

COVER LETTER – JPA Draft Addendum | Draft Funding Agreement

To: Cosumnes Subbasin Working Group

From: Bennett Brooks, Consensus Building Institute
on behalf of Cosumnes Subbasin Long-Term Governance Committee

Date: September 14, 2021

Subject: **Draft Addendum for the Cosumnes Groundwater Authority Joint Powers Authority Agreement – Draft Initial Funding and Revenue Agreement**

Please find attached the current working draft for an addendum associated with the Joint Powers Agreement (JPA) agreement for establishing the Cosumnes Groundwater Authority:

Cosumnes Subbasin Groundwater Sustainability Agencies Initial Funding and Revenue Agreement for Implementation of a Groundwater Sustainability Plan

This is a recently developed document intended to be an attachment to the JPA. The document has been reviewed only briefly by the Cosumnes Long-Term Governance Committee (Committee). There is also another addendum document for a Draft Memorandum of Agreement (MOA) for interim administrative services to support GSP implementation. The Committee requests the Working Group's review of and feedback on these two draft addendums at the September 15, 2021, Working Group meeting.

As appropriate per the Working Group's direction, the Committee will incorporate edits and input at its next meeting (September 23). The Committee will discuss next steps to propose to the Working Group.

The overall next steps and tentative timing are outlined below:

- **September 15** – Long-Term Governance Committee presents emerging recommendations to the Working Group. Desired Outcome: Working Group provides feedback/direction to the Committee and confirms next steps for scheduling a Special Working Group
- **Prior to September 23** – GSAs run legal docs by their attorneys and identify remaining issues the Committee should discuss at the Sept 23 meeting.
- **September 23** – Committee meets to address remaining questions related to the JPA and associated addendum documents. Desired Outcome: Committee prepared to present final recommendations to the Working Group
- **Late September / early October [Dates/Times TBD]** – Special Working Group meeting – The Working Group receives the Committee's recommendations on the JPA and addendums. The Working Group considers recommending each GSA Board's consider the JPA (and potentially with addendums) for adoption.

We look forward to the upcoming Working Group discussions. Please feel free to reach out with any questions.

COSUMNES SUBBASIN GROUNDWATER SUSTAINABILITY AGENCIES
INITIAL FUNDING AND REVENUE AGREEMENT
FOR
IMPLEMENTATION OF A GROUNDWATER SUSTAINABILITY PLAN

This initial Funding and Revenue Agreement ("Agreement") is entered into by and between the seven Groundwater Sustainability Agencies (GSAs) of the Cosumnes Subbasin, which are: Amador County Groundwater Management Authority ("Amador"), City of Galt ("City"), Clay Water District ("Clay"), County of Sacramento ("County"), Galt Irrigation District ("Galt ID"), Omochumne-Hartnell Water District ("OHWD"), and Sloughhouse Resource Conservation District ("Sloughhouse RCD"), each of which is a "Party" to or a "Member" of this Agreement.. Each of the parties to this Agreement shall individually be referred to as the "Party," or collectively, as the "Parties." This Agreement is effective as of the date it is signed by the ____ (7th) Party.

RECITALS:

WHEREAS, the Parties formed the Cosumnes Groundwater Authority (CGA), a Joint Powers Authority (JPA), in 2021. Pursuant to a Framework Agreement (2017, updated in 2018 and 2019), entered into and duly previously adopted by each Party to this Agreement, the Parties agreed to submit the Cosumnes Subbasin Groundwater Sustainability Plan (GSP) to the California Department of Water Resources (DWR) no later than January 31, 2022, which is the deadline under the Sustainable Groundwater Management Act (SGMA) for the GSP to be submitted. After GSP submission, the Parties will begin implementation of the GSP; provided, that the governing boards of each Party approve the GSP, and

WHEREAS, the Parties now desire to enter into this Agreement to address the first year of funding to support the joint exercise of powers agreement ("Joint Powers Agreement") establishing the CGA as a JPA in order to achieve the goals as identified in JPA Recital E, for implementing the GSP in the Cosumnes Subbasin, and

