72.20	2,551.20	-2,479.00	-97.17%
<b>Total Other Current Assets</b>	<u>72.20</u>	<u>2,551.20</u>	<u>-2,479.00</u>	<u>-97.17%</u>
<b>Total Current Assets</b>	<u>576,651.31</u>	<u>567,605.82</u>	<u>9,045.49</u>	<u>1.59%</u>
<b>TOTAL ASSETS</b>	<u><u>576,651.31</u></u>	<u><u>567,605.82</u></u>	<u><u>9,045.49</u></u>	<u><u>1.59%</u></u>
<b>LIABILITIES &amp; EQUITY</b>				
<b>Liabilities</b>				
<b>Current Liabilities</b>				
<b>Accounts Payable</b>				
200000 · Accounts Payable	455,850.23	207,529.02	248,321.21	119.66%
<b>Total Accounts Payable</b>	<u>455,850.23</u>	<u>207,529.02</u>	<u>248,321.21</u>	<u>119.66%</u>
<b>Other Current Liabilities</b>				
210000 · Deferred Revenue	209,243.02	330,661.45	-121,418.43	-36.72%
<b>Total Other Current Liabilities</b>	<u>209,243.02</u>	<u>330,661.45</u>	<u>-121,418.43</u>	<u>-36.72%</u>
<b>Total Current Liabilities</b>	<u>665,093.25</u>	<u>538,190.47</u>	<u>126,902.78</u>	<u>23.58%</u>
<b>Total Liabilities</b>	665,093.25	538,190.47	126,902.78	23.58%
<b>Equity</b>				
320000 · Fund Balance	882,015.25	574,282.51	307,732.74	53.59%
Net Income	-970,457.19	-544,867.16	-425,590.03	-78.11%
<b>Total Equity</b>	<u>-88,441.94</u>	<u>29,415.35</u>	<u>-117,857.29</u>	<u>-400.67%</u>
<b>TOTAL LIABILITIES &amp; EQUITY</b>	<u><u>576,651.31</u></u>	<u><u>567,605.82</u></u>	<u><u>9,045.49</u></u>	<u><u>1.59%</u></u>

## Salinas Valley Basin Groundwater Sustainability Agency

### Payment & Disbursement Report

October 2020

Type	Date	Num	Name	Memo	Amount
Bill Pmt -Check	10/12/2020	12150	Alpen Lily Web Studio	SVBGSA -web support September 2020	-183.75
Bill Pmt -Check	10/12/2020	WIRE	BMS Technologies	SVBGSA -Printing and Postage in Sept 2020	-418.74
Bill Pmt -Check	10/12/2020	12151	Hansford Economic	SVBGSA Fee study and support for the month of May 2020	-1,226.25
Bill Pmt -Check	10/12/2020	12152	Jeff Lindenthal	1 Hour of communications services for September 2020	-75.00
Bill Pmt -Check	10/12/2020	12153	Luis A. Alejo	Board Stipends: 9/10 Board, 9/24 Exec. Committee Mtg	-200.00
Bill Pmt -Check	10/12/2020	12154	Miller Maxfield, Inc.	Public outreach consulting services	-3,331.25
Bill Pmt -Check	10/12/2020	12155	Montgomery & Associates Inc.	GSP Development	-140,086.50
Bill Pmt -Check	10/12/2020	12156	Pacific Policy Group	Contracted consulting services month of September 2020	-2,500.00
Bill Pmt -Check	10/12/2020	12157	Robin T Lee	Board Stipends: 9-30 Special Joint Meeting	-100.00
Bill Pmt -Check	10/12/2020	12158	Ronald J. Stefani	Board Stipends: 9/4 Mty Sub., 9/10 BOD, 9/24 Exec. Comm. 9/30 Special Jnt. Mtg	-400.00
Bill Pmt -Check	10/26/2020	12159	Janet Brennan	Board Stipends:9-4 Mty Subbasin, 9-10 BOD, 9-30 Special Joint Mtg	-300.00
Bill Pmt -Check	10/26/2020	12160	Miller Maxfield, Inc.	Public outreach consulting services for September 2020	-850.00
Bill Pmt -Check	10/26/2020	12161	Minasian,Meith,Soares,Sexton,Cooper,	Outside legal services September 2020	-4,256.00
Bill Pmt -Check	10/26/2020	12162	U.S. Bank - CalCard	Credit Card September 2020 Zoom, GoogleSuite, Adobe, Verizon, Mailchimp	-1,732.60
					<b><u>-155,660.09</u></b>

## STAFF REPORT

**MEETING DATE:** December 10, 2020

**AGENDA ITEM:** 4.c.

**SUBJECT:** Advisory Committee Appointment

**RECOMMENDATION:**

Consider appointing Grant Leonard as the alternate Advisory Committee member for the Castroville Community Service District.

**BACKGROUND:**

On November 19, 2020, the Advisory Committee voted to recommend appointment of Grant Leonard as an alternate Committee Member for the Castroville Community Service District.

The Advisory Committee Bylaws state in pertinent part, “The Advisory Committee will manage its membership and composition, and the Agency Board of Directors may make appointments from time-to-time after receiving Advisory Committee recommendations and corresponding applications from interested parties to serve on the Committee. Organizations that hold seats on the Advisory Committee select their representatives (primary and alternate), which the Advisory Committee recommends to the Board for appointment. When an organization’s representative is no longer able to serve, the organization will recommend a new representative to the Advisory Committee. If the organization withdraws from the Advisory Committee, the Advisory Committee will identify another organization and corresponding representative to fill that interest-based seat and recommend the organization to the Board for appointment. If a stakeholder seat, not affiliated with an organization becomes vacant, the Advisory Committee will solicit applications for the seat and then make a recommendation for the stakeholder’s replacement to the Board.”

**DISCUSSION:**

The initial membership of the Advisory Committee was established on March 9, 2017 to include the members of the former Collaborative Working Group. The Bylaws were amended in February 2019 to allow each organization to appoint two alternate members. The Bylaws call for the Advisory Committee to recommend new applicants to the Board of Directors. Appointees that have been approved by the Board may serve as either the primary or alternate for their organization by notifying the General Manager of any exchange in position, without further consideration by the Advisory Committee or the Board.

**SUBMITTED BY:**

General Manager SVBGSA

**ATTACHMENTS**

Application



**Salinas Valley Basin Groundwater Sustainability Agency**  
**COMMITTEE APPLICATION FORM**

**FULL NAME:**

**DATE:**

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**MAILING ADDRESS:**

**CONTACT PHONE NO:**

**Current Occupation (within the last twelve months):**

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**Current License (Professional or Occupational, date of issue/or expiration, including status:**

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**Education and Experience (a resume may be attached):**

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**Other Boards/Commissions/Committees on which you have served:**

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**Name and occupation of spouse within the last 12 months, if married, for Conflict of Interest purposes:**

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**References (list names and contact phone numbers of at least two references)**

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**Please explain your reasons for wishing to serve and how you feel you may contribute:**

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## BOARD OF DIRECTORS STAFF REPORT

**MEETING DATE:** December 12, 2020

**AGENDA ITEM:** 5.a

**SUBJECT:** Receive Audited Financial Statements for fiscal year ended June 30, 2020

**RECOMMENDATION:**

Staff recommends approval of the Audited Financial Statements

**BACKGROUND:**

Government Code Section 6505 requires an annual audit of the accounts and records of the Agency by a certified public accountant. On May 10, 2018 the Board selected Badawi & Associates, CPAs to audit the Agency's books at a cost of \$5,000, since they already audit the records of Regional Government Services (RGS), which provides administrative services to the Agency.

**DISCUSSION:**

Attached is the final report of the Agency's financial statements for fiscal year 2019-20, the third fiscal year for the Agency.

Below are some comments regarding the audit, highlighting the main points of the audit.

Auditor's Opinion

The auditors, Badawi & Associates, state on page 1 of the Auditor's Annual Financial Report ("Report") under Opinions, that the financial statements in the Report "present fairly, in all material respects" the City's financial position and results of operations for the fiscal year ended June 30, 2019. This is considered a clean opinion, no qualifications.

Statement of Net Position page 10, and Balance Sheet page 15

The Statement of Net Position shows a total Net Position of \$1,091,259. The Balance Sheet shows a fund balance of \$882,016. The difference is the \$209,243 in Unavailable grant revenue, which is not counted in the fund balance but is counted in the Net Position. The \$209,243 is considered unavailable because it was not received within 60 days of year-end.

In a typical governmental agency, these two financial statements have very different balances because the Statement of Net Position includes capital assets and long-term liabilities, like a business, whereas the Balance Sheet does not. Since the Agency has no capital assets or

long-term liabilities the numbers are similar except for the Unavailable revenues. This is due in part to the fact that the Agency has no employees with long-term retirement costs and no assets since RGS provides all assets needed to manage the Agency.

Statement of Activities page 12 and Statement of Revenues, Expenditures and Changes in Fund Balance page 17

In a typical governmental agency, these two financial statements show a different Net Change for the year because the Statement of Activities includes depreciation and capitalizes capital asset purchases, which the Statement of Revenues, Expenditures and Changes in Fund Balance does not. In the case of the Agency, except for Unavailable grant revenue, the numbers are the same because the Agency has no capital assets to depreciate.

The positive Change in Net Position of \$186,314 is the result of the Agency's operations including full accrual of all grant revenue and expenses as of year-end. The Statement of Revenues, Expenditures and Changes in Fund Balance show a Net change in fund balance of \$307,732. The difference of \$121,418 is the difference in Unavailable revenues from the previous year.

Budgetary Comparison Schedule page 31, show a change in fund balance of \$307,732

This schedule compares the original and final budget to the actual results for the year on the same basis (modified accrual) as the budget is prepared. It shows that revenues were \$114,117 higher than estimated and that expenses were \$40,271 less than budgeted.

**FISCAL IMPACT:**

None.

**ATTACHMENT(S):**

Financial Statements and Independent Auditor's Reports for the years ended June 30, 2020 and 2019

**PREPARED BY:**

Roberto Moreno, RGS Senior Advisor

# Salinas Valley Basin Groundwater Sustainability Agency

*Financial Statements and Independent  
Auditors' Reports*

*For the years ended June 30, 2020 and 2019*





Salinas Valley Basin Groundwater Sustainability Agency  
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For the years ended June 30, 2020 and 2019

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## INDEPENDENT AUDITOR'S REPORT

To the Board of Directors  
Of the Salinas Valley Basin Groundwater Sustainability Agency  
Carmel Valley, California

We have audited the accompanying financial statements of the governmental activities and each major fund of the Salinas Valley Basin Groundwater Sustainability Agency (Agency) as of and for the years ended June 30, 2020 and 2019, and the related notes to the financial statements, as listed in the table of contents.

### **Management's Responsibility for the Financial Statements**

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

### **Auditor's Responsibility**

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

### **Opinions**

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of the Agency, as of June 30, 2020 and 2019, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

To the Board of Directors  
of the Salinas Valley Basin Groundwater Sustainability Agency  
Carmel Valley, California  
Page 2

**Other Matters**

*Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information on pages 3-7 and 30-32 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.



Badawi & Associates, CPAs  
Berkeley, California  
November 12, 2020

**SALINAS VALLEY BASIN GROUNDWATER SUSTAINABILITY AGENCY  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
JUNE 30, 2020 AND 2019**

The Salinas Valley Basin Groundwater Sustainability Agency (Agency) is a Joint Powers Authority (JPA) established in 2017 under California's Sustainable Groundwater Management Act. The Agency was formed for the purpose of achieving groundwater sustainability in the Salinas Valley Groundwater Basin. The Agency is tasked with developing a comprehensive groundwater sustainability plan by 2020 and implementing the plan to achieve basin sustainability by 2040. This is the third year of financial operations.

