



DATE: November 14, 2016

TO: Council Sustainability Committee

FROM: Director of Utilities & Environmental Services

SUBJECT

Overview of the Sustainable Groundwater Management Act

RECOMMENDATION

That the Committee reviews and comments on this report.

SUMMARY

The Sustainable Groundwater Management Act (SGMA) was signed into law in 2014 and took effect in 2015. This legislation provides a framework for sustainable management of groundwater at the local level through formation of Groundwater Sustainability Agencies and implementation of Groundwater Sustainability Plans. This report is intended as an overview of SGMA and its applicability to Hayward. Staff anticipates returning to the CSC in January 2017 to recommend that Hayward file with the State to become a GSA and perform the functions needed to sustainably manage the portion of the East Bay Plain Groundwater Basin that underlies the City.

BACKGROUND

The passage of the Sustainable Groundwater Management Act (SGMA) in 2014 fundamentally changed management of groundwater in California. After many efforts to encourage local agencies to manage groundwater on a voluntary basis, this historic legislation now marks the first time the State has mandated regulations for managing groundwater. In essence, SGMA requires that medium- and high-priority ranked groundwater basins in California, which account for over 95% of groundwater use in the State, be sustainably managed by 2022. SGMA provides a framework for local agencies to assume the role of groundwater regulators through the formation of Groundwater Sustainability Agencies (GSAs) and implementation of Groundwater Sustainability Plans (GSPs). Any local agency, or combination of agencies, with water supply or land use authorities within a groundwater basin, may form a GSA and carry out groundwater management responsibilities.

SGMA will have a significant impact on Hayward’s current and future ability to use groundwater. The City overlies portions of two medium-priority groundwater basins—the Niles Cone Basin and the East Bay Plain Basin. Two of the City’s five emergency wells are located in the Niles Cone

Basin and the three remaining wells are located in the East Bay Plain Basin. Attachment II illustrates the location of Hayward's wells relative to basin boundaries.

SGMA designates certain agencies as exclusive local agencies to manage groundwater within their statutory boundaries in recognition that these agencies already have existing authorities to manage groundwater. The Alameda County Water District (ACWD) is designated as the exclusive local agency to manage groundwater in the Niles Cone Basin. ACWD has scheduled a public hearing for November 10, 2016 to consider becoming the GSA for the Niles Cone Basin. While ACWD currently manages groundwater under existing regulatory authorities, becoming a GSA could provide ACWD with additional authorities granted by SGMA to GSAs that could further ACWD's ability to sustainably manage the Niles Cone Basin.

SGMA requires that GSAs be formed to manage the East Bay Plain Basin. On August 15, 2016, the East Bay Municipal Utility District (EBMUD) filed an application to be a GSA for the portion of the East Bay Plain Basin that underlies the EBMUD service area. Hayward has the option to become a GSA for the remaining portion of the East Bay Plain Basin that underlies the City.

Although Hayward has not relied on groundwater for day-to-day water supplies since the early 1960s, the City has a long groundwater history. For over a century, Hayward relied entirely on groundwater for water supplies. In the 1950s, the City began supplementing its groundwater use with surface water from the San Francisco Public Utilities Commission (SFPUC), before switching exclusively to surface water after an agreement was signed with SFPUC in 1962 to supply all City water needs. However, following the Loma Prieta earthquake, five emergency groundwater wells were constructed in the 1990s and early 2000s and remain critical to the City's short-term supply reliability. The total rated capacity of the wells is approximately 13.6 million gallons per day (MGD) which is the sum of individual well production on a short-term basis. The firm capacity or expected projection that the wells could sustain over a longer duration when operated together is likely less than ten MGD, which is approximately 60-70% of the City's average daily consumption.

Staff actively monitors and participates in regional groundwater management activities. The City participated in EBMUD's preparation of a Groundwater Management Plan for the South East Bay Plain Basin in 2013 and continues to work cooperatively with EBMUD and ACWD to monitor groundwater conditions. Staff anticipates that information on the City's wells and previous studies and monitoring data can be used to support development of a GSP for the East Bay Plain Basin.

DISCUSSION

The California Department of Water Resources (DWR) and State Water Resources Control Board (SWRCB) oversee implementation of SGMA and its regulations. Staff remains engaged with DWR and neighboring water agencies to ensure that Hayward's interests are represented and considered as SGMA is implemented locally. The following paragraphs provide information on key points and the actions that staff will be undertaking over the next few months.

GSA Formation and Authorities

With the exception of statutorily designated agencies (such as ACWD, noted above), any local agency or combination of agencies with water management or land use authority overlying a groundwater basin may elect to be a GSA. If no local agency accepts GSA status, the responsibility falls to the State. The State would then manage the basin under a provisional status, passing on costs to local agencies and perhaps take away eligibility for State funding until a local agency accepts responsibility and becomes a GSA.

SGMA grants certain authorities to GSAs, including the ability to take actions to investigate and monitor basin conditions, assess fees, and require measurement and reporting of groundwater extraction. A GSA also has the authority to develop and enforce regulations pertaining to groundwater use. GSAs can acquire and import other water supplies, including surface water, for the purposes of sustainable groundwater management.