WHEREAS, the Parties have or intend to individually or collectively assess fees on irrigated acres, or contribute an agreed upon amount related to the amount of groundwater pumped in their respective jurisdictional boundaries, to generate revenue in the amount of FOUR HUNDRED FORTY-EIGHT THOUSAND, TWO-HUNDRED NINETY-NINE DOLLARS (\$448,299) for the first year of GSP implementation (“First Year GSP Implementation Costs”), and

WHEREAS, through the CGA the Parties intend to engage one or more consultants to develop and complete the SGMA First Annual Report and additional activities including but not limited to those listed in Exhibit 1 attached hereto, for the first year of GSP implementation pursuant to SGMA, and

WHEREAS, the estimated cost per for preparation and submittal of the Annual Report is included in Exhibit 1 (Cosumnes Groundwater Authority Fiscal Year 2021-2022 Estimated Expenses), which also itemizes other estimated costs for the first year of GSP implementation, in the total amount of the First Year GSP Implementation Costs. NOW, THEREFORE, the Parties, on the terms and conditions herein set forth, hereby agree as follows:

TERMS:

1. Subject to the direction and prior approval of the Parties through the CGA JPA, the CGA JPA, or designated GSA, shall execute an agreements with one or more Consultants to conduct the activities listed in Exhibit 1, pursuant to the terms below.
2. The Parties shall each pay their proportionate share of the estimated First Year GSP Implementation Costs for their GSA, as delineated in Exhibit 2 hereto ("Fiscal Year 2021-2022 Member Contributions"). The amount described in Exhibit 2 shall be considered the JPA Budget for Fiscal Year 2021-2022, per Section 5.1 of the JPA Agreement.

3. Should the Fiscal Year 2021-2022 Member Contribution funds collected by the JPA Treasurer from the GSA Members be less than anticipated then the overall budget will be reduced to match the revenue received .

4. In the event that any additional entity becomes a Party to this Agreement, or contributes money for GSP implementation, Joint Powers Agreement Section 3.6 shall govern the amount of the new Party's contribution and the proportionate decrease and refund of the other Parties' respective contributions, or specify what JPA activities the new Party's contribution will fund in addition to what has been funded by the existing Fiscal Year 2021-2022 Member Contributions..

5. The JPA's payment of consultants under this Agreement is contingent and expressly dependent on the condition precedent that the CGA JPA receives the full amount of Fiscal Year 2021-2022 Member Contribution from each GSA. If the CGA JPA does not receive the full amount of Fiscal Year 2021-2022 Member Contributions identified in Exhibit 2, the contributing Parties may seek a reduction in the overall budget identified in Exhibit 1.

6. Each Party shall make payment of its Fiscal Year 2021-2022 Member Contribution to the CGA as identified in Exhibit 2 by either: (1) two installment payments totaling the amount of the total Fiscal Year 2021-2022 Member Contribution for such GSA, with the first payment due and payable on January 31, 2022; and the second payment due by May 15, 2022 or, (2) full payment of the Fiscal Year 2021-2022 Member Contribution by January 31, 2022.

7. In-kind contributions are appropriate and recognized as satisfactory to meet the cost share requirements of a Party. Any in-kind contributions proposed to be substituted, in whole or in part, for monetary payment of a Party's Fiscal Year 2021-2022 Member Contribution must be approved by the CGA Board of Directors.

8. GSP implementation expenses accrued before the adoption of this Agreement are appropriate and recognized as satisfactory to meet the Fiscal Year 2021-2022 Member Contribution requirements of a Party. Any previously accrued expenses proposed to be substituted for monetary reimbursement of a Party's Fiscal Year 2021-2022 Member Contribution must be approved by the CGA Board of Directors.

9. In the event that the actual costs to complete the first year of GSP implementation are less than the TOTAL estimated cost set forth in Exhibit 1, the remaining funds held by the JPA shall be refunded to each GSA based on their proportional share of Fiscal Year 2021-2022 Member Contributions, or placed in reserve, as determined by the CGA Board of Directors.

10. Reserves may be used to fund an amendment, or successor agreement, to this Agreement, or refunded to GSAs, as determined by the CGA Board of Directors.

