



DATE: March 12, 2018

TO: Council Sustainability Committee

FROM: Director of Utilities & Environmental Services

SUBJECT Sustainable Groundwater Management: Cooperating Agreement with East Bay Municipal Utility District to Jointly Develop a Groundwater Sustainability Plan for the East Bay Plain Subbasin

RECOMMENDATION

That the Committee reviews this report and recommends to the Council approval of the proposed Cooperating Agreement between the City of Hayward and East Bay Municipal Utility District to jointly develop a Groundwater Sustainability Plan for the East Bay Plain Subbasin.

SUMMARY

The Sustainable Groundwater Management Act (SGMA) was signed into law in 2014 to provide for comprehensive and sustainable management of groundwater resources within the State. The legislation provides a framework for groundwater management at the local level through formation of Groundwater Sustainability Agencies (GSAs) and implementation of Groundwater Sustainability Plans (GSPs). Hayward became the GSA for the portion of the East Bay Plain Groundwater Subbasin underlying the City in June 2017. The East Bay Municipal Utility District (EBMUD) is the GSA for the remaining portion of the Subbasin. Staff has negotiated a Cooperating Agreement with EBMUD to work together to prepare a single GSP for the entire Subbasin. This report provides information on key terms and provisions of the draft Cooperating Agreement, as well as an update on grant funding that will help offset the cost of developing the GSP.

BACKGROUND

The Committee has received periodic updates on City activities related to implementation of SGMA, most recently at the July 10, 2017 meeting. A report was presented to the Council Sustainability Committee on [July 10, 2017](#) provides background on the legislation, local groundwater basins, the City's decision to become a Groundwater Sustainability Agency (GSA) for the portion of the East Bay Plain Subbasin that underlies Hayward's boundaries, and the roles and responsibilities of GSAs.

As the GSA for a portion of the East Bay Plain Subbasin, the City is responsible for developing and implementing a Groundwater Sustainability Plan (GSP) to sustainably manage and utilize groundwater within its management area without causing undesirable results. The remainder of the East Bay Plain Subbasin will be managed by East Bay Municipal Utility District (EBMUD). Based on direction from the Committee and with City Council approval, the City entered into a Memorandum of Understanding (MOU) with EBMUD in July 2017 to negotiate a Cooperating Agreement, under which the parties would jointly prepare a single GSP for the entire Subbasin. Working collaboratively with EBMUD will reduce duplication of technical work and thus the cost of preparing a GSP for both agencies.

DISCUSSION

Cooperating Agreement

The MOU between the City and EBMUD establishes a framework for the parties to negotiate in good faith the terms of a Cooperating Agreement for sustainable management of the East Bay Plain Subbasin in its entirety, incorporating principles of collaboration, a clear governance and decision-making structure, stakeholder involvement, equitable cost-sharing, and effective dispute resolution. Through regular communication and discussion over the last several months, staff from both entities have prepared a draft Cooperating Agreement setting forth roles, responsibilities, cost-sharing, and other commitments to jointly develop a single GSP for the East Bay Plain Subbasin in compliance with SGMA. Staff envisions that the Cooperating Agreement would be amended, or a new agreement would be negotiated to implement the GSP in the future.

Key provisions of the draft Cooperating Agreement include:

- *Development of the GSP.* The draft Cooperating Agreement acknowledges the parties' intent to develop a single GSP for the entire East Bay Plain Subbasin which meets all SGMA requirements and anticipates the use of outside technical consultants to complete some of the work. While EBMUD is expected to be the contracting entity, the draft Agreement defines contract procurement and administration procedures that provides both parties with representation in the selection of consultants and oversight of technical work products.
- *Collaborative Working Structure.* The draft Cooperating Agreement sets out a working structure for the GSAs that incorporates a Steering Committee to provide overall direction and management, and a Technical Team to oversee preparation of the GSP, including development of technical data and sustainability objectives. The Technical Team will also coordinate input from basin stakeholders and interested parties.
- *Stakeholder Communication and Engagement.* SGMA requires implementation of outreach and communication with groundwater basin stakeholders to ensure that their interests are considered in developing the GSP. The draft Cooperating Agreement commits the parties to implement a Stakeholder Communication and Engagement Plan

consistent with the State Department of Water Resources (DWR) Guidance Document. In addition to public meetings and web-based materials, the parties will jointly create a Technical Advisory Committee and Interbasin Working Group to provide input and share information.

- *Cost Sharing.* As noted earlier, there are advantages to both agencies in combining efforts and sharing the cost to develop a single GSP. It is estimated that development of the GSP will cost about \$2 million, including staff costs and consulting services. Each party has agreed to be responsible for paying for its own internal staff costs. The Parties have negotiated a cost allocation of 35 percent for the City and 65 percent for EBMUD for technical consulting services, based on benefits to each agency and relative Subbasin coverage. The City overlies some of the most productive portions of the East Bay Plain Subbasin. Therefore, even though Hayward's GSA coverage accounts for less than 20 percent of the total size of the East Bay Plain Subbasin, the City's proposed cost allocation of 35 percent for technical consulting services reflects that a significant amount of effort will be dedicated to studying and establishing sustainable management criteria for the southern portion of the East Bay Plain Subbasin, beneath the City. The proposed cost share allocation also considers EBMUD's added responsibilities for being the contracting entity and agreeing to administer the consultant contract and grant funding.