The effort to comply with the Groundwater Management Act began in 2015 with a stakeholder assessment. The Joint Powers agreement went into effect on December 26, 2016, and the inaugural meeting of the initial Board of Directors was March 9, 2017. On August 10, 2017, the Agency Board approved a contract with Regional Government Services (RGS) for management services. The Permanent Board of Directors was sworn in on October 12, 2017. The JPA was formed by the County of Monterey, Water Resources Agency of the County of Monterey, City of Salinas, City of Gonzales, City of Soledad, City of King, Castroville Community Services District, and Monterey Regional Water Pollution Control Agency. It is governed by 11 Directors as follows: 1 from City of Salinas, 1 from South County Cities, 1 Other GSA Eligible Entity, 1 CPUC Regulated Water Co., 4 from Agriculture, 1 from Environment, 1 member of the public, and 1 member representing disadvantaged, small water systems.

All agency administration is outsourced to RGS which provides all staff and systems necessary for the operation of the Agency.

This section of the annual financial report presents our discussion and analysis of Agency's financial performance during the period from July 1, 2019 to June 30, 2020 and July 1, 2018 to June 30, 2019 for comparison. Please read it in conjunction with Agency's financial statements, which follow this section.

**FINANCIAL HIGHLIGHTS**

2020

- Revenues for the year were \$2,153,605 of which \$1,322,056 was from charges for services, \$805,434 was received from California Department of Water Resources Prop 1 grant funds. The remaining revenue was investment income.
- Total expenses of \$1,845,873 are up from \$1,546,928 in fiscal year 2019, although finished the year under budget by \$40,271.
- The agency finished the year with a fund balance of \$882,016 an increase of \$307,732 from fiscal year 2019. The net position ended at \$1,091,259, the difference of \$209,243 between net position and fund balance is due to \$209,243 in grant funds receivable which do not count toward fund balance because the monies have not yet been received.

**SALINAS VALLEY BASIN GROUNDWATER SUSTAINABILITY AGENCY  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
JUNE 30, 2020 AND 2019**

2019

- Revenues for the year were \$1,658,961 of which \$1,145,000 was from the JPA member agencies representing 100% of their commitments. The Agency received \$485,113 in California Department of Water Resources Prop 1 grant funds. The remaining revenue was investment income.
- Total expenses of \$1,546,928 are up from \$683,959 in fiscal year 2018. The increase in expenses reflect a full year and acceleration of the work on the groundwater sustainability plan. Expenses compare favorably to the final budget of \$2,663,500. The groundwater sustainability plan expenditure had the largest savings because the work is still ongoing.
- The Agency ended the year with a fund balance of \$574,284, an increase of \$112,033 over the previous year. The Agency's net position ended at \$904,945. The difference of \$330,661 between net position and fund balance is due to \$330,661 in grant funds receivable which do not count toward fund balance because the monies were not received until mid-November which was too late to be counted.

**OVERVIEW OF THE FINANCIAL STATEMENTS**

This report consists of three parts – *management's discussion and analysis* (this section), the *financial statements*, and *required supplementary information*.

The financial statements are prepared in conformity with generally accepted accounting principles and necessarily include amounts based upon reliable estimates and judgments. The Statement of Net Position and Statement of Activities are included along with Notes to the Financial Statements to clarify unique accounting policies and financial information.

The Statement of Net Position includes all of the agency's assets and liabilities. All of the current year's revenues and expenses are accounted for in the Statement of Activities.

Agency reports its activities as a governmental fund. A governmental fund uses the modified accrual accounting for its activities. The changes in net position presented on the Statement of Activities are on an accrual basis. For the current year, there was a \$209,243 difference between the Agency's General Fund and the Statement of Net Position and Statement of Activities due to a grant revenue accrual. Following is the Agency's **Condensed Statement of Net Position**.

**SALINAS VALLEY BASIN GROUNDWATER SUSTAINABILITY AGENCY  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
JUNE 30, 2020 AND 2019**

	2018	2019	2020	Change	Percent Change
<b>Current Assets</b>					
Cash and Investments	736,367	706,459	1,037,266	330,807	47%
Accounts receivable	-	330,661	235,135	(95,526)	-29%
Prepaid expenses	3,185	1,101	899	(202)	-18%
<b>Total Assets</b>	<b>739,552</b>	<b>1,038,221</b>	<b>1,273,300</b>	<b>298,669</b>	<b>29%</b>
<b>Current Liabilities</b>					
Accounts Payable	277,301	133,276	182,041	48,765	37%
<b>Total Liabilities</b>	<b>277,301</b>	<b>133,276</b>	<b>182,041</b>	<b>48,765</b>	<b>37%</b>
<b>Net Position</b>					
Unrestricted	462,251	904,945	1,091,259	186,314	21%

The cash and investments balance reflect funds on deposit at the agency's bank and invested at CalTrust. The accounts receivable reflects grants funding requests submitted to the Department of Water Resources which are awaiting reimbursement.

The only liabilities the agency has are routine monthly vendor invoices. Bills are paid twice per month and the balance showing represents invoices incurred during the fiscal year but not paid until the following month. Agency has no long-term debt.

Agency's unrestricted net position are available to fund ongoing future expenses.

Following is a Condensed Statement of Activities and Changes in Net Position for the fiscal years ended 2020, 2019, and 2018,



**SALINAS VALLEY BASIN GROUNDWATER SUSTAINABILITY AGENCY  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
JUNE 30, 2020 AND 2019**

	<b>2018</b>	<b>2019</b>	<b>2020</b>	<b>Change</b>	<b>Percent Change</b>
<b>Operating Revenues:</b>					
Member contributions	1,145,000	1,145,000	-	-1,145,000	-100%
Charges for services	-	-	1,322,056	1,322,056	100%
Grants	-	815,774	684,016	131,758	16%
Investment income	1,210	28,848	26,115	-2,733	-9%
Total Revenue	1,146,210	1,989,622	2,032,187	42,565	2%
<b>Operating Expenses:</b>					
Administrative Services	266,068	391,277	556,506	125,209	42%
Groundwater Sustainability Plan	288,654	1,004,132	1,065,960	715,478	6%
Other expenditures	129,237	151,519	223,407	22,282	47%
Total Operating Expenses	683,959	1,546,928	1,845,873	298,945	19%
Change in Net Position	462,251	442,694	186,314	256,380	-58%
Beginning Net Position	-	462,251	904,945	442,694	96%
Ending Net Position	462,251	904,945	1,091,259	307,732	21%

The JPA successfully instituted a fee assessment on landowners in region subject to the Groundwater Sustainability Plan, which accounts for the \$1,322,056 in charges for services. The JPA continues to receive DWR Prop 1 grant revenue totaling \$805,434. Excess cash is invested the earnings from which are reflected in the \$26,115 of investment income. .

**Expenses**

The agency's operating expenses fall into three major categories: Administrative Services costs from RGS; Groundwater Sustainability plan vendor costs; and other expenses such as legal, grant writing, and other routine JPA operating expenses.

**SALINAS VALLEY BASIN GROUNDWATER SUSTAINABILITY AGENCY  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
JUNE 30, 2020 AND 2019**

2020 – Expenses continued to grow as the fee assessment was developed, significant resources were committed to the groundwater sustainability plan, and some staffing growth occurred to manage the activities and pursue additional grant funding.

2019 - The increased expenditures versus 2018 was due to a full year of work on development of the groundwater sustainability plan. The biggest increase is for the consultant working on the plan.

**ECONONIMC FACTORS AND NEXT YEAR'S BUDGET**

The first two years of the agency's operations were funded by member agency contributions. Beginning in FY 2019-20 and beyond the agency will be funded by a Groundwater Sustainability Agency (GSA) fees. On February 14, 2019 the Board of Directors approved the new GSA Fee, the majority of which was collected on the tax roll. Additional grant opportunities have been identified, and in May 2020 the JPA was awarded a \$3,053,000 grant under DWR Prop 68.

The GSA fee will be received in two parts – one in late December and one in late April, which coincide with property tax collections. Fortunately, the Agency has enough funds on hand to continue operations until the December GSA Fee collections.

**FINANCIAL CONTACT**

Questions concerning the information provided in this discussion and analysis and the Agency's financial statements should be addressed to:

Salinas Valley Basin Groundwater Sustainability Agency Richard H. Averett, Treasurer  
PO Box 1350  
Carmel Valley, CA 93924  
831-308-1508

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## **BASIC FINANCIAL STATEMENTS**

**GOVERNMENT-WIDE FINANCIAL STATEMENTS**

# Salinas Valley Basin Groundwater Sustainability Agency

## Statement of Net Position

June 30, 2020 and 2019

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	Governmental Activities 2020	Governmental Activities 2019
<b>ASSETS</b>		
Cash and investments	\$ 1,037,266	\$ 706,459
Accounts receivable	235,135	330,661
Prepaid items	899	1,101
<b>Total assets</b>	<b>1,273,300</b>	<b>1,038,221</b>
<b>LIABILITIES</b>		
Accounts payable	182,041	133,276
<b>Total liabilities</b>	<b>182,041</b>	<b>133,276</b>
<b>NET POSITION</b>		
Unrestricted	1,091,259	904,945
<b>Total net position</b>	<b>\$ 1,091,259</b>	<b>\$ 904,945</b>

See accompanying Notes to Basic Financial Statements.

# Salinas Valley Basin Groundwater Sustainability Agency

## Statement of Activities

For the year ended June 30, 2020

Functions/Programs	Expenses	Program Revenues			Total	Net (Expense) Revenue and Changes in Net Position
		Charges for Services	Operating Grants and Contributions	Governmental Activities		
<b>Governmental activities:</b>						
Groundwater sustainability	\$ 1,845,873	\$ 1,322,056	\$ 684,016	\$ 2,006,072	\$ 160,199	
<b>Total primary government</b>	<b>\$ 1,845,873</b>	<b>\$ 1,322,056</b>	<b>\$ 684,016</b>	<b>\$ 2,006,072</b>	<b>160,199</b>	

**General revenues:**

Investment income	26,115
<b>Total general revenues</b>	<b>26,115</b>
<b>Change in net position</b>	<b>186,314</b>
<b>Net position - beginning of year</b>	<b>904,945</b>
<b>Net position - end of year</b>	<b>\$ 1,091,259</b>

See accompanying Notes to Basic Financial Statements.

# Salinas Valley Basin Groundwater Sustainability Agency

## Statement of Activities

For the year ended June 30, 2019

Functions/Programs	Expenses	Program Revenues		Total	Net (Expense)
		Charges for Services	Operating Grants and Contributions		Revenue and Changes in Net Position
					Governmental Activities
<b>Governmental activities:</b>					
Groundwater sustainability	\$ 1,546,928	\$ -	\$ 1,960,774	\$ 1,960,774	\$ 413,846
<b>Total primary government</b>	<b>\$ 1,546,928</b>	<b>\$ -</b>	<b>\$ 1,960,774</b>	<b>\$ 1,960,774</b>	<b>413,846</b>

**General revenues:**

Investment income	28,848
<b>Total general revenues</b>	<b>28,848</b>
<b>Change in net position</b>	<b>442,694</b>
<b>Net position - beginning of year</b>	<b>462,251</b>
<b>Net position - end of year</b>	<b>\$ 904,945</b>

See accompanying Notes to Basic Financial Statements.



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**FUND FINANCIAL STATEMENTS**

**Salinas Valley Basin Groundwater Sustainability Agency**  
**Balance Sheet**  
**General Fund**  
**June 30, 2020 and 2019**

	<u>2020</u>	<u>2019</u>
<b>ASSETS</b>		
Cash and investments	\$ 1,037,266	\$ 706,459
Accounts receivable	235,135	330,661
Prepaid items	899	1,101
<b>Total assets</b>	<u>\$ 1,273,300</u>	<u>\$ 1,038,221</u>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES</b>		
<b>Liabilities:</b>		
Accounts payable and accrued liabilities	\$ 182,041	\$ 133,276
<b>Total liabilities</b>	<u>182,041</u>	<u>133,276</u>
<b>Deferred Inflows of Resources:</b>		
Unavailable grant revenue	<u>209,243</u>	<u>330,661</u>
<b>Fund Balances:</b>		
Unassigned	<u>882,016</u>	<u>574,284</u>
<b>Total fund balances</b>	<u>882,016</u>	<u>574,284</u>
<b>Total liabilities, deferred inflows of resources, and fund balances</b>	<u>\$ 1,273,300</u>	<u>\$ 1,038,221</u>

See accompanying Notes to Basic Financial Statements.

