



Council Agenda Report

From: Dick McKinley, Public Works Director

Subject: Paso Robles Proposition 1 Grant Application for Groundwater Sustainability Agencies GSP Preparation

Date: October 17, 2017

Facts

1. In 2014, the California Legislature adopted, and the Governor signed into law, three bills (SB 1168, AB 1739, and SB 1319) collectively referred to as the Sustainable Groundwater Management Act (SGMA) (Water Code §§ 10720 *et seq.*), that became effective on January 1, 2015, and that have been and may continue to be amended from time to time.
2. SGMA requires the formation of Groundwater Sustainability Agencies (GSAs) for the purpose of achieving groundwater sustainability through the adoption and implementation of Groundwater Sustainability Plans (GSPs) for all medium and high priority basins as designated by the California Department of Water Resources (DWR).
3. Both SGMA (Chapter 6, Water Code §§ 10727 *et seq.*) and the regulations adopted by DWR pursuant thereto (California Code of Regulations, Title 23 §§ 350 *et seq.*) set forth detailed requirements related to the necessary elements of a GSP.
4. Also in 2014, California voters approved Proposition 1 (AB 1471) which enacted the Water Quality, Supply, and Infrastructure Improvement Act of 2014 (Water Code §§ 79700 *et seq.*) (Act) that authorizes the issuance of bonds to finance, among other things, a Sustainable Groundwater Planning Grant Program.
5. DWR opened the Sustainable Groundwater Planning Grant Program's expedited "Groundwater Sustainability Plans and Projects" solicitation, available to GSAs for high and medium priority basins to support activities associated with the planning, development, or preparation of GSPs in compliance with the applicable regulatory requirements.
6. DWR will only accept one grant proposal per basin, and therefore staff has coordinated with partner GSAs in the Paso Robles basin to develop recommendations on the pursuit of grant funding under the Act.
7. The partner GSAs have hired a consultant to prepare an application for Prop 1 grant funding to offset 50% of the costs of developing the GSP.
8. The MOA calls for the City of Paso Robles to be the lead agency in hiring the consultant team to prepare the GSP, and thus the City is the appropriate party to submit the grant application.

Options

1. Do nothing;

2. Authorize the City Manager to apply for a Prop 1 grant for the Paso Robles Groundwater Basin for development of the Groundwater Sustainability Plan (GSP) and to enter into an agreement with the California Department of Water Resources when the grant is awarded.

Analysis and Conclusions

Having the State of California pay 50% of the costs of developing the State-mandated GSP is a great opportunity. The City will be the contracting party for developing the GSP, so the City is also the designated party to submit the grant application. There is a high likelihood of success in this grant. This would significantly reduce the City's cost for our share of the GSP. There is really no down-side in this grant application, since the worst case would be to be denied the grant and have to pay for the GSP as we had already planned.

Fiscal Impact

This grant opportunity can significantly decrease the costs that the City of Paso Robles, and our other GSA partners, must pay to develop and submit a GSP to the State DWR by January, 2020. The grant provides a 50% grant with a 50% local match, but part of the local match can be met with in-kind services, including staff time spent in meetings and in preparing documents. The City will still have our proportionate share of overall costs per the MOA, but these costs can be much lower if we are awarded the grant. We have a high probability of getting the grant, but grants are never a 100% proposition.

If the GSP preparation cost were to be \$850,000 (for example – since the costs are not yet known), and the grant covered 50% of that cost, then the local match would be \$425,000. If the local in-kind costs were \$100,000 then the local match out-of-pocket would be \$325,000. Per the MOA, the City's share is 15%, so that would be out-of-pocket costs of \$48,750 over the next two years from the Water Fund. Without the grant, the City's out-of-pocket for the GSP development in this example would be \$127,500.

Recommendation

Approve Resolution 17-XXX, authorizing the City Manager to apply for a Prop 1 grant for the Paso Robles Groundwater Basin for development of the Groundwater Sustainability Plan (GSP) and to enter into an agreement with the California Department of Water Resources if and when the grant is awarded.

