

# Attachment C

October 21, 2019

*Via E-mail and Mail*

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**Re: Monterey County's October 9, 2019 SGMA Letter  
Marina Sustainable Groundwater Agency Jurisdictional Area**

Dear Ms. Ravazzini and Ms. Sobeck:

On behalf of the City of Marina Groundwater Sustainability Agency ("MGSA"), we are responding to Monterey County's October 9, 2019 letter informing the Department of Water Resources ("DWR") and the State Water Resources Control Board ("State Board") of its intent to consider becoming the Groundwater Sustainability Agency ("GSA") for a portion of the 180/400 Foot Aquifer Subbasin ("Subbasin").<sup>1</sup>

## INTRODUCTION

In brief, Monterey County ("County") apparently plans to supplant MGSA and become the exclusive GSA for MGSA's jurisdictional area because MGSA and the Salinas Valley Basin GSA ("SVBGSA") have filed overlapping GSA notices for the approximate 400-acre portion of the Subbasin within the City of Marina. DWR and the State Board should firmly reject any County effort to usurp MGSA's GSA authority. The Sustainable Groundwater Management Act ("SGMA") provides for a local agency resolution process to resolve overlapping GSA notices and uncoordinated Groundwater Sustainability Plans ("GSPs"). MGSA and SVBGSA have until January 31, 2020 to negotiate and submit a coordination agreement. Then, if an overlap has not been resolved, SGMA specifies a resolution process implemented by the State Board, which includes a mandatory 180-day negotiation/mediation provision.

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<sup>1</sup> In its letter, the County states in several places that it "will consider" taking actions to become the GSA for this property. However, at the end of the letter, the County requests that the agencies let them know if they "have concerns about the County's plans to become a GSA for the CEMEX property, as outlined above." (Emphasis added.)

Four independent reasons compel cessation of any Monterey County efforts to become the GSA for this overlap portion of the Subbasin:

- SGMA Section 10724 does not provide a platform for Monterey County to replace MGSA for this area;
- Since it is creating and/or contributing to the overlap, Monterey County cannot invoke Section 10724;
- If it tried to invoke Section 10724, Monterey County would be unlawfully circumventing the explicit local agency coordination requirements and GSP resolution provisions in SGMA; and
- Intervention by DWR or the State Board in support of Monterey County would be premature and inappropriate.

### SGMA CONTEXT

Both MGSA and SVBGSA filed notices of their GSA formation and of their intent to prepare GSPs for the Subbasin. While SVBGSA's notice covers the entire Subbasin, MGSA's notice applies only to an approximate 400-acre portion of the Subbasin within the City of Marina's jurisdictional boundaries. Thus, MGSA and SVBGSA have overlapping claims to this portion of the Subbasin.

When competing GSA notices cause overlapping boundaries, SGMA prevents a GSA decision from "tak[ing] effect unless the other notification is withdrawn or modified to eliminate any overlap in the areas proposed to be managed." Cal. Water Code § 10723.8(c). SGMA instructs the local agencies to "seek to reach agreement to allow prompt designation of a groundwater sustainability agency." *Id.* SGMA further requires GSAs "intending to develop and implement multiple groundwater sustainability plans" to "coordinate with other agencies preparing a groundwater sustainability plan within the basin." *Id.* § 10727.6. The GSAs must "jointly submit" their GSPs with a coordination agreement "to ensure the coordinated implementation of the groundwater sustainability plans for the entire basin." *Id.* § 10733.4(b); *see also* Cal. Code Regs. tit. 23, § 357.

Accordingly, when GSAs file overlapping claims, SGMA envisions a process where those agencies negotiate in good faith to reach a compromise and enter into a coordination agreement which they submit with their GSPs. The GSPs and coordination agreement between MGSA and SVBGSA for the Subbasin must be filed by January 31, 2020.

MGSA is complying in all respects with SGMA. It properly formed its GSA, provided the requisite notice of its intent to prepare a GSP, issued a draft GSP on October 8, 2019 and is on schedule to file an approved GSP with DWR by the January 31, 2020 deadline. By

committing the necessary (and significant) financial resources and following the prescribed SGMA process, MGSA has been doing exactly what the law requires and it is entitled to complete this process.