**Salinas Valley Basin Groundwater Sustainability Agency**  
**Reconciliation of the Balance Sheet of the General Fund**  
**to the Statement of Net Position**  
**June 30, 2020 and 2019**

	2020	2019
<b>Total Fund Balances for the General Fund</b>	<b>\$ 882,016</b>	<b>\$ 574,284</b>
Amounts reported for governmental activities in the Statement of Net Position were different because:		
Revenues not available to pay for current obligations are deferred and recognized when available on the governmental fund financial statements.	209,243	330,661
<b>Net Position of Governmental Activities</b>	<b>\$ 1,091,259</b>	<b>\$ 904,945</b>

See accompanying Notes to Basic Financial Statements.

**Salinas Valley Basin Groundwater Sustainability Agency**  
**Statement of Revenues, Expenditures and Changes in Fund Balance**  
**General Fund**  
**For the years ended June 30, 2020 and 2019**

	2020	2019
<b>REVENUES:</b>		
Member contributions	\$ -	\$ 1,145,000
Charges for services	1,322,056	-
Grants	805,434	485,113
Investment income	26,115	28,848
<b>Total revenues</b>	<b>2,153,605</b>	<b>1,658,961</b>
<b>EXPENDITURES:</b>		
Current - Groundwater sustainability:		
Administrative services	556,506	391,277
Groundwater sustainability plan	1,065,960	1,004,132
Other expenditures	223,407	151,519
<b>Total expenditures</b>	<b>1,845,873</b>	<b>1,546,928</b>
<b>Net change in fund balances</b>	<b>307,732</b>	<b>112,033</b>
<b>FUND BALANCES:</b>		
Beginning of year	574,284	462,251
End of year	<b>\$ 882,016</b>	<b>\$ 574,284</b>

See accompanying Notes to Basic Financial Statements.

**Salinas Valley Basin Groundwater Sustainability Agency**  
**Reconciliation of the Statement of Revenues, Expenditures and Changes in**  
**Fund Balance of the General Fund to the Statement of Activities**  
**For the years ended June 30, 2020 and 2019**

	<u>2020</u>	<u>2019</u>
<b>Net Changes in Fund Balances - General Fund</b>	\$ 307,732	\$ 112,033
<p>Amounts reported for governmental activities in the Statement of Activities are different because:</p>		
<p>Revenues not available to pay for current obligations are deferred and recognized when available on the governmental fund financial statements.</p>	<u>(121,418)</u>	<u>330,661</u>
<b>Change in Net Position of Governmental Activities</b>	<u>\$ 186,314</u>	<u>\$ 442,694</u>

See accompanying Notes to Basic Financial Statements.

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## **NOTES TO BASIC FINANCIAL STATEMENTS**



**Salinas Valley Basin Groundwater Sustainability Agency**  
**Notes to Basic Financial Statements**  
**For the years ended June 30, 2020 and 2019**

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**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The Salinas Valley Basin Groundwater Sustainability Agency is a Local Agency tasked with the developing a comprehensive groundwater sustainability plan by 2020 and implementing the plan to achieve basin sustainability by 2040. The Agency Board is governed by an eleven-member Board of Directors. The Board meets monthly to implement the Sustainable Groundwater Management Act in the Salinas Valley Groundwater Basin. The following is a summary of the significant accounting policies of the Salinas Valley Basin Groundwater Sustainability Agency (the Agency) in conformity with accounting principles generally accepted in the United States of America.

**A. *Relationship to the Regional Government Services Authority***

The Regional Government Services Authority provides administrative and accounting services for the Agency and acts in a fiduciary capacity for the Agency. The Agency's activities are accounted for in its own set of financial statements.

**B. *Basis of Accounting and Measurement Focus***

The basic financial statements of the Agency are composed of the following:

- Government-wide financial statements
- Fund financial statements
- Notes to basic financial statements

**Government - wide Financial Statements**

Government-wide financial statements display information about the reporting government as a whole, except for its fiduciary activities. The Agency has no fiduciary activities. Government-wide financial statements are presented using the economic resources measurement focus and accrual basis of accounting. Under the economic resources measurement focus, all (both current and long-term) economic resources and obligations of the reporting government are reported in the government-wide financial statements. Basis of accounting refers to when revenues and expenditures are recognized in the accounts and reported in the financial statements. Under the accrual basis of accounting, revenues, expenses, gains, losses, assets and liabilities resulting from exchange and exchange-like transactions are recognized when the exchange takes place. Revenues, expenses, gains, losses, assets and liabilities resulting from nonexchange transactions are recognized in accordance with requirements of GASB Statement No. 33.

**Salinas Valley Basin Groundwater Sustainability Agency**  
**Notes to Basic Financial Statements, Continued**  
**For the years ended June 30, 2020 and 2019**

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**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued**

***B. Basis of Accounting and Measurement Focus, Continued***

**Government - wide Financial Statements, Continued**

Amounts paid to acquire capital assets are capitalized as assets in the government-wide financial statements, rather than reported as an expenditure. Proceeds of long-term liabilities are recorded as a liability in the government-wide financial statements, rather than as another financial source. Amounts paid to reduce long-term indebtedness of the reporting government are reported as a reduction of the related liability, rather than as an expenditure.

**Fund Financial Statements**

Fund financial statements for the Agency's governmental fund are presented after the government-wide financial statements. These statements display information about the Agency's major fund.

In the fund financial statements, governmental funds are presented using the modified-accrual basis of accounting. Revenues are recognized when they become measurable and available as net current assets. Measurable means that the amounts can be estimated or otherwise determined. Available means that the amounts were collected during the reporting period or soon enough thereafter to be available to finance the expenditures accrued for the reporting period. The Agency uses an availability period of 60 days.

Revenue recognition is subject to the measurable and availability criteria for the governmental funds in the fund financial statements. Member contributions and investment income associated with the current period are considered to be susceptible to accrual. Exchange transactions are recognized as revenues in the period in which they are earned (i.e., the related goods or services are provided). Locally imposed derived tax revenues are recognized as revenues in the period in which the underlying exchange transaction upon which they are based takes place. Imposed nonexchange transactions are recognized as revenues in the period for which they were imposed. If the period of use is not specified, they are recognized as revenues when an enforceable legal claim to the revenues arises or when they are received, whichever occurs first. Government-mandated and voluntary nonexchange transactions are recognized as revenues when all applicable eligibility requirements have been met.

Unavailable revenues arise when potential revenues do not meet both the "measurable" and "available" criteria for recognition in the current period. Unavailable revenues also arise when the government receives resources before it has a legal claim to them, as when grant monies are received prior to incurring qualifying expenditures. In subsequent periods when both revenue recognition criteria are met or when the government has a legal claim to the resources, the unavailable revenue is removed from the combined balance sheet and revenue is recognized.

In the fund financial statements, governmental funds are presented using the current financial resources measurement focus. This means that only current assets and current liabilities are generally included on their balance sheets. The reported fund balance (net current assets) is considered to be a measure of "available spendable resources." Governmental fund operating statements present increases (revenues and other financing sources) and decreases (expenditures and other financing uses) in net current assets. Accordingly, they are said to present a summary of sources and uses of "available spendable resources" during a period.

**Salinas Valley Basin Groundwater Sustainability Agency**  
**Notes to Basic Financial Statements, Continued**  
**For the years ended June 30, 2020 and 2019**

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**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued**

**B. Basis of Accounting and Measurement Focus, Continued**

**Fund Financial Statements, Continued**

Recognition of governmental fund type revenue represented by noncurrent receivables is deferred until they become current receivables. Noncurrent portions of long-term receivables are offset by nonspendable fund balance.

Due to the nature of their spending measurement focus, expenditure recognition for governmental fund types exclude amounts represented by noncurrent liabilities. Since they do not affect current assets, such long-term amounts are not recognized as government fund type expenditures or fund liabilities.

Amounts expended to acquire capital assets are recorded as expenditures in the year that resources were expended, rather than as fund assets. The proceeds of long-term liabilities are recorded as other financing sources rather than as a fund liability. Amounts paid to reduce long-term indebtedness are reported as fund expenditures.

When both restricted and unrestricted resources are combined in a fund, expenses are considered to be paid first from restricted resources, and then from unrestricted resources.

**C. Activities in Major Fund**

The following fund is presented as a major fund in the accompanying basic financial statements:

*General Fund* – all revenues have been accounted for in this fund. Expenditures of this fund include general operating expenses.

**D. Net Position**

**Government-Wide Financial Statements**

In the Government-Wide Financial Statements, net position are classified in the following categories:

*Net Investment in Capital Assets* – This amount consists of capital assets net of accumulated depreciation and reduced by outstanding debt that attributed to the acquisition, construction, or improvement of the assets. The Agency did not have any amount reported in this category as of June 30, 2020 and 2019, respectively.

*Restricted* – This amount is restricted by external creditors, grantors, contributors, or laws or regulations of governments. The Agency did not have any amount reported in this category as of June 30, 2020 and 2019.

*Unrestricted* – This amount is all net position that do not meet the definition of “net investment in capital assets” or “restricted net position” as defined above.

When an expense is incurred for purposes for which both restricted and unrestricted net position are available, the Agency’s policy is to apply restricted net position first.

**Salinas Valley Basin Groundwater Sustainability Agency**  
**Notes to Basic Financial Statements, Continued**  
**For the years ended June 30, 2020 and 2019**

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**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued**

*E. Fund Balances*

**Fund Financial Statements**

In February 2009, the Governmental Accounting Standards Board (GASB) issued Statement 54, Fund Balance Reporting and Governmental Fund Type Definitions (GASB 54). The new classification of fund balances is as follows:

**Nonspendable Fund Balances**

These include amounts that cannot be spent because they are either (a) not in spendable form or (b) legally or contractually required to be maintained intact, e.g., the principal of an endowment fund. Examples of "not in spendable form" include inventory, prepaid amounts, long-term notes and loans, property held for resale and other items not expected to be converted to cash. However, if the proceeds from the eventual sale or liquidation of the items would be considered restricted, committed or assigned (as defined further on) then these amounts would be included in the restricted, committed or assigned instead of the nonspendable classification. A debt service reserve fund held by a trustee is an example of fund balance in nonspendable form that is classified as restricted instead of nonspendable since the reserve is eventually liquidated to make the final debt service principal payment.

**Restricted Fund Balances**

Restricted fund balances have externally enforceable limitations on use. The limitations on use can be imposed by creditors, grantors, or contributors as well as by constitutional provisions, enabling legislation, laws and government regulations.

**Committed Fund Balances**

Amounts that can only be used for specific purposes pursuant to constraints imposed by formal action (Resolution) of the Board are classified as committed fund balances.

**Assigned Fund Balances**

Fund balance amounts for which the Board has expressed intent for use but not taken formal action to commit are reported as assigned under GASB 54.

**Unassigned Fund Balance**

These are either residual positive net resources of the General Fund in excess of what can properly be classified in one of the other four categories, or negative balances.

**Salinas Valley Basin Groundwater Sustainability Agency**  
**Notes to Basic Financial Statements, Continued**  
**For the years ended June 30, 2020 and 2019**

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**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued**

*G. New Pronouncements*

In 2020, the Agency adopted new accounting standards in order to conform to the following Governmental Accounting Standards Board Statements:

- GASB Statement No. 95 – *Postponement of the Effective Dates of Certain Authoritative Guidance* – The primary objective of this Statement is to provide temporary relief to governments and other stakeholders in light of the COVID-19 pandemic. That objective is accomplished by postponing the effective dates of certain provisions in Statements and Implementation Guides that first became effective or are scheduled to become effective for periods beginning after June 15, 2018, and later. The Agency has elected to implement the provisions of all GASB Statements based on the new effective dates.

**2. CASH AND INVESTMENTS**

Cash and investments as of June 30, 2020 and 2019 are reported as follows:

	2020	2019
Cash on hand and in the banks	\$ 3,605	\$ 3,087
Money Market Account	101,832	94,800
CalTrust Funds	931,829	608,572
Total Cash and Investments	\$ 1,037,266	\$ 706,459
General Fund	\$ 1,037,266	\$ 706,459
Total Cash and Investments	\$ 1,037,266	\$ 706,459

*A. Cash in Bank*

The carrying amount of the Agency’s cash is covered by federal depository insurance up to \$250,000. Should deposits exceed the insured limits, the balance is covered by collateral held by the bank in accordance with California law requiring the depository bank to hold collateral equal to 110% of the excess government funds on deposit. California law also allows institutions to secure Agency deposits by pledging first trust deed mortgage notes having a value of 150% of the Agency’s total cash deposits.