As discussed further below, in early February, staff received notification that the State is recommending awarding a \$1 million grant to Hayward and EBMUD to prepare a GSP for the East Bay Plain. The grant would help fund approximately half the cost to prepare the plan. With the grant funding, Hayward's share of the cost to prepare the GSP is estimated to be about \$350,000, with approximately \$200,000 being reimbursed to EBMUD to pay for technical consultant costs and the remaining \$150,000 in City staff costs. The actual consultant and staff costs to prepare the GSP will be better known after the consultant services are procured and staff has a better understanding of the required level of effort.

- *Dispute Resolution.* The parties have agreed to meet in good faith to resolve any disputes that may arise, and if necessary, process amendments to the Cooperating Agreement to implement terms of the resolution. In the unlikely event that a dispute cannot be resolved, provisions for cancelling the Cooperating Agreement are also included.

Grant Funding

Under Proposition 1, approved by voters in November 2014, DWR has established the Sustainable Groundwater Planning Grant Program to provide funds for GSP development and implementation. In September 2017, DWR released the Groundwater Sustainability Plans and Projects Proposal Solicitation Package for grant funding related to development of GSP, for which both Hayward and EBMUD were eligible. Since only one GSA per basin could apply, EBMUD was the lead agency, and with Hayward's support, submitted a grant application in

October 2017 for \$1 million. In February 2018, DWR announced its recommended awards for grants, which includes awarding the full \$1 million to EBMUD and the City for preparation a GSP for the East Bay Plain Subbasin. The grant would fund about one-half of the estimated cost of preparing the GSP.

ECONOMIC IMPACT

The City's cost to develop the GSP is estimated at \$350,000, if EBMUD and Hayward receive the full \$1 million in grant funding from DWR. Costs for implementing the GSP have not been fully evaluated and will largely depend on actions needed to sustainably manage the basin. SGMA provides mechanisms for GSAs to recover costs for groundwater management through water rates, pump and extraction fees, and grants. The City's costs are difficult to estimate at this time, but are not expected to significantly affect customer water rates.

FISCAL IMPACT

The Water Improvement Fund in the Capital Improvement Program (CIP) includes funds for groundwater-related activities such as preparation and implementation of a GSP. Based on an initial scope of work developed for the Cooperating Agreement, the City's share of the cost for developing the GSP is estimated at \$350,000, assuming that EBMUD and Hayward receive the full \$1 million in grant funding from DWR. Staff anticipates that the estimate will increase once work on the GSP begins and the internal resources needed to support development of the GSP are better understood. The existing allocation in the CIP is sufficient to fund the City's share of preparing the technical studies and investigations, along with developing a GSP that complies with SGMA requirements. Implementation costs will depend on the needed actions. There will be no impact on the General Fund.

STRATEGIC INITIATIVES

This agenda item does not directly relate to one of Council's Strategic Initiatives.

SUSTAINABILITY FEATURES

The City's emergency wells are an important part of Hayward's water supplies and critical to reliably delivering water in the event of an earthquake or other disruptions to imported surface water supplies. Hayward's role as a GSA and responsibility for developing a GSP provide the authority to ensure that the groundwater beneath the City is protected and sustainably managed for the future. A long-term commitment to groundwater sustainability increases Hayward's overall water supply reliability, maximizes local sources, and diversifies the City's water supplies, which will help the City respond to future water supply uncertainties and the effects of climate change.

PUBLIC CONTACT

As noted in the discussion, SGMA requires active stakeholder participation in development of GSPs to ensure common understanding and transparency throughout the process. Key

stakeholders include large groundwater users and neighboring agencies, such as the Hayward Area Park and Recreation District and Chabot College, Alameda County and Alameda County Water District.

Staff has developed an interested parties list to keep stakeholders apprised of the City's activities, and together with EBMUD, will be implementing a Stakeholder Communication and Engagement (C&E) Plan. The C&E Plan provides a roadmap for meeting SGMA's requirements for stakeholder outreach and incorporates a broad variety of communication methods, including stakeholder meetings, social media, and websites. The C&E Plan also calls for formation of a Technical Advisory Committee (TAC), comprised of individuals with relevant technical backgrounds, to review technical documents and provide comments and recommendations. The TAC will include professionals with diverse perspectives and experience.

City and EBMUD staff held a stakeholder meeting for the East Bay Plain Subbasin at the Hayward City Hall on February 27. During the meeting, stakeholders received information on the development of the GSP and opportunities for participation. The meeting also provided a forum for stakeholders to offer input into the process. Future meetings will be held as the GSP process moves forward. Both the City and EBMUD also maintain websites where interested parties can access information and updates. The City's website may be viewed at <https://www.hayward-ca.gov/content/sustainable-groundwater-management>.

NEXT STEPS

If the Committee concurs, staff will take the necessary actions to bring a resolution to the City Council authorizing execution of the Cooperating Agreement with EBMUD in late March. Staff will continue to update the Committee on the progress of sustainable groundwater management activities.

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Approved by:



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