**I. SGMA Section 10724 Does Not Apply To This Situation Because Multiple GSAs Have Asserted SGMA Jurisdiction Over The Overlap Area.**

The County relies primarily on Water Code Section 10724(a) for its potential plan to eliminate MGSA and take over its SGMA jurisdictional area. This provision states:

In the event that there is an area within a high- or medium-priority basin **that is not within the management area of a groundwater sustainability agency**, the county within which that unmanaged area lies will be presumed to be the groundwater sustainability agency for that area.

Cal. Water Code § 10724(a) (emphasis added).

The County is mistaken in asserting that this provision is applicable here. As SGMA's legislative history reflects,<sup>2</sup> Section 10724 is intended to cover situations where no GSA asserts jurisdiction over an area within a basin, not where multiple GSAs assert jurisdiction and prepare GSPs for a particular area. When multiple GSAs adopt GSPs to manage such an area, the area is within the management area of several GSAs. Section 10724 comes into play when no local agency shows an interest in a particular basin area (thereby making it "unmanaged") and a county is thereafter given the option to become the GSA of that area. If the county declines, the area will instead be managed by the State Board. No DWR regulations or any judicial decisions interpret this section or alter its plain meaning.

The County argues that this provision should also be applied in a multiple GSA situation. The County attempts to conflate the provisions for establishing an exclusive GSA under SGMA Section 10723.8 with Section 10724 to reach a faulty conclusion that, because of the overlapping area in MGSA's and SVBGSA's GSA notices, the areas should be deemed to be "unmanaged." However, the County inaccurately reads Section 10724(a) as addressing disputes arising under the process for determining an exclusive GSA under Section 10723.8 and incorrectly presumes that where overlapping GSAs jurisdictional claims exist, there is no GSA to manage an area.

MGSA acknowledges that one guidance statement from the State Board opines that "[i]f two or more local agencies overlap, the combined area will be deemed unmanaged" and asserts that a county potentially could become a GSA in this situation. State Board, Frequently Asked

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<sup>2</sup> The Legislature intended Section 10724 to apply "in the case of an area where no local agency has *assumed* management." S. Rules Comm., Floor Analysis on S.B. 11168 at 4 (Aug. 29, 2014) (emphasis added). In particular, the Legislature linked this provision to whether a local agency has acted to assume management over an area – not whether the local agency has become the exclusive GSA.

Questions on GSAs, at 3 (Nov. 22, 2017) (“SWRCB FAQs”). However, this interpretation is not consistent with the intent, legislative history, and text of Section 10724 and is unsupported by any official regulation or case law. Even so, the State Board attaches an important caveat to this interpretation: if a county is “creating or contributing to the overlap, the county does not become the presumptive GSA.” As explained in the next section, this rule disqualifies Monterey County from taking such an action.

In sum, it is not a reasonable interpretation of SGMA to read Sections 10723.8 and 10724 together in this manner, nor does SGMA define its use of the term “unmanaged.” Rather, these GSA and GSP provisions are best read as operating at the same time on parallel tracks. Consistent with this interpretation, Section 10724(a) does not require that a basin be within the management area of an exclusive GSA. Where multiple GSAs file to manage the same basin area, the clear text in Section 10724(a) does not support Monterey County’s ability to claim the area is unmanaged. This is especially true when, as here, both of the GSAs are on track to submit their GSPs, and a coordination agreement is not due for any overlap areas until the January 31, 2020 GSP submittal deadline.

## **II. Since Monterey County Is Creating And/Or Contributing To This GSA Overlap, It Is Disqualified From Invoking Section 10724.**

Guidance from the State Board and DWR places a very important limitation on Monterey County’s authority to become a GSA for an unmanaged area under Section 10724: “If a county is creating or contributing to the overlap, the county does not become the presumptive GSA.” SWRCB FAQs at 3; *see also* DWR, *GSA Frequently Asked Questions*, at 4 (May 10, 2019).