**Salinas Valley Basin Groundwater Sustainability Agency**  
**Notes to Basic Financial Statements, Continued**  
**For the years ended June 30, 2020 and 2019**

**2. CASH AND INVESTMENTS, Continued**

**B. CalTRUST Investment Pool**

The Agency is a voluntary participant in the Investment Trust of California (CalTRUST), a public joint powers agency formed to pool and invest the funds of public agencies. CalTRUST invests in fixed-income securities eligible for investment pursuant to California Government Code Sections 53601 and 53635. Investment guidelines adopted by the board of Trustees may further restrict the types of investments that are held by the Trust. Leveraging within the Trust's portfolios is prohibited. The fair value of the Agency's investment in this pool is reported in the accompanying financial statements at amounts based upon the Agency's pro-rata share of the fair value provided by CalTRUST for the entire CalTRUST portfolio.

**C. Fair Value Measurements**

Investments, including derivative instruments that are not hedging derivatives, are measured at fair value on a recurring basis. Recurring fair value measurements are those that Governmental Accounting Standards Board (GASB) Statements require or permit in the statement of net position at the end of each reporting period. Fair value measurements are categorized based on the valuation inputs used to measure an asset's fair value: Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs. None of the Agency's investments were subject to levelling disclosure. The Agency's investments were not subject to levelling disclosure.

**D. Risk Disclosures**

Interest Rate Risk

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. One of the ways that the Agency manages its exposure to interest rate risk is by purchasing a combination of shorter term and longer term investments and by timing cash flows from maturities so that a portion of the portfolio is maturing or coming close to maturity evenly over time as necessary to provide the cash flows and liquidity needed for operations.

Investment Type	Fair Value	Investment Maturities (in years)				
		1 year or Less	2 years	3 years	4 years	5 years or More
Money Market Account	\$ 101,832	\$ 101,832	\$ -	\$ -	\$ -	\$ -
CalTrust Funds	931,829	931,829	-	-	-	-
<b>Total</b>	<b>\$1,033,661</b>	<b>\$1,033,661</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>

**Salinas Valley Basin Groundwater Sustainability Agency**  
**Notes to Basic Financial Statements, Continued**  
**For the years ended June 30, 2020 and 2019**

**2. CASH AND INVESTMENTS, Continued**

*D. Risk Disclosures, Continued*

Interest Rate Risk, Continued

<u>2019</u>	<u>Investment Type</u>	<u>Fair Value</u>	<u>Investment Maturities (in years)</u>				
			<u>1 year or Less</u>	<u>2 years</u>	<u>3 years</u>	<u>4 years</u>	<u>5 years or More</u>
	Money Market Account	\$ 94,800	\$ 94,800	\$ -	\$ -	\$ -	\$ -
	CalTrust Funds	608,572	608,572	-	-	-	-
	<b>Total</b>	<b>\$ 703,372</b>	<b>\$ 703,372</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>

Credit Risk

Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. Presented below is the minimum rating required by (where applicable) the California Government Code, the Agency's investment policy, or debt agreements, and the actual rating as of fiscal year end for each investment type.

Concentration of Credit Risk

The Agency's investment policy contains certain limitations on the amount that can be invested in any one issuer. There were no investments other than the State Investment Pool in any issuer that represents 5% or more of the Agency's total investments as of June 30, 2020 and 2019.

Custodial Credit Risk

The custodial credit risk for an investment is the risk that in the event of the failure of the counterparty, the Agency will not be able to recover the value of its investments or collateral securities that are in possession of an outside party. None of the Agency's investments were subject to custodial credit risk.

**3. COVID-19 PANDEMIC**

During December 2019, the Novel corona Virus Disease (COVID-19) was discovered. The COVID-19 was subsequently declared a world-wide pandemic by the World Health Organization on March 11, 2020. On March 4, 2020, California State Governor Gavin Newsom proclaimed a State of Emergency as a result of the threat of the COVID-19 in the State of California which led to a mandated shelter in place order. Although there has been no direct financial impact on the Agency so far, management are continuing to monitor the financial effect it may potentially have on the coming years.

**REQUIRED SUPPLEMENTARY INFORMATION**



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**Salinas Valley Basin Groundwater Sustainability Agency**  
**Notes to Required Supplementary Information, Budget Comparison Schedule**  
**For the year ended June 30, 2020 and 2019**

**1. BUDGETS AND BUDGETARY ACCOUNTING**

The Agency adopted an annual budget prepared on the modified accrual basis for the General Fund, which is consistent with accounting principles generally accepted in the United States of America.

Budgetary Comparison Schedule, General Fund

2020

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		Positive (Negative)
<b>REVENUES:</b>				
Charges for services - GSA fee	\$ 1,200,000	\$ 1,298,000	\$ 1,322,056	\$ 24,056
Grants	-	732,488	805,434	72,946
Investment income	1,000	9000	26,115	17,115
<b>Total revenues</b>	<b>1,201,000</b>	<b>2,039,488</b>	<b>2,153,605</b>	<b>114,117</b>
<b>EXPENDITURES:</b>				
Current - Groundwater sustainability:				
Administrative services	624,000	659,000	556,506	102,494
Groundwater sustainability plan	141,500	824,644	1,065,960	(241,316)
Other expenditures	425,500	402,500	223,407	179,093
<b>Total expenditures</b>	<b>1,191,000</b>	<b>1,886,144</b>	<b>1,845,873</b>	<b>40,271</b>
<b>REVENUES OVER (UNDER) EXPENDITURES</b>	<b>10,000</b>	<b>153,344</b>	<b>307,732</b>	<b>154,388</b>
<b>Net change in fund balances</b>	<b>\$ 10,000</b>	<b>\$ 153,344</b>	<b>307,732</b>	<b>\$ 154,388</b>
<b>FUND BALANCES:</b>				
Beginning of year			574,284	
End of year			\$ 882,016	

**Salinas Valley Basin Groundwater Sustainability Agency**  
**Notes to Required Supplementary Information, Budget Comparison Schedule**  
**For the year ended June 30, 2020 and 2019**

**1. BUDGETS AND BUDGETARY ACCOUNTING, Continued**

Budgetary Comparison Schedule, General Fund, Continued

2019

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		Positive (Negative)
<b>REVENUES:</b>				
Member contributions	\$ 1,145,000	\$ 1,145,000	\$ 1,145,000	\$ -
Grants	-	1,500,000	485,113	(1,014,887)
Investment income	200	200	28,848	28,648
<b>Total revenues</b>	<b>1,145,200</b>	<b>2,645,200</b>	<b>1,658,961</b>	<b>(986,239)</b>
<b>EXPENDITURES:</b>				
Current - Groundwater sustainability:				
Administrative services	435,300	435,300	391,277	44,023
Groundwater sustainability plan	140,000	1,653,155	1,004,132	649,023
Other expenditures	492,700	575,095	151,519	423,576
<b>Total expenditures</b>	<b>1,068,000</b>	<b>2,663,550</b>	<b>1,546,928</b>	<b>1,116,622</b>
<b>REVENUES OVER (UNDER) EXPENDITURES</b>	<b>77,200</b>	<b>(18,350)</b>	<b>112,033</b>	<b>130,383</b>
<b>Net change in fund balances</b>	<b>\$ 77,200</b>	<b>\$ (18,350)</b>	<b>112,033</b>	<b>\$ 130,383</b>
<b>FUND BALANCES:</b>				
Beginning of year			462,251	
End of year			\$ 574,284	



## BOARD OF DIRECTORS STAFF REPORT

**MEETING DATE:** December 10, 2020

**AGENDA ITEM:** 5b

**SUBJECT:** Consider Hansford Economic Consulting Agreement Extension and Amendment No. 2 for Annual GSA Sustainability Fee Adjustments

**RECOMMENDATION:**

Staff recommends approval of the resolution.

**BACKGROUND:**

Hansford Economic Consulting (HEC) was contracted to develop the GSA Sustainability Fee for FY 2019-20. Staff has been very satisfied with HEC's work. The HEC contract initially expired on April 30, 2019, but was renewed and extended until June 30, 2021 to continue work on development of Sustainably Fees.

**DISCUSSION:**

The GSA Sustainability Fee requires review and update for the 21/22 Fiscal Year. Staff would like to continue using HEC services for this effort and ensure the fee is placed on the tax roll and billed correctly based on the GSA fee study report. The attached Amendment No 2 to the HEC contract provides for the following:

- HEC to assist with the implementation of the FY20/21 fees
- HEC to update the fees for fiscal year 2021-22
- Extends the contract through June 30, 2022.
- Updates fees for services

**FISCAL IMPACT:**

The ongoing fee setting services for FY 2021-22 is estimated at \$44,000. Costs for these services are included in the budget and do not exceed the existing contract amount.

**ATTACHMENT(S):**

Resolution approving Amendment No. 2;  
Amendment No. 2 to HEC Agreement  
Exhibit A Task D Fee Updates for 2021-22

**PREPARED BY:**

Gary Petersen, RGS Senior Advisor

AMENDMENT NO. 2 TO  
AGREEMENT FOR PROFESSIONAL SERVICES

between

THE SALINAS VALLEY BASIN GROUNDWATER SUSTAINABILITY AGENCY

and

HANSFORD ECONOMIC CONSULTING LLC

WHEREAS, the Salinas Valley Basin Groundwater Sustainability Agency (“SVBGSA”) and Hansford Economic Consulting (“CONTRACTOR”) entered into an Agreement for Professional Services (“Agreement”) effective April 1, 2018, wherein HEC agreed to provide certain professional services to the SVBGSA regarding Fee/Tax/Assessment Analysis and Rate Setting; and,

WHEREAS, the Agreement with CONTRACTOR expired on April 31, 2019; and,

WHEREAS, the SVBGSA approved Amendment 1 to the Agreement on June 13, 2019 to renew the Agreement until June 30, 2021 and add Tasks B & C; and,

WHEREAS, CONTRACTOR has completed the tasks set forth in Tasks A, B & C to the Agreement; and,

WHEREAS, the SVBGSA and CONTRACTOR now desire to amend the Agreement such that HEC will continue to provide certain services related to annual fee collection and potential adjustments; NOW, THEREFORE,

For good and valuable consideration, the sufficiency of which is hereby acknowledged, the SVBGSA, and CONTRACTOR agree as follows:

1. The above recitals are true and correct.
2. Section 1 of the Agreement is amended to read:
  1. SERVICES TO BE PROVIDED. The GSA hereby engages CONTRACTOR to perform, and CONTRACTOR hereby agrees to perform, the services described in Exhibits A in conformity with the terms of this Agreement. The services are generally described as follows:

Provide Groundwater Sustainability Plan planning and preparation services; Ongoing Fee Setting Services for Operations through Fiscal Year 2022

The parties agree and acknowledge that CONTRACTOR has successfully completed the tasks set forth in Task A, B & C.

3. Section 3 of the Agreement is amended to read:

3. TERM OF AGREEMENT. The term of this Agreement is from April 12, 2018 to June 30, 2022, unless sooner terminated pursuant to the terms of this Agreement. This Agreement is of no force or effect until signed by both CONTRACTOR and GSA and with GSA signing last, and CONTRACTOR may not commence work before GSA signs this Agreement. Notwithstanding the foregoing, the parties acknowledge that the services provided pursuant to Task A, B & C have been completed.

4. Section 4 of the Agreement is amended to read:

4. ADDITIONAL PROVISIONS/EXHIBITS. The following attached exhibits are incorporated herein by reference and constitute a part of this Agreement:

Exhibit A      Scope of Services and budget for the addition of Tasks D

5. Except as specifically set forth herein, all other terms and conditions of the Agreement remain the same.

6. This Amendment No. 2 may be executed in counterparts and shall be effective on the date last signed by any of the parties.