Attachments

1. Resolution 17-XXX

RESOLUTION NO. 17-XXX

RESOLUTION OF THE CITY COUNCIL OF THE CITY OF EL PASO DE ROBLES
AUTHORIZING THE CITY MANAGER OR HIS DESIGNEE AS THE AUTHORIZED
REPRESENTATIVE FILE AN APPLICATION, AND EXECUTE AN AGREEMENT WITH THE
CALIFORNIA DEPARTMENT OF WATER RESOURCES FOR THE 2017 SUSTAINABLE
GROUNDWATER PLANNING GRANT PROGRAM'S "GROUNDWATER SUSTAINABILITY
PLANS AND PROJECTS" SOLICITATION PURSUANT TO THE WATER QUALITY, SUPPLY,
AND INFRASTRUCTURE IMPROVEMENT ACT OF 2014 (PROPOSITION 1) (WATER CODE
SECTION 79700 ET SEQ.)

WHEREAS, in 2014, the California Legislature adopted, and the Governor signed into law, three bills (SB 1168, AB 1739, and SB 1319) collectively referred to as the Sustainable Groundwater Management Act (SGMA) (Water Code §§ 10720 *et seq.*), that became effective on January 1, 2015, and that have been and may continue to be amended from time to time; and

WHEREAS, SGMA requires the formation of Groundwater Sustainability Agencies (GSAs) for the purpose of achieving groundwater sustainability through the adoption and implementation of Groundwater Sustainability Plans (GSPs) for all medium and high priority basins as designated by the California Department of Water Resources (DWR); and

WHEREAS, both SGMA (Chapter 6, Water Code §§ 10727 *et seq.*) and the regulations adopted by DWR pursuant thereto (California Code of Regulations, Title 23 §§ 350 *et seq.*) set forth detailed requirements related to the necessary elements of a GSP; and

WHEREAS, also in 2014, California voters approved Proposition 1 (AB 1471) which enacted the Water Quality, Supply, and Infrastructure Improvement Act of 2014 (Water Code §§ 79700 *et seq.*) (Act) that authorizes the issuance of bonds to finance, among other things, a Sustainable Groundwater Planning Grant Program; and

WHEREAS, DWR opened the Sustainable Groundwater Planning Grant Program's expedited "Groundwater Sustainability Plans and Projects" solicitation, available to GSAs for high and medium priority basins to support activities associated with the planning, development, or preparation of GSPs in compliance with the applicable regulatory requirements; and

WHEREAS, DWR will only accept one grant proposal per basin, and therefore staff has coordinated with partner GSAs in the Paso Robles basin to develop recommendations on the pursuit of grant funding under the Act; and

WHEREAS, the partner GSAs have hired a consultant to prepare an application for Prop 1 grant funding to offset 50% of the costs of developing the GSP; and

WHEREAS, the MOA calls for the City of Paso Robles to be the lead agency in hiring the consultant team to prepare the GSP, and thus the City is the appropriate party to submit the grant application.

NOW, THEREFORE, THE CITY COUNCIL OF THE CITY OF EL PASO DE ROBLES DOES HEREBY RESOLVE AS FOLLOWS:

Section 1. All of the above recitals are true and correct and incorporated herein by reference.

Section 2. The City Council hereby directs the City Manager or his designee to prepare the necessary data, conduct investigations, and file such application to the California Department of Water Resources to obtain a Groundwater Sustainability Plans and Projects Grant (Grant) under the 2017 Sustainable Groundwater Planning Grant Program pursuant to the Water Quality, Supply, and Infrastructure Act of 2014 (Water Code §§ 79700 *et seq.*), and enter into a Grant Agreement to receive a Grant for the preparation of a Groundwater Sustainability Plan for the Paso Robles Groundwater Basin.

Section 3. The City Council hereby authorizes the City Manager and City Attorney to make minor changes to the agreement fully consistent with overall Council direction.

Section 4. This Resolution shall take effect on the date it is approved by the City Council.

APPROVED this 17th day of October, 2017, by the following vote:

AYES:

NOES:

ABSENT:

ABSTAIN:

Steven W. Martin, Mayor

ATTEST:

Kristen L. Buxkemper, Deputy City Clerk