The County argues that it is a completely separate entity from SVBGSA and thus could not be creating or contributing to the overlap. However, the facts do not support this claim. Monterey County was a moving force behind SVBGSA’s formation and even “pushed for the establishment of the Joint Powers Authority” (“JPA”). SVBGSA Minutes at 2 (Sept. 19, 2019). Monterey County is a member of SVBGSA and the County Administrative Officer position (who authored the County’s October 9, 2019 letter) is designated as the official County representative to SVBGSA. (*See* Exhibit A to SVBGSA’s JPA Agreement.) Section 10.4 of the JPA Agreement for SVBGSA reflects that the County has provided almost 60% of all initial funding for SVBGSA during the 2017–19 period, totaling \$1.34 million. The Monterey County Counsel’s office has served as the attorney for SVBGSA as it filed GSA and GSP notices and even prepared the GSP that the County now proposes to adopt after it eliminates MGSA. Indeed, the law reflects that a JPA agreement allows “two or more public agencies by agreement [to] jointly exercise any power common to the contracting parties.” Cal. Gov’t Code § 6502.

In short, it is wholly unpersuasive for the County to assert that it is a separate entity from SVBGSA and therefore is not creating or contributing to the overlap situation. In actuality, the County, as a member, majority funder and driving force in the SVBGSA, is indisputably creating and/or contributing to the overlap situation and cannot masquerade as a disinterested county



agency coming in under a ministerial application of Section 10724 to resolve a dispute among two local GSA agencies.

This is exactly the kind of conflict situation envisioned by the DWR/State Board guidance where a county is disqualified from attempting to invoke Section 10724. Monterey County's contemplated actions here vividly illustrate these dangers. The County is responding to a request by an affiliated entity (SVBGSA) of which it is the primary funder, to consider using its powers to prevent the City of Marina from exercising its GSA authority. Monterey County has announced its intention to adopt SVBGSA's GSP for the overlap area – the same GSP that the County helped design as a member of SVBGSA. Notably, Monterey County fails to present any groundwater management justification for asserting control over the overlap area. It is exactly to prevent such county conflicts that the "creating or contributing" limitation was adopted.

SVBGSA and the County are being encouraged by California-American Water Company ("CalAm") to take these actions to promote its Monterey Peninsula Water Supply Project ("Project"). In its October 9, 2019 letter to SVBGSA, copied to the Monterey County Administrative Officer, CalAm requests both entities to "defer any action on a coordination agreement" with MGSA and instead requests that the County become the GSA for the overlap area. CalAm takes the ridiculous position that MGSA is only preparing a GSP to stop its Project and attempts to enlist the County so it can build the Project. CalAm is not a GSA and, as a private corporation intent on profit, it has no interest in ensuring sustainable groundwater management in the Subbasin. Rather, it is a third party with no official role in this SGMA process attempting to pressure public agencies to achieve its corporate goals. By advocating to stop any coordination agreement discussions, it is also trying to artificially create an impasse in hopes of a County takeover or state intervention.

As a DWR representative has already informed SVBGSA, the County would need to withdraw from the SVBGSA if it intends to take any action under Section 10724. According to the minutes of the September 19, 2019 SVBGSA Advisory Committee meeting, a DWR representative (Tom Berg) stated to SVBGSA:

Monterey County can remove itself from the SVBGSA and become the GSA for the unmanaged area and enter into a coordination agreement. The cleaner approach is if Monterey County decides there is an overlap and becomes the GSA for the entire 180/400 Subbasin. **They can become the GSA for only Marina if they do not create the GSA with the intent to take over Marina's portion.** You can resolve the overlap and trust Marina will timely submit their Plan. If the Plan is determined to be insufficient during the two-year review, the Water Board could determine the entire Subbasin to be insufficient. He expects legal fights if Monterey County takes over the Subbasin. **Mr. Berg referenced the determination that Kern County had created**

**their overlap conflict, and they were prevented from becoming the GSA as a result.**

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Tom Berg stated that during the telephone conversation with Mr. Nordberg, DWR, it was suggested that the cleaner approach is for Monterey County to become the GSA for the entire basin. **If the County becomes the GSA only for Marina, it is no longer ministerial in terms of taking out Marina instead of just trying to clear the overlap.**<sup>3</sup>

*Id.* at 3–4 (emphasis added).