SALINAS VALLEY BASIN GROUNDWATER SUSTAINABILITY AGENCY

By \_\_\_\_\_

Chair of the Board of Directors

Dated: December \_\_\_\_, 2020

APPROVED AS TO FORM

\_\_\_\_\_

Leslie J. Girard, Agency Counsel

HANSFORD ECONOMIC CONSULTING LLC

By \_\_\_\_\_

December \_\_\_\_, 2020

## Exhibit A

TASK D: Ongoing Fee Setting Services for Operations through Fiscal Year 2022  
Included in the new task are the following:

- Potential refinement of Irrigated Acres definition and database. In addition, potential incorporation of new data that may be available from satellite imagery, DWR ground-truthing, and so forth. This includes assistance from KSN, Inc. for mapping.
- Potential changes in methodology should better data be obtained (for example well and pumping data that might make a fee based on groundwater extraction possible).
- Development of revenue requirement for Fiscal Year 2022 and financial analysis with respect to reimbursement of the original funding Members (mechanism, amount, timing).
- Calculation of fiscal year 2021/22 fees for irrigated acres and connections based on updated operating cost data and updated irrigated acres and connections databases.
- Updates to both the tax roll database and the direct-bill database for the fiscal year 2021/22 fee charges.
- Other tasks related to implementation of fiscal year 2021/22 fees that are not known at this time, including assistance from Pando Public Relations for outreach or virtual committee meetings.
- Up to four trips for committee or Board meetings.

The proposed budget for Task D is detailed in Table 1 below. Note, the budget does not include costs for services provided by a mail house, and other print and mail materials, if any such services are needed. The budget does include time for Pando Public Relations and KSN Inc., to assist with outreach and mapping needs.

Table 1

## Anticipated Cost for Establishing FY 2022 Regulatory Fee

Task	HEC		Pando PR		KSN, Inc.		TOTAL
	Hansford	Support	Rollins	Support	Chang	Support	
<i>Hourly Billing Rate</i>	<i>\$185</i>	<i>\$80</i>	<i>\$130</i>	<i>\$85</i>	<i>\$165</i>	<i>\$115</i>	
Irrigated Acres Refinement	16	2	0	0	10	10	\$5,920
Potential Changes to Methodology	16	2	20	0	10	10	\$8,520
Rev. Requirement & Members Reimbursement	8	2	0	0	0	0	\$1,640
Fee Calculations for FY 20/21	16	2	0	0	0	0	\$3,120
Property Tax & Direct Bill Database Updates	20	2	0	0	0	0	\$3,860
Other Tasks Unknown at this Time	30	2	26	8	10	0	\$11,420
In-Person Meetings	16	16	8	8	0	0	\$5,960
<b>Estimated Staff Time</b>	<b>122</b>	<b>28</b>	<b>54</b>	<b>16</b>	<b>30</b>	<b>20</b>	<b>\$40,440</b>
Direct Expenses [1]							\$3,200
Rounding							\$360
<b>Estimated Total Task D</b>							<b>\$44,000</b>

[1] Includes Parcel Quest subscription for 12 months, and travel for four meetings.





I, Ann Camel, Clerk of the Board of Directors of the Salinas Valley Basin Groundwater Sustainability Agency, State of California, hereby certify that the foregoing is a true copy of an original order of said Board of Directors duly made and entered in the minutes thereof of Minute Book\_\_\_\_\_ for the meeting on \_\_\_\_\_.

Dated:

Harrison Tregenza, Clerk of the Board of Directors of the Salinas  
Valley Basin Groundwater Sustainability Agency,  
County of Monterey, State of California

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## STAFF REPORT

**AGENCY MEETING DATE:** December 10, 2020

**AGENDA ITEM:** 5c

**SUBJECT:** Seawater Intrusion Working Group (SWIG) and Well Moratorium Working Group.

**RECOMMENDATION:** Receive Report and Provide Comments to Staff

**BACKGROUND:**

In 2017 to address a well moratorium proposed by the Monterey County Water Resources Agency (WRA), a Ninety Day Working Group was formed after a Joint Meeting of the Board of Supervisors of Monterey County (County Board), Board of Supervisors of the WRA (WRA Board of Supervisors) and the WRA Board of Directors (WRA Directors) (collectively, Joint Boards). On July 11, 2017, the meeting included a report from WRA staff explaining the 2015 coastal Salinas Valley seawater intrusion contours; and 2015 groundwater elevation contours. The ninety Day Working Group included Monterey County Environmental Health Bureau (EHB) representatives, the Monterey County Water Resources Agency (WRA), agricultural interests, and the SVBGSA.

The Working Group met from January to April 2018, making recommendations to the Board of Supervisors that resulted in the passage of Ordinance 5302, which is summarized as follows:

- Prohibits the construction of new wells in the 180-Foot and 400-Foot Aquifers within a defined Area of Impact, unless exempted by the ordinance;
- Defines the geographic extent of the Area of Impact, where the prohibition on new wells in the 180-Foot and 400-Foot Aquifers applies;
- Prohibits the construction of new wells in the Deep Aquifers of the 180/400 Foot Aquifer and Monterey Subbasins of the Salinas Valley Groundwater Basin, unless exempted by the ordinance;
- Exempts five categories of wells from the prohibitions, including wells operating under the auspices of the Castroville Seawater Intrusion Project (CSIP); domestic wells; monitoring wells owned and maintained by the Agency or other water management agency; municipal water supply wells; and, replacement wells; and,
- Defines the criteria for determining a "replacement well."

Ordinance 5302 was initially operative for 45 days but was extended by Ordinance 5303 and finally expired on May 21, 2020.

Given the success of the three agencies and stakeholders that participated in negotiations on the Ninety Day Working Group, SVBGSA staff determined to expand the concept of a larger

SWIG and included it in Management Actions for Implementation of the approved GSP in the 180/400-foot Aquifer. The plan reads in part:

#### Priority Management Action 6: Seawater Intrusion Working Group

SVBGSA will develop and coordinate a working group to address the issues associated with seawater intrusion. The working group will develop a consensus on the current understanding of seawater intrusion in the Subbasin and adjacent subbasins subject to seawater intrusion, identify data gaps, and develop a broad-based plan for controlling seawater intrusion. The working group will include local agencies, landowners, stakeholders, and technical experts. The working group's initial goal will be to develop a consensus on the science of seawater intrusion in the Salinas Valley Groundwater Basin. The working group's ultimate goal is to develop a comprehensive set of projects and management actions that control seawater intrusion while providing cost-effective water supplies for the region.

Additionally, Charles McKee, CAO, has established a new Working Group to advise him on the issue of well moratoria based on the expiration of Ordinance 5302.

Much discussion has taken place regarding the role of the SWIG in relationship to the Working Group. Both groups have an interest in this important conversation. However, the SWIG has been determined to be the long-term, broad-based vehicle for addressing SWI, while the Working Group is a targeted, narrow-focused short-term project.

#### **UPDATE ON WELL MORATORIUM:**

With Ordinance No. 5302 having expired May 21, 2020, and a further attempt to continue a prohibition on new wells in the 180/400 ft subbasin having failed, a Ninety Day Working Group was formed to take up again the issue of well moratoriums in the area of Seawater Intrusion. The Working Group that is comprised similarly to the 2017 Working Group includes representatives of Monterey County Environmental Health Bureau (EHB), the Monterey County Water Resources Agency (WRA), agricultural interests, and the SVBGSA.

It is important to note that this version of the working group advises Charles McKee, County CAO, on the moratorium issue. The CAO will then determine the appropriate direction to recommend to the Monterey County Board of Supervisors. The Board will make the final decision.

The Working Group has met several times and has focused on many key issues.

To further complicate matters, on August 27, 2020, the California Supreme Court held that Stanislaus County could not categorically classify its issuance of groundwater well construction permits as ministerial decisions exempt from environmental review under the California Environmental Quality Act ("CEQA").

The Supreme Court ruling sent counties across the state into consideration as to whether some level of environmental review is necessary for the issuance of well construction permits. In response, the Monterey County Board of Supervisors enacted an urgency ordinance resulting in a 90- day suspension of the processing of any well permit applications (with limited

exceptions) to ensure that the Supreme Court ruling is understood and necessary changes to the County's well construction permit ordinance are considered.

In response to the Supreme Court decision, County staff has developed a draft ordinance to amend Chapter 15.08 of the Monterey County Code (attached). The purpose of this draft ordinance is to distinguish between ministerial well permits that will be issued by the Health Officer if an applicant meets certain standards, as opposed to well permits that do not meet certain standards that are discretionary and will be subject to CEQA.

The draft ordinance to amend Chapter 15.08 was brought to the Monterey County Board of Supervisors for discussion on December 8, prior to the SVBGSA Board Meeting. A summary of the Supervisors considerations will be presented as part of this report at the GSA board meeting.

One aspect of County Counsel's review of Chapter 15.08 is determining if there are impacts on the Deep Well due course ordinance that could influence the final language. County staff has determined that the Deep Well due course ordinance would be best served by considering it after the Board of Supervisors has had an opportunity to make decisions about the draft ordinance to amend Chapter 15.08 of the Monterey County Code. These considerations are expected to take place after the first of the year.

#### **UPDTE ON SWIG:**

The SWIG represents an advisory network of participants and interests, including representatives of nine (9) different agencies or organizations with governing bodies and boards, which will need to be kept informed and decide resource allocation, actions, and projects. The roster (see attached) also includes several individual stakeholders who represent specific agricultural interests, PUC Regulated Water Companies, DAC interests, and land-use interests. Though many of these agencies, individuals, and organizations have worked together in the past, they share a mixed history of results.

Some of the agencies and organizations expected to participate in the SWIG are:

- Castroville CSA (DAC)
- Monterey One Water
- City of Salinas
- City of Marina
- County of Monterey Environmental Health
- Monterey County Water Resources Agency
- Marina Coast Water District
- Land Watch
- SVBGSA

Six meetings have been held with the SWIG to define roles and responsibilities, working relationships, work scope, and identification of resources to implement the scope. The SWIG has also taken up a review of the Castroville Seawater Intrusion Project (CSIP). The information being shared with the SWIG will be presented to the GSA Board at the December Meeting.

The SWIG meetings are open to the public and are scheduled for the fourth Monday of each month from 9:00 to 11:00. Agendas are published on the GSA website.

The SWIG has also established a Technical Advisory Committee (TAC) led by Derrick Williams of Montgomery and Associates, and includes hydrologists from SWIG agencies and organizations and a limited number of SWIG members. The purpose of the TAC will be to advise and support the SWIG in evaluating projects, programs, and scopes of work to develop the science required to make decisions about SWI.

During the most recent SWIG meeting Mr. Williams gave a presentation identifying key considerations for the development of a scope of work for a deep aquifer study.

Staff expects to keep all members of the AC and Board apprised of SWIG activities through reports and updates during publicly noticed meetings. SWIG Action Minutes and PowerPoint Presentations will be posted on the Agency Website. Additionally, a SWIG member will represent the 180/400-foot Aquifer on the Integrated Sustainability Plan (ISP) Committee.

**FISCAL IMPACT:**

There is no fiscal impact to the Agency associated with this item.

**PREPARED BY:** Gary Petersen, Senior Advisor

**ATTACHEMENTS:** Draft Due Course Ordinance  
Exhibit C & D to Draft Due Course Ordinance  
Draft Ordinance to amend Chapter 15.08

**AN ORDINANCE OF THE COUNTY OF MONTEREY, STATE OF CALIFORNIA,  
PROHIBITING NEW WELLS IN SEAWATER INTRUDED AQUIFERS, WITH  
SPECIFIED EXEMPTIONS INCLUDING AN EXEMPTION FOR REPLACEMENT  
WELLS**

**County Counsel Summary**

*This ordinance prohibits approval of new wells in a defined “Area of Impact” and in the Deep Aquifers of the Salinas Valley Groundwater Basin in the unincorporated area of Monterey County, due to the immediate threat to the public health, safety and welfare posed by new wells in these areas. The Area of Impact is that area where the 180-Foot and 400-Foot Aquifer Subbasin and Monterey Subbasin have already been impacted by seawater intrusion or where seawater intrusion is actively advancing in the Salinas Valley Groundwater Basin, according to Monterey County Water Resources Agency data. The prohibition on drilling new wells in the Deep Aquifers applies in the entirety of the Deep Aquifers. The following types of new wells are exempt from this ordinance: wells operating under the auspices of the Castroville Seawater Intrusion Project (CSIP) that extract water from the 180-Foot or 400-Foot Aquifers; domestic wells; monitoring wells owned and maintained by the Monterey County Water Resources Agency or other water management agencies; municipal water supply wells; replacement wells that meet specified criteria; and certain repairs. The ordinance will take effect thirty (30) days after adoption.*

The Board of Supervisors of the County of Monterey ordains as follows:

**SECTION 1. FINDINGS AND DECLARATIONS**

A. Pursuant to Article XI, section 7 of the California Constitution, the County of Monterey (“County”) may adopt and enforce ordinances and regulations not in conflict with general laws to protect and promote the public health, safety, and welfare of its citizens.