11. To the extent of any disagreement between the terms of this Agreement and the Joint Powers Agreement, the Joint Powers Agreement shall control.

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COUNTY OF SACRAMENTO, a political
subdivision of the State of California

By: _____

Michael L. Peterson, Director
Department of Water Resources
Public Works & Infrastructure

Date: _____

Signed by the Director under the
authority delegated by
Resolution Number 99-0327.

Agreement approved by
Board of Supervisors:

Agenda Date: _____

Item Number: _____

Reviewed and Approved by County Council

By:

William C. Burke, County Counsel

Date: _____

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Clay Water District, a GSA organized under the laws of the State of California

By _____

Date: _____

Agenda Date: _____

Item Number: _____

Resolution Number: _____

Reviewed and approved by Counsel

By _____

Rebecca Smith, Counsel for GSA

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Galt Irrigation District, a GSA organized under the laws of the State of California

By _____

Date: _____

Agenda Date: _____

Item Number: _____

Resolution Number: _____

Reviewed and approved by Counsel

By _____

Rebecca Smith, Counsel for GSA

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City of Galt, a California Municipal Corporation
and GSA organized under the laws of the State
of California

By _____
Eugene Palazzo, City Manager

Date: _____

Reviewed and approved as to form:

By: _____
Kimberly Hood, Interim City Attorney

Reviewed and approved as to content:

By: _____
Mike Selling, Public Works Director

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Amador County Groundwater Management Authority, a GSA organized under the laws of the State of California

By _____

Date: _____

Agenda Date: _____

Item Number: _____

Resolution Number: _____

Reviewed and approved by Counsel

By _____

Gregory Gillott, Counsel for GSA

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Omochumne-Hartnell Water District, a GSA
organized under the laws of the State of
California

By _____

Date: _____

Agenda Date: _____

Item Number: _____

Resolution Number: _____

Reviewed and approved by Counsel

By _____

Rebecca Smith, Counsel for GSA

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Sloughhouse Resource Conservation District,
a GSA organized under the laws of the State of
California

By _____

Date: _____

Agenda Date: _____

Item Number: _____

Resolution Number: _____

Reviewed and approved by Counsel

By _____

Scott Morris, Counsel for GSA

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Exhibit 1: Cosumnes Groundwater Authority Fiscal Year 2021-2022 Expenses
Year One Groundwater Sustainability Plan Implementation

<u>Expense</u>	<u>Member Expense Amount</u>	<u>DOC-DWR Grants SAFCA Contribution</u>
Establish Organization	\$25,000	
Prepare DWR Grant*	\$35,000	\$5,000
Monitoring	\$30,000	
Data Management System	\$15,000	
Public Outreach*	-	\$10,000
GSA Coordination	\$20,000	
Legal	\$30,000	
Financial Audit	\$20,000	
Personnel	\$90,000	
Data Gaps	\$25,000	
Annual Report	\$45,000	
Contingency	\$13,696	
Post-GSP Fee Establishment	\$99,603	
Voluntary Fallowing*	-	\$15,000
Ag-MAR**	-	\$160,000
GW Banking***	-	\$40,000
Total	\$448,229	\$230,000

* Department of Conservation (DOC) Grant Funding

** DOC, DWR Sustainable Groundwater Management Office Grants, and Sacramento Area Flood Control Agency (SAFCA) Contribution

*** DOC Grant, SAFCA Contribution

Exhibit 2: Cosumnes Groundwater Authority Fiscal Year 2021-2022
 Member Revenue and Contributions
 Other DOC/DWR Grants and SAFCA Contributions

<u>GSA Revenue and Contribution</u>	<u>Amount</u>
City of Galt	\$15,000
Amador Groundwater Authority	\$5,000
Galt Irrigation District	\$161,807
Clay Water District	\$21,889
Omochumne-Hartnell Water District	\$24,893
Sloughhouse Resource Conservation District	\$154,876
County of Sacramento	\$64,834
Total Member Revenue/Contributions	\$448,299
<u>OTHER</u>	<u>Amount</u>
SAFCA Contributions and DOC/DWR grants	\$230,000
Total	\$678,299

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