There are explicit withdrawal provisions in Sections 11.6 and 11.8 of SVBGSA's JPA Agreement that the County could utilize to accomplish this withdrawal. Moreover, after withdrawal, the County would need to assert jurisdiction over all overlap areas in the Subbasin. This would, of course, cause needless and extensive organizational and financial harm to all GSAs with overlapping claims and would completely undercut SGMA's goals.

In actuality, "SGMA requires the agencies to resolve" boundary disputes. SWRCB FAQs at 3. The State Board only deems an area unmanaged until the GSAs resolve their conflict. *Id.* This limitation aligns with the intended purpose of Section 10724 to function as a safety valve, allowing a county to assume the role of a GSA in a ministerial manner as a last resort or as a temporary solution before a local agency can take control. Instead of serving that purpose, Monterey County would be using Section 10724 to target only the City of Marina and block it from exercising its GSA authority and implementing its GSP. This effort would contravene SGMA's emphasis on and processes for local agency cooperation and basin management.

### **III. Monterey County's Potential Action Would Fatally Undermine SGMA's GSA Collaboration Process.**

SGMA specifies a specific process for GSAs who file overlapping notices to coordinate and submit a joint GSP or set of GSPs. *See* Cal. Water Code §§ 10727.6 and 10733.4(b). The Water Code likewise provides a process for resolving disputes, in the event that GSAs fail to coordinate and submit joint GSPs for a critically overdrafted basin by the January 31, 2020 deadline. In that situation, the State Board can designate that basin as probationary. *Id.* §§ 10735.2(a)(2) and 10735.2(a)(3) (providing that the State Board can also make a probationary designation after finding that a GSP is inadequate). The State Board must give the local agencies or GSAs "180 days to remedy the deficiency," and "[t]he board may appoint a mediator or other

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<sup>3</sup> The minutes reflect that a representative of Monterey County (Charles McKee) attended this meeting.

facilitator . . . to assist in resolving disputes, and identifying and implementing actions that will remedy the deficiency.” *Id.* § 10735.4(a). Disagreements over overlapping portions of the basin are covered by this provision.

If it tried to eliminate MGSA’s authority over the overlapping area and intervene as the exclusive GSA, the County would be improperly using Section 10724 to implement the GSP of its affiliated GSA entity, violating State Board and DWR guidance directly on point, and undermining SGMA’s dispute resolution processes. This action would set a dangerous precedent that could incentivize the misuse of Section 10724 by counties.

#### **IV. DWR And State Board Intervention Is Premature And Legally Unauthorized.**

MGSA and SVBGSA are entering a critical time for collaboration to meet the January 31, 2020 GSP submission deadline. Monterey County’s potential plan to assert itself as the GSA for the MGSA jurisdictional area threatens to derail this process. Intervention by DWR or the State Board to support Monterey County would similarly quash any possibility of compromise between the two GSAs. Unfortunately, CalAm is urging a strategy to promote its own narrow agenda, likely because it does not want to comply with the GSP of MGSA or with MGSA oversight of its potential groundwater source. However, MGSA and SVBGSA must negotiate in good faith and be given the opportunity to complete the local agency coordination process prescribed by SGMA. The Water Code specifically provides for State Board intervention if MGSA and SVBGSA cannot meet the January 31, 2020 deadline. *See* Cal. Water Code § 10735.2(a)(2). Any actions that interfere with or undermine these SGMA processes are premature and inappropriate.

#### **CONCLUSION**

For the foregoing reasons, DWR and the State Board must immediately inform Monterey County that Section 10724 is not applicable in this situation. The County, as the moving force, member, primary funder and general legal advisor to SVBGSA, has created and or contributed to the overlap situation and is therefore disqualified from using this provision. Supporting CalAm’s reluctance to be governed and monitored by the government entity with the overlying interest, does not support SGMA and the intention of the Legislature to sustainably manage groundwater. The City of Marina’s formation of MGSA to prepare its own GSP to govern critical groundwater resources within its jurisdiction is consistent with the spirit and language of SGMA.

Thank you for giving MGSA the opportunity to provide comments on this important issue. We are certainly available to discuss these issues with you.

Very truly yours,

Paul P. “Skip” Spaulding, III



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