B. On May 22, 2018, the Board of Supervisors (“Board”), pursuant to Government Code section 65858, adopted urgency Ordinance No. 5302, a copy of which is attached hereto as Exhibit A, temporarily prohibiting new wells in seawater intruded areas in the 180/400 Foot Aquifer subbasin of the Salinas Valley Groundwater Basin, with specified exemptions, pending the county’s study and consideration of regulations, but expiring on July 5, 2018, unless extended.

C. On June 26, 2018, also pursuant to Government Code section 65858, the Board adopted Ordinance No. 5303, a copy of which is attached hereto as Exhibit B, which extended Ordinance No. 5302 until May 21, 2020.

D. On May 19, 2020, the Board received a report from the Monterey County Water Resources Agency describing the current conditions in the 180/400 Foot Aquifer subbasin

including the Deep Aquifers, and considered two possible urgency ordinances for wells in the 180/400 Foot Aquifer subbasin including the Deep Aquifers; however, neither ordinance was adopted by the Board.

E. Further on May 19, 2020, the Board authorized and directed the County Administrative Officer (“CAO”) to form a committee to advise the CAO regarding possible recommendations for a new ordinance addressing wells in the 180/400 Foot Aquifer subbasin including the Deep Aquifers

F. Ordinance No. 5302 expired on May 21, 2020, and with its expiration, it is necessary for the County to consider whether continued regulations are necessary or appropriate to address the conditions addressed by that ordinance.

G. The Board finds that the conditions described in the Findings and Declarations of Ordinance No. 5302, which are incorporated herein as though fully set forth, continue to exist, and continue pose an immediate threat to the public peace, health and safety, and that it is therefore necessary to consider continuing regulations to address those conditions until a long-term plan can be developed and implemented to address those conditions.

H. The Board further finds that the conditions described in the Findings and Declarations of Ordinance No. 5303, which are incorporated herein as though fully set forth, also continue to exist, and continue pose an immediate threat to the public peace, health and safety, and that it is therefore necessary to consider continuing regulations to address those conditions.

I. A three-year time frame is appropriate to continue to study the seawater intrusion issue in the 180/400 Foot Aquifer Subbasin including the Deep Aquifers, and further study the nature of the Deep Aquifers, and the Monterey County Water Resources Agency and the Salinas Valley Basin Groundwater Sustainability Agency will cooperatively manage this study effort.

J. The adoption of this ordinance is statutorily exempt from the California Environmental Quality Act because it is a measure necessary to protect the County from a current and immediate threat to public health, safety and welfare. Adoption of the ordinance also qualifies for a categorical exemption under CEQA Guidelines section 15307 and 15308 because the ordinance involves procedures to protect the environment.

## **SECTION 2. APPLICABILITY**

This ordinance applies in the unincorporated area of the County of Monterey in the Area of Impact and 180/400-Foot Aquifer and Monterey Subbasins as shown on the map attached hereto as Exhibit C, and the Deep Aquifers, as more fully described in this ordinance. The provisions of this ordinance shall apply from and after the Effective Date.

## **SECTION 3. DEFINITIONS**

For purposes of this ordinance, the following terms have the definitions set forth below:



- A. “180/400 Foot Aquifer Subbasin” means Subbasin No. 3-004.01 as designated by the California Department of Water Resources, shown on the map attached hereto as Exhibit C.
- B. “Area of Impact” means that area depicted on the maps attached hereto as Exhibits C and D.
- C. “Deep Aquifers” means the water-bearing zones in the 180/400 Foot Aquifer Subbasin and Monterey Subbasin underlying the 400-Foot Aquifer.
- D. “Effective Date” means the date that is thirty (30) days after this ordinance was adopted by the Board of Supervisors.
- E. “Domestic Well” means a Water Well used to supply water for the domestic needs of an individual residence or local or state small water system permitted under Monterey County Code Chapter 15.04 which serves fourteen or fewer connections and no more than an average of twenty-five individuals daily for more than sixty days out of the year.
- F. “Equivalent” means the documented aggregated extraction capacity of a Well based upon the amount of acreage irrigated by those Wells for 1) the period of record of GEMS reporting, 2) the time at which extraction data documentation began (but no earlier than 1997) or, 3) not more than a 10 percent increase of recorded average annual pumping extractions from the Well(s) that are being replaced.
- G. “Monterey Subbasin” means Subbasin No. 3-004.10 as designated by the California Department of Water Resources, shown on the map attached hereto as Exhibit C.
- H. “Municipal Water Supply Well” means a Water Well that supplies water for use by a permitted Public Water System to supply water for human consumption.
- I. “New Well” means any Well proposed to be drilled or constructed after the effective date of this ordinance but does not include: (1) any Well for which a construction permit has been issued by the Monterey County Health Department prior to the Effective Date of this ordinance; (2) any Well for which drilling or construction activities have commenced prior to the Effective Date of this ordinance in accordance with a Well construction permit issued by the Monterey County Health Department; and (3) any Replacement Well as defined under this ordinance.
- J. “Operational” means the earlier to occur of the following: 1) the Well having been fitted with a pump and connected to a source of power or other means by

which water can be extracted from the Well on demand by the Well owner or operator, or 2) extractions have commenced.

- K. “Public Water System” means a water system for the provision of water for human consumption through pipes or other constructed conveyances that has fifteen or more service connections or regularly serves at least twenty-five individuals daily at least sixty days out of the year. (California Health and Safety Code section 116275).
- L. “Replacement Well” means a Well drilled for the sole purpose of replacing one or more existing Wells that are impaired or otherwise rendered ineffective or inoperable due to structural difficulties or water quality in the determination of the Monterey County Health Department upon the advice of the Monterey County Water Resources Agency. To qualify as a Replacement Well, the Well must be constructed to provide water for the same purpose as the existing Well, and if the purpose is for irrigation, it must extract no more than an equivalent volume of water on an annual basis as the Well it is replacing. If the Replacement Well is replacing more than one existing Well, the Replacement Well may not extract annually more than the total cumulative equivalent volume of water from the Wells it is replacing at the time extractions from those Wells cease.
- M. “Well” or “Water Well” means any artificial excavation constructed by any method for the purpose of extracting water from, or injecting water into, the underground. This definition shall not include: (a) oil and gas wells, or geothermal wells constructed under the jurisdiction of the Department of Conservation, except those wells converted to use as Water Wells; or (b) wells used for the purpose of (1) dewatering excavation during construction, or (2) stabilizing hillsides or earth embankments.

#### **SECTION 4. REGULATIONS**

- A. Prohibition on New Wells in or into the 180/400 Foot Aquifer Subbasin and Monterey Subbasin within the Area of Impact and the Deep Aquifers.
  - 1. New Wells are prohibited from being drilled or otherwise constructed in or into the 180/400 Foot Aquifer Subbasin within the Area of Impact and Monterey Subbasin within the Area of Impact, and the Deep Aquifers, unless exempted pursuant to this ordinance.
  - 2. Deepening of Wells from overlying aquifers into the Deep Aquifers, deepening of Wells within the Deep Aquifers, and other activities that would expand the length, depth, or capacity of an existing Well are prohibited.
  - 3. New Wells are permitted to be drilled or otherwise constructed in or into a portion of the 180/400 Foot Aquifer Subbasin or Monterey Subbasin that is outside of the

Area of Impact depicted in Exhibits C and D and within the unincorporated area of the County; however, except as exempted pursuant to this ordinance, New Wells are prohibited from being drilled or otherwise constructed in or into any portion of the Deep Aquifers even if outside the Area of Impact depicted in Exhibits C and D and within the unincorporated area. Any permit issued for New Wells outside the Area of Impact shall be contingent on the applicant demonstrating, based on evidence of the depositional environment to be evaluated by the Monterey County Health Department upon the advice of the Monterey County Water Resources Agency, that the Well would not be constructed with screened or perforated intervals in the Deep Aquifers. To the extent that construction of the Well must be started in order to obtain the necessary information about the depositional environment, the permit to construct the Well shall be conditioned to require, prior to completion of the Well, prompt destruction of the Well or modification of the design to prevent the Well from extracting water from the Deep Aquifers if the evidence shows that the Well would extract water from the Deep Aquifers.

## **SECTION 5. EXEMPTIONS**

- A. The following categories of New Wells are exempt from the regulations set forth in Section 4 of this ordinance:
1. Wells operating under the auspices of the Castroville Seawater Intrusion Project (CSIP) that extract water from the 180-Foot or 400-Foot Aquifers;
  2. Domestic Wells;
  3. Monitoring Wells owned and maintained by the Monterey County Water Resources Agency or other water management agencies;
  4. Municipal Water Supply Wells, provided that the entity owning or operating a new Municipal Water Supply Well in the Deep Aquifers shall meter groundwater extractions, monitor groundwater levels and quality, and submit all such data to the Monterey County Water Resources Agency, the Groundwater Sustainability Agency with jurisdiction, the Marina Coast Water District, and/or other identified public agency upon request of that agency; and
  5. Replacement Wells, provided that all of the following criteria are met and the Well permit is conditioned as needed to ensure compliance with these criteria:
    - a. The Replacement Well meets all of the criteria in this ordinance's definition of Replacement Well;
    - b. The Replacement Well is located on the same or adjacent parcel as the existing Well;

- c. The Replacement Well shall replace any existing Water Well(s) that has not been destroyed but that will not be used after construction of the Replacement Well. Extractions from the Well being replaced must cease upon the Replacement Well becoming Operational. In addition, the Well being replaced shall be destroyed within one hundred eighty (180) days after the Replacement Well is Operational, and such destruction shall be documented to the Monterey County Health Department withing five (5) days of such destruction.
  - d. Applicants for a Replacement Well proposed in a different aquifer than the existing Well shall, as part of the permit application process, provide documentation of the original Well extraction capacity, as constructed, or in the absence of the original Well log, supply at least five (5) years of annual historical extraction data or otherwise quantify the volume of groundwater typically extracted from the existing Well in order to allow for a reasonable estimate of the additional water likely to be extracted by the Replacement Well.
  - e. Applications for Replacement Wells shall be subject to an assessment of potential significant impacts to existing Domestic or Municipal Water Supply Wells. The assessment methodology and thresholds for determining potential significant adverse impact shall be the same as used by the Monterey County Water Resources Agency in the application of General Plan Policies PS-3.3 and 3.4.
  - f. The owner of a Replacement Well in the Deep Aquifers shall meter groundwater extractions, monitor groundwater levels and quality in accordance with conditions set forth in the Replacement Well permit, and submit all such data to the Monterey County Water Resources Agency, the Groundwater Sustainability Agency with jurisdiction, the Marina Coast Water District and/or other identified public agency upon request of that agency.
6. Repairs to existing Wells that do not extend the length, depth, or diameter of the existing Well casing below ground surface.
- B. Exemption under this ordinance does not guarantee approval of the Well. Wells exempt under this ordinance are subject to all other applicable federal, state, and County policies and regulation.

## **SECTION 6. ENFORCEMENT**

Any violation of this urgency ordinance is unlawful and a public nuisance. In the event of a violation of this ordinance, the County may, in its discretion, in addition to all other remedies, take such enforcement action as is authorized under the Monterey County Code and such other enforcement action as is authorized by law.