Staff anticipates returning to the CSC in January to recommend that Hayward become a GSA for the portion of the East Bay Plain Basin that underlies the City. The City is eligible for GSA status as a local agency that has both water supply and land use responsibilities within a groundwater basin. As a GSA, Hayward would be better positioned to protect its ability to sustainably, reliably and flexibly manage groundwater resources. Being a GSA would further demonstrate Hayward’s commitment to groundwater management and increase the City’s voice in regional groundwater management. It will also preserve Hayward’s ability to develop groundwater projects in the future.

GSA Formation Process and Timeline

Formation of a GSA must follow a prescribed process that includes stakeholder outreach and involvement, a public hearing, and governing board approval. SGMA requires formation of GSAs by June 30, 2017. The timeline must allow for DWR to notice an agency’s GSA application for a 90-day period before the agency can formally be designated a GSA. In order to meet the schedule, staff will be undertaking some of the preliminary activities, such as initial outreach to stakeholders, between now and January, and will report the results of those discussions to the CSC. The following table summarizes near-term actions needed to comply with SGMA requirements and deadlines for forming a GSA.

Action	Date
Recommendation to CSC	January 9, 2017
Public hearing and Council consideration	Late February 2017
Submittal of GSA application to DWR	March 15, 2017
90-day notification period	April 1 – June 29, 2017
GSA approval by DWR	June 30, 2017

GSP Preparation and Implementation

A key responsibility of the GSAs will be preparation and implementation of a GSP. The document will generally consist of a description of the basin and aquifer, baseline conditions and basin objectives, management actions to achieve the objectives, and a monitoring plan. It will be

subject to public review and governing body approval. GSPs are intended to sustainably manage and utilize groundwater without causing “undesirable results,” which include:

- Lowering of groundwater levels
- Reduction in groundwater storage
- Seawater intrusion
- Degraded water quality
- Land subsistence
- Depletion of interconnected surface water

If the City Council elects to move forward with filing to become a GSA, there are two options for preparing a GSP. The City may prepare an individual GSP for its portion of the East Bay Plain Basin and EBMUD could separately prepare a GSP for its portion of the East Bay Plain Basin. SGMA allows for multiple GSPs to manage a basin so long as the sustainability goals and technical information used to develop the GSPs are coordinated and consistent. A separate GSP would provide the City with maximum control over developing institutional and management actions needed to implement the GSP. Another alternative is for the City to work cooperatively with EBMUD to jointly prepare a single GSP for the entire basin. A single GSP for the entire basin could significantly reduce duplication of technical work and thus the cost of preparing the GSP. Further, it would position the City more favorably to receive grant funding for preparing the GSP. In order to gauge the feasibility of such a partnership, staff is conducting preliminary discussions with EBMUD staff.

GSPs for medium-priority basins, such as the East Bay Plain Basin must be completed and adopted by January 31, 2022. Progress reports are to be submitted to DWR annually, beginning in April 2022, and GSPs are required to be updated every five years.

ECONOMIC IMPACT

The economic impact of the City becoming a GSA for a portion of the East Bay Plain Basin has not yet been fully evaluated, and will depend in large part on the activities required to manage the basin. There is potential need for some of the costs to be recovered in water rates in future years, but these costs are not expected to significantly impact customer rates.

FISCAL IMPACT

The Water Improvement Fund includes \$3,000,000 for groundwater-related activities such as preparation of a GSP and its implementation actions. Staff believes that this budget is sufficient to complete the technical studies and investigations necessary to prepare the GSP. Costs to implement the GSP will depend on the actions identified in the GSP that are necessary to ensure long-term basin sustainability. Some of the costs could potentially be offset by grants and cost-sharing with EBMUD if a joint GSP is pursued. There would be no impact on the General Fund.

SUSTAINABILITY FEATURES

Water Resources. Hayward's active participation in becoming a GSA and developing a GSP would provide Hayward with the authority to ensure that groundwater beneath the City is protected and sustainably managed for the future. A long-term commitment to groundwater increases Hayward's overall water supply reliability and provides opportunities to diversify and maximize local supplies to respond to future water supply uncertainties such as the impacts of climate change.

PUBLIC CONTACT

All matters related to forming a GSA and adopting a GSP are subject to public review. Formation of a GSA must be approved by the City Council after a public hearing. Likewise, the GSP will be available to the public and adopted by the Council at the conclusion of a public hearing.

SGMA also requires outreach and involvement of stakeholders. As noted in the discussion, staff will be convening a meeting of stakeholders, tentatively scheduled for early December, to receive input. A follow up meeting will be held in late January. Staff has identified possible interested parties, including:

- EBMUD
- ACWD
- SFPUC
- County of Alameda
- Hayward Area Park and Recreation District (HARD)
- Bay Area Water Supply and Conservation Agency (BAWSCA)
- Santa Clara Valley Water District
- County of San Mateo

NEXT STEPS

A recommendation to the CSC will be presented at the January 9 meeting. In the meantime, staff will convene a meeting of interested parties, initiate discussions with EBMUD regarding a possible joint GSP, and perform other tasks related to SGMA compliance. It is anticipated that City Council consideration of becoming a GSA will be scheduled for late February 2017. Staff will also remain apprised of developments in the implementation of SGMA by other nearby agencies and at the State level, and respond as appropriate.

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Recommended by: Alex Ameri, Director of Utilities & Environmental Services

Approved by:



Kelly McAadoo, City Manager

Attachment I
Attachment II

Staff Report
Well and Groundwater Basin Map