## **SECTION 7. NO TAKING OF PROPERTY INTENDED**

Nothing in this ordinance shall be interpreted to effect an unconstitutional taking of property of any person. If the Board of Supervisors determines, based on specific evidence in the administrative record, that the application of one or more of the provisions of this ordinance to a proposed use of land would effect an unconstitutional taking of private property, the Board shall disregard such provisions to the extent necessary to avoid such unconstitutional taking.

**SECTION 8. SEVERABILITY**

If any section, subsection, sentence, clause, or phrase of this ordinance is for any reason held to be invalid, such decision shall not affect the validity of the remaining portions of this ordinance. The Board of Supervisors hereby declares that it would have passed this ordinance and each section, subsection, sentence, clause, and phrase thereof, irrespective of the fact that any one or more sections, subsections, sentences, clauses, or phrases be declared invalid.

**SECTION 9. EFFECTIVE DATE**

In light of the recitals in this ordinance, the Board declares that this ordinance is adopted in compliance with Government Code Section 25123 and is necessary as an urgency measure for preserving the public health, safety, and welfare. This ordinance shall take effect immediately upon adoption for the reasons set forth herein and shall expire three (3) years thereafter unless extended.

PASSED AND ADOPTED this \_\_\_\_ day of \_\_\_\_\_, 2020, by the following vote:

AYES:

NOES:

ABSTAIN:

ABSENT:

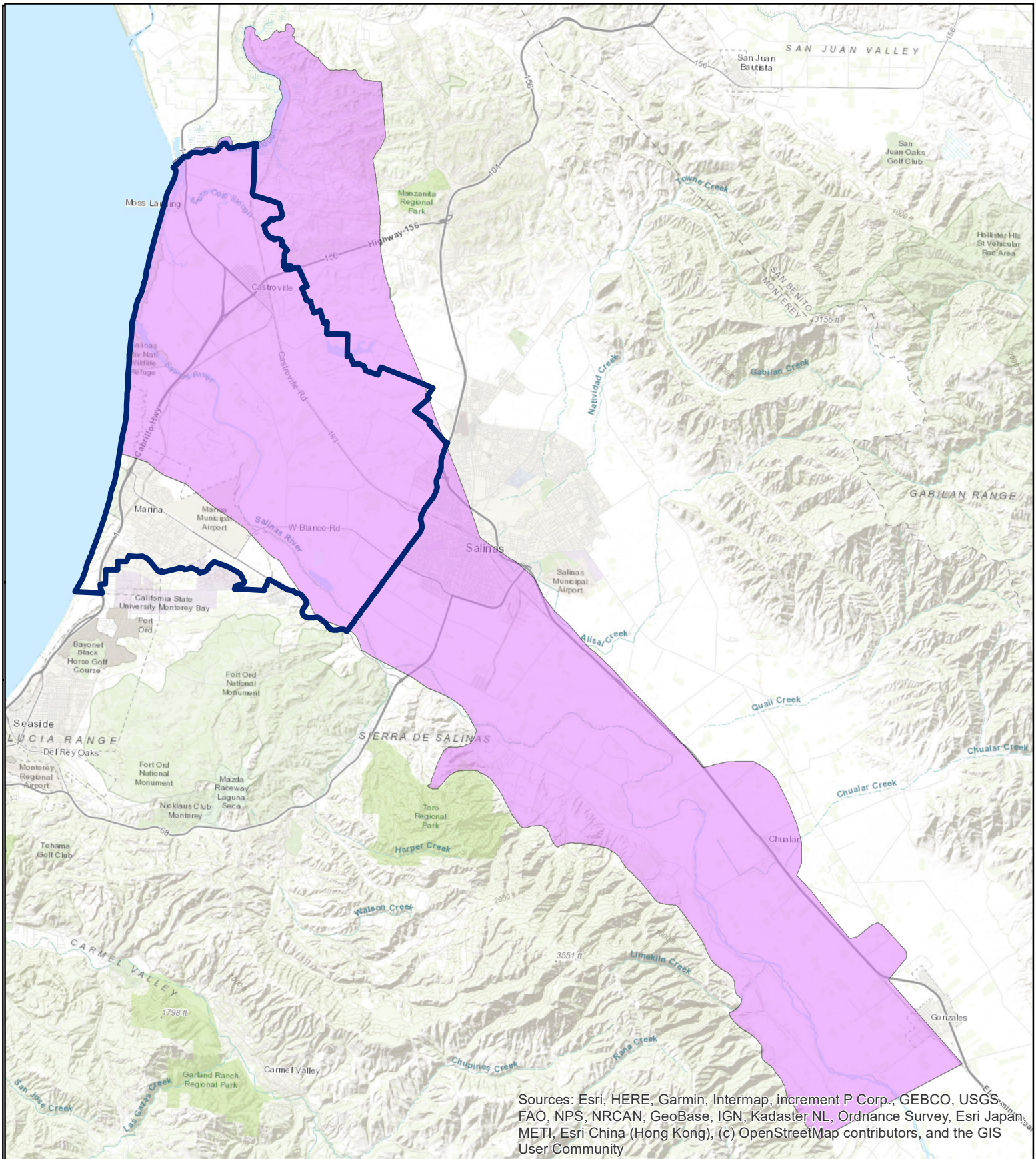
\_\_\_\_\_  
Christopher Lopez  
Chair, Monterey County Board of Supervisors

A T T E S T:

VALERIE RALPH  
Clerk of the Board of Supervisors

By: \_\_\_\_\_  
Deputy

APPROVED AS TO FORM
/s/
Wendy S. Strimling Assistant County Counsel



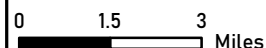
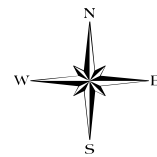
Sources: Esri, HERE, Garmin, Intermap, increment P Corp., GEBCO, USGS, FAO, NPS, NRCAN, GeoBase, IGN, Kadaster NL, Ordnance Survey, Esri Japan, METI, Esri China (Hong Kong), (c) OpenStreetMap contributors, and the GIS User Community

**Exhibit C**  
**180/400 Foot Aquifer Subbasin**

**Exhibit D**  
**Area of Impact**

**Legend**

- 180/400 Foot Aquifer Subbasin boundary
- Area of Impact



**ORDINANCE NO. \_\_\_\_\_**

**AN ORDINANCE OF THE COUNTY OF MONTEREY, STATE OF CALIFORNIA, AMENDING CHAPTER 15.08 OF THE MONTEREY COUNTY CODE RELATING TO REGULATION OF WATER WELLS**

**County Counsel Summary**

*This ordinance amends Chapter 15.08 of the Monterey County Code to require the Monterey County Health Officer to issue well permits if an applicant meets certain standards delineated in the Chapter. The ordinance also gives the Health Officer discretion to apply conditions to a permit in response to potential environmental impacts, and to issue a variance from the standards if an applicant meets certain criteria. The ordinance lengthens the time an applicant may appeal a permit that has been denied, or granted conditionally, or has been suspended or revoked from 10 days to 30 days. The ordinance also adds language that requires property owners and applicants to indemnify, defend, and hold harmless Monterey County from any claims associated with the issuance of a well permit under this Chapter. Lastly, the ordinance updates citations to state law and the Monterey County Code, and adds clarifying language on technical standards.*

The Board of Supervisors of the County of Monterey ordains as follows:

**SECTION 1. Findings and declarations.**

A. Pursuant to Article XI, section 7 of the California Constitution, the County of Monterey may adopt and enforce ordinances and regulations not in conflict with general laws to protect and promote the public health, safety, and welfare of its citizens.

B. On August 27, 2020, the California Supreme Court issued its decision in the case *Protecting Our Water and Environmental Resources et al., v. County of Stanislaus, et al.*, (10 Cal.5th 479 (2020); “*Protecting Our Water*”). The decision may require environmental review, pursuant to the California Environmental Quality Act (“CEQA”), when the County considers applications to construct, repair, or destroy water wells if the decision to issue the permit involves the exercise of discretion by the decision-making authority.

C. Chapter 15.08 of the Monterey County Code sets forth the application and decision-making process for the County in considering applications for construction, repair, and destruction of water wells, and such process includes the potential for certain discretionary determinations by the County Health Officer in considering permit applications.

D. The purpose of this ordinance is to distinguish between ministerial well permits that will be issued by the Health Officer if an applicant meets certain standards, as opposed to well permits that do not meet certain standards that are discretionary and will be subject to CEQA.

E. The adoption of this ordinance is to clarify the well permit regulatory program to address concerns held by the *Protecting Our Water* case. The ordinance is an administrative activity to clarify existing regulations in light of the recent Supreme Court decision, but will not result in direct or indirect physical changes in the environment per CEQA Guidelines section 15378(b)(5). It is therefore not a “project” under CEQA.

SECTION 2. Section 15.08.030 of the Monterey County Code is amended to read as follows:

A. No person shall construct, repair, reconstruct or destroy any well, abandoned well, cathodic protection well, observation well, monitoring well, or test well in the unincorporated area of Monterey County unless a written permit has first been obtained from the Health Officer of the County or his or her authorized representative as provided in this Chapter.

B. Any person who shall commence any work for which a permit is required by this Chapter without having obtained a permit therefor, shall, if subsequently granted a permit, pay double the permit fee for such work; provided, however, that this provision shall not apply to emergency work that is necessary to replace, repair, or destroy an existing well that has experienced a catastrophic collapse or other condition that renders the well physically incapable of operating, or such collapse or condition is imminent, as determined by the Health Officer. In all cases in which emergency work is necessary, a permit shall be obtained within three working days after commencement of the work. The applicant for a permit for any such emergency work shall, in any case, demonstrate that all work performed is in compliance with the technical standards of this Chapter. Emergency work includes but is not limited to wells necessary for the operation of a water system or agricultural operation.

C. Obtaining the permit, pursuant to this Chapter, does not relieve an applicant from obtaining other required permits or following the regulations required by any other federal, state law or regulation, or local regulation. A discretionary use permit may be required pursuant to the Monterey County General Plan or certified Local Coastal Program, in addition to the permit issued pursuant to this Chapter.

SECTION 3. Subsection B of Section 15.08.040 of the Monterey County Code is amended to read as follows:

B. No person shall undertake to dig, bore, drill, deepen, re-perforate, abandon, or destroy any well, unless the person responsible for that construction, alteration, destruction, or abandonment possesses a contractor's license in accordance with California Business and Professions Code, Chapter 9, and possesses a C-57 Water Well Contractor's License in accordance with California Water Code section 13750.5.

SECTION 4. Section 15.08.050 of the Monterey County Code is amended to read as follows:

A. Application for a permit pursuant to this Chapter shall be made to the Health Officer, in such form as he or she may prescribe, setting forth such information as may be



reasonably required to secure the purposes of this Chapter, and shall contain:

1. The name, mailing address, and telephone number of all property owners. If the application is made by an agent on behalf of property owners, the application shall include the name, mailing address, email, and telephone number of the agent and a written authorization, signed by at least one owner of the property, authorizing the agent to act on behalf of the property owners.
2. A description of the property where the work is to be done, sufficient for identification, such as street address, name of subdivisions or tract, lot number, and Assessor's Parcel Number.
3. A map of the property with a given scale for dimensions and the direction of north. The information on the map shall include:
  - a. Location and nature of any existing sewage disposal installation on the property or within one hundred fifty (150) feet of the property.
  - b. Location of any existing well, whether domestic or irrigation, and whether in use or abandoned, either on the property or within one hundred (100) feet of the property.
  - c. Location of ocean, lakes, sloughs, streams, springs, water channels and water supplies on or adjacent to the property
  - d. Location of all recorded easements on the property.
  - e. Location of all recorded well lots on the property or within two hundred (200) feet of the property.
4. The type of work to be done and a description of the type of construction.
5. Such additional data the Health Officer may require to process the application.

B. The filing of an application under this Chapter shall be accompanied by payment of such fees as the Board of Supervisors may establish to recover the cost of administration of this Chapter. Such fees shall not be refundable. Fees specified by this Chapter shall be as established by the Board of Supervisors and as set forth in the Monterey County Fee Resolution, pursuant to Chapter 1.40 of the Monterey County Code, as amended from time to time.

SECTION 5. Section 15.08.060 of the Monterey County Code is amended to read as follows:

A. The Health Officer shall approve issuance of a permit ministerially if the applicant can meet the standards set forth in Sections 15.08.110, 15.08.120, and 15.08.130 of this

Chapter. The Health Officer shall include requirements in the permit relating to proper construction, destruction, reconstruction, sealing methods, and quantity and quality testing methods to implement the standards of this Chapter.

B. The Health Officer shall deny issuance of a permit if the applicant cannot meet the standards set forth in Sections 15.08.110, 15.08.120, and 15.08.130 of this Chapter, or cannot meet the requirements for a variance under Section 15.08.090 of this Chapter.

C. The Health Officer may, in the exercise of discretion and subject to the California Environmental Quality Act, require conditions of approval to address potential environmental impacts of a well or issue a variance under Section 15.08.090 of this Chapter.

SECTION 6. Section 15.08.090 of the Monterey County Code is amended to read as follows:

A. The Health Officer may exercise discretion and grant a variance from any provision of the standards incorporated into this Chapter. The standards incorporated into this Chapter are based upon public health standards for the protection of groundwater supplies. Variances are based upon the technical expertise of the Health Officer.

B. The Health Officer may grant a variance if all of the following are met:

1. Special circumstances exist;
2. Practical difficulties or unnecessary hardship would result from the strict interpretation and enforcement of any provision of this Chapter; and
3. Approval of the variance would not defeat the purposes of this Chapter.

C. The Health Officer may consider a variance based on factors that include but are not limited to: site limitations; hydrogeological constraints; well design constraints; and well setback constraints.

D. The application for a variance shall be submitted to the Health Officer with supporting documentation demonstrating the criteria in Subsection B of this Section are met. The Health Officer may require the applicant to submit a report prepared by a professional geologist or a certified specialty geologist registered in the State of California as part of the supporting documentation. The application shall be accompanied by a fee as prescribed in the Monterey County Fee Resolution, no part of which shall be refundable.

SECTION 7. Section 15.08.100 of the Monterey County Code is amended to read as follows:

A. Upon receipt of an application, an inspection of the location of the well may be made by the Health Officer prior to issuance of a permit.

B. The person responsible for construction, reconstruction, or destruction of any well shall notify the Health Officer at least twenty-four (24) hours before the work commences. All work shall be subject to inspection by the Health Officer to insure compliance with all the requirements of this Chapter.

SECTION 8. Section 15.08.110 of the Monterey County Code is amended to read as follows:

A. State standards. The following standards for the construction, repair, reconstruction, or destruction of wells, including abandoned wells, monitoring wells, test wells, observation wells, and cathodic protection wells shall be met as set forth in the Department of Water Resources "California Well Standards", Bulletin No. 74-90 (June 1991) supplement to Bulletin No. 74-81, "Water Well Standards" (December, 1981), and Bulletin No. 74-1, "Cathodic Protection Well Standards" (March, 1973), or as subsequently revised, supplemented, or replaced. These standards shall be incorporated by reference in this Chapter. Copies of these standards are available in the offices of the Environmental Health Bureau or on file with the Health Officer.

B. County standards. In addition to the required state standards described in Subsection A of this Section, wells shall meet all the following standard:

1. The minimum distance between wells and subsurface sewage leaching fields or septic tanks shall be one hundred (100) feet, and the minimum distance between wells and seepage pits shall be one hundred fifty (150) feet. If the type of absorption field is unknown, the distance shall be one hundred fifty (150) feet.
2. The well must be located outside the Federal Emergency Management Agency's one hundred (100) year floodplain.
3. The annular space shall be at least three (3) inches wide for public water system wells when measured at any point around the casing, and two (2) inches wide for all other types of wells.
4. The annular space surrounding the conductor casing of all wells shall be sealed with neat cement, sand cement grout, neat cement/pozzolan/polymer mixture, bentonite clay (in continuously saturated zones where there are or will be no chlorine salts, acids or other contaminants that could adversely affect the sealing properties of the clay) from the ground level to a minimum depth of fifty (50) feet. The annular space surrounding wells installed in areas defined as seawater intruded shall be sealed with neat cement.
5. The seal shall do all of the following:

a. Restore, as far as feasible, the controlling hydrogeologic conditions that existed before the well was drilled and constructed, including the elimination of physical hazards.

b. Prevent pollution of groundwater.

c. Conserve the yield and hydrostatic head of aquifers.

d. Prevent intermingling of desirable and undesirable waters.

6. A geologic log and electric log shall be performed and submitted to the Health Officer before the well is sealed. The geologic and electric log shall support a seal depth that meets the criteria in Subsection 5 of this Section.

7. Drilling fluids and other drilling materials used in connection with well construction, repair, or destruction shall not be allowed to discharge onto streets or into waterways; and shall not be allowed to discharge off the parcel on which the well is constructed onto adjacent properties; provided, that adjacent property may be used temporarily for the discharge of such fluids and materials pursuant to a written agreement with the owner(s) of the adjacent property and provided that such fluids and materials are removed and cleaned up within thirty (30) days of completion of the well drilling.

8. Water generated during test pumping of wells shall be dispersed or disposed of in a manner which will not cause significant erosion.

C. Casing. All wells shall be cased and constructed so as to prevent pollution. The casing shall meet the minimum applicable standards set by the American Petroleum Institute, the American Society for Testing and Materials, the American Water Works Association, and the Plastic Pipe Institute, as they relate to the specifications for water well casing.

1. All wells with a casing diameter of greater than twelve (12) inches proposing a pumping rate of 1,000 gallons per minute or less must perform a pump test to demonstrate that the well has been designed to pump less than one thousand (1,000) gallons per minute.

2. All wells constructed with thermoplastic (PVC) casing shall have joints or couplings that are either threaded, spline-locking, or cold/solvent welded with reinforcing screws. If a cold/solvent weld with reinforcing screws is used, the tips of the screws shall not penetrate the inner wall of the casing.

3. All wells located in areas defined as seawater intruded shall be constructed using stainless steel casing. This shall not apply to cathodic protection wells or monitoring wells.

D. Capping of a Well. If a pump is not installed at the time of drilling a well, a tight cap shall be placed over the casing so as to prevent pollution of the well or injury to animals or humans. During this time, as well as after a pump is installed, all openings shall be sealed off to prevent any pollution of the well.

E. Domestic Water Well Sanitization. All domestic water wells shall be provided with a pipe or other effective means of directly introducing chlorine or other disinfecting agents into the well.

F. Exclusion of Contamination. All wells shall be designed and constructed to exclude contamination as follows:

1. All sanitization pipes, for an above surface pump discharge installation, shall extend to a height equal to the pump pedestal that is at least eight (8) inches above the finished grade. The pipe shall be kept sealed by a threaded or equivalently secure cap.

2. All sanitization pipes for a subsurface pump discharge installation shall be kept sealed by a threaded or equivalently secure cap.

3. All air relief vents at the well head shall terminate downward and be screened and protected against the possibility of contaminating material entering the vent.

4. All entry pipes into gravel packed sections of a well shall be kept sealed by a threaded or equivalently secure cap.

G. Sounding Tube. A sounding tube or similar access for the introduction of water level measuring devices shall be available on all wells. Access may be provided using a removable plug in the well cap, or via a sounding tube affixed to the casing.

H. New well impact standards. All new wells must meet the below standards to avoid significant adverse impacts to existing domestic wells or water system wells, and instream flows of surface water bodies designated as critical habitat by the National Marine Fisheries Service.

1. All of the following must be demonstrated for new wells:

- a. Pumping shall not result in drawdown in existing domestic or water system wells exceeding five (5) percent of an existing well's saturated thickness, or drawdown equal to five (5) feet or more in an existing well after one (1) year of pumping at the proposed pumping rate for the assumed pumping cycle in Subsections 2 or 3 of this Subsection.

- b. Pumping shall not decrease the instream flows of surface water bodies designated as critical habitat by more than two (2) cubic feet

per second at the proposed pumping rate for the assumed pumping cycle in Subsections 2 or 3 of this Subsection.

2. The assumed pumping cycle for a domestic or water system well shall be twelve (12) hours per day, seven (7) days per week, for twelve (12) months of the year.

3. The assumed pumping cycle for an agricultural well shall be eight (8) hours per day, six (6) days per week, for twelve (12) months of the year.

I. Well destruction. The destruction of all wells must meet the below standards.

1. All bridged and poorly compacted materials shall be removed to the original well depth, by cleaning well or redrilling.

2. All oil from lubricated pumps or other contaminants shall be removed from the well and placed in an approved container for proper disposal, in accordance with all applicable hazardous waste disposal regulations.

3. All sealing materials shall be poured under pressure, without bridging, and in one continuous operation unless the well is to be destroyed with the use of explosives as described in Subsection 4 of this Section.

a. Cable tool wells shall be filled with neat cement, sand-cement grout, or concrete placed with a tremie pipe in one continuous operation, proceeding upward from true bottom of the well to five (5) feet below ground surface.

b. Gravel pack wells shall be filled with neat cement placed with a tremie pipe in one continuous operation, proceeding upward from true bottom of the well to five (5) feet below ground surface.

4. All wells to be destroyed with the use of explosives shall be approved and completed by a blaster licensed by the State of California Division of Occupational Safety and Health. The approved blasting plan must be submitted to the Health Officer.

J. Abandoned wells. All abandoned wells found on the same parcel as the proposed well shall be properly destroyed in accordance with the applicable standards set forth in this Chapter.

SECTION 9. Subsection B of Section 15.08.140 of the Monterey County Code is amended to read as follows:

B. In Zone 6 of the former Monterey County Flood Control and Water Conservation District, well construction shall be subject to the requirements found in the *Specifications for Wells in Zone 6 of the Monterey County Flood Control and Water Conservation District*, which are on file with the Health Officer and the Monterey County Water Resources Agency.

SECTION 10. Section 15.08.160 of the Monterey County Code is amended to read as follows:

A. Any person whose application for a permit has been denied, or granted conditionally, or whose permit has been suspended or revoked, may appeal to the Board of Supervisors, in writing, within thirty (30) calendar days after any such denial, conditional granting, suspension, or revocation. Such appeal shall specify the grounds upon which it is taken, and shall be accompanied by a filing fee as set forth herein. The Clerk of the Board shall set such appeal for hearing at the earliest practicable time, and shall notify the appellant and the Health Officer, in writing, of the time so set at least five (5) days prior to the hearing.

B. After such hearing, the Board of Supervisors may reverse, wholly or partly, or may modify the order or determination appealed from.

C. The filing of an appeal under this Chapter shall be accompanied by payment of such fees as the Board of Supervisors may establish to recover the cost of administration of this Chapter. Such fees shall not be refundable. Fees specified by this Chapter shall be as established by the Board of Supervisors and as set forth in the Monterey County Fee Resolution, pursuant to Chapter 1.40 of the Monterey County Code, as amended from time to time.

SECTION 11. Section 15.08.200 is added to the Monterey County Code to read as follows:

15.08.200 – Indemnification.

Each permit issued pursuant to this Chapter shall include as a condition of approval of the permit, a requirement that the property owner and applicant indemnify, defend, and hold harmless the County and its officers, agents, and employees from actions or claims of any description brought on account of issuance of permit, or any injury or damages sustained by any person or property resulting from the issuance of permit and the conduct of the activities authorized under said permit.

SECTION 12. SEVERABILITY. If any section, subsection, sentence, clause or phrase of this ordinance is for any reason held to be invalid, such decision shall not affect the validity of the remaining portions of this ordinance. The Board of Supervisors hereby declares that it would have passed this ordinance and each section, subsection, sentence, clause and phrase thereof, irrespective of the fact that any one or more sections, subsections, sentences, clauses, or phrases be declared invalid.

SECTION 13. This ordinance shall become effective on the thirty-first day following its adoption.

PASSED AND ADOPTED this \_\_\_\_ day of \_\_\_\_\_, 2021, by the following vote:

AYES:  
NOES:  
ABSENT:

\_\_\_\_\_  
Chair, Monterey County Board of Supervisors

A T T E S T :

VALERIE RALPH  
Clerk of the Board

By: \_\_\_\_\_  
Deputy

APPROVED AS TO FORM:

KELLY L. DONLON  
Deputy County Counsel