

**Merced Subbasin Groundwater Sustainability Agency**  
**2222 M Street**  
**Merced, CA 95340**

March 24, 2017

Mr. Mark Nordberg, GSA Project Manager  
Sustainable Groundwater Management Program  
California Department of Water Resources  
901 P Street, Room 213-B  
P.O. Box 942836  
Sacramento, CA 94236

Mr. Mike McKenzie, Senior Engineering  
Geologist  
South Central Region  
California Department of Water Resources  
3374 East Shields Avenue  
Fresno, CA 93726

***RE: NOTICE OF THE MERCED SUBBASIN GROUNDWATER SUSTAINABILITY AGENCY JPA'S ELECTION TO  
BECOME A GROUNDWATER SUSTAINABILITY AGENCY FOR A PORTION OF THE MERCED SUBBASIN***

Dear Mr. Nordberg and Mr. McKenzie:

This letter constitutes notice to the Department of Water Resources (DWR), pursuant to Water Code sections 10723(d) and 10723.8, of the Merced Subbasin Groundwater Sustainability Agency Joint Powers Authority's (Merced Subbasin GSA) intent to undertake sustainable groundwater management of a portion of the Merced Subbasin as the Merced Subbasin Groundwater Sustainability Agency in accordance with the Sustainable Groundwater Management Act (SGMA).

The Merced Subbasin GSA is a joint powers authority consisting of six water management and land use agencies each eligible to become a GSA pursuant to Water Code section 10723(a). The member agencies of the Merced Subbasin GSA, including the County of Merced, the County of Mariposa, Merquin County Water District, Le Grand-Athlone Water District, Plainsburg Irrigation District and Stevinson Water District, have entered into a joint powers agreement to form the Merced Subbasin GSA, attached as Exhibit A, pursuant to Water Code section 10723.6(a). This notice of intent is timely filed within 30 days of the Merced Subbasin GSA Governing Board's approval of a resolution electing to serve as the Merced Subbasin GSA. The resolution forming the GSA is attached hereto as Exhibit B and a map showing the proposed Merced Subbasin GSA's management area is attached as Exhibit C. No new bylaws, ordinances, or other new authorities were adopted in connection with this JPA or resolution to serve as a GSA.

The proposed Merced Subbasin GSA is located within the Merced Subbasin and there is no intended overlap in the proposed management area of this GSA with any other GSA in the subbasin. Other anticipated GSAs in the Merced Subbasin include the Turner Island Water District GSA and a multi-agency GSA with the Merced Irrigation District and other urban agencies. The Merced Subbasin GSA intends to work collaboratively with the other entities located within the proposed GSA's service area, including mutual water companies. Mutual water companies will participate in the Merced Subbasin

Mr. Nordberg and Mr. McKenzie

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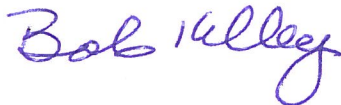
GSA through participation agreements between the Merced Subbasin GSA and the individual mutual water company. Two mutual water companies have executed participation agreements including Lone Tree Mutual Water Company and Sandy Mush Mutual Water Company.

The Merced Subbasin GSA members have been actively participating in coordination efforts with other local agencies and interests in the Merced Subbasin and intend to work collaboratively with other GSAs in the subbasin to coordinate the preparation of a single Groundwater Sustainability Plan (GSP) for the Merced Subbasin or coordinated GSPs.

On March 15, 2017 a public hearing was held in Merced County for the Merced Subbasin GSA Governing Board to receive public comment on the proposed Merced Subbasin GSA. Notice of this hearing was provided in compliance with Water Code Section 10723(b) and Government Code Section 6066, attached hereto as Exhibit D.

The Merced Subbasin GSA is committed to an open and inclusive process to implement SGMA. Interested parties as identified in Exhibit E pursuant to Water Code section 10723.2, will have opportunities, both formal and informal, to provide input to the GSA throughout the process of developing , operating, and implementing the GSA and GSP. Such opportunities may include, but are not limited to, public workshops and comment periods required by SGMA (e.g. Water Code section 10728.4); opportunities for public comment during the Merced Subbasin Governing Board's regular meetings; and at other times to be determined and noticed pursuant to Water Code section 10727.8(a).

Sincerely,



Bob Kelley  
Chairman

Enclosures

**Exhibit A**  
**Merced Subbasin GSA Joint Powers Agreement**

## Joint Powers Agreement Creating the Merced Subbasin Groundwater Sustainability Agency

THIS JOINT POWERS AGREEMENT CREATING THE MERCED SUBBASIN GROUNDWATER SUSTAINABILITY AGENCY (this "Agreement") is made and entered into by and among the Plainsburg Irrigation District, a California irrigation district, Le Grand-Athlone Water District, a California water district, Stevinson Water District, a California Water District, Merquin County Water District, a California county water district, the County of Mariposa, a political subdivision of the State of California, and the County of Merced, a political subdivision of the State of California, which are referred to herein individually as a "Party" and collectively as "Parties," for the purposes of forming a joint powers agency to serve as a Groundwater Sustainability Agency in the Merced Subbasin. This joint powers agency shall hereinafter be known as the Merced Subbasin Groundwater Sustainability Agency.

### Recitals

A. **WHEREAS**, on September 16, 2014 Governor Jerry Brown signed into law Senate Bills 1168 and 1319 and Assembly Bill 1739, known collectively as the Sustainable Groundwater Management Act (the "Act"); and

B. **WHEREAS**, the Act went into effect on January 1, 2015; and

C. **WHEREAS**, the Act seeks to provide sustainable management of groundwater basins, enhance local management of groundwater, establish minimum standards for sustainable groundwater management, and provide local groundwater agencies with the authority and the technical and financial assistance necessary to sustainably manage groundwater; and

D. **WHEREAS**, the Act allows certain local agencies to become a Groundwater Sustainability Agency ("GSA") and adopt a Groundwater Sustainability Plan ("GSP") as a means to manage and regulate groundwater in an underlying groundwater basin, which is defined as a basin or subbasin identified and defined in California Department of Water Resources ("DWR") Bulletin 118; and

E. **WHEREAS**, each of the Parties to this Agreement is a public entity organized and operating under the laws of the State of California, or a public agency as defined in California Government Code section 6500; and is a local agency as defined in California Water Code section 10721(n); and

F. **WHEREAS**, each Party to this Agreement overlies a portion of the Merced Subbasin of the San Joaquin Valley Groundwater Basin (Subbasin No. 5-22.04 as identified by DWR); and

G. **WHEREAS**, section 10720.7 of the Act requires all basins designated as high or medium priority basins by DWR Bulletin 118 be managed under GSPs or coordinated GSPs pursuant to the Act and DWR has identified the Merced Subbasin as a high priority basin; and

H. **WHEREAS**, pursuant to the Joint Exercise of Powers Act (Chapter 5 (commencing with Section 6500) of Division 7 of Title 1 of the California Government Code), two or more public agencies may by agreement jointly exercise any power held in common by agencies entering into such an agreement; and

I. **WHEREAS**, pursuant to the terms of this Agreement, the Parties intend to create a joint powers agency that will elect to serve as the GSA within the boundaries provided in Exhibit “A” for the Merced Subbasin; and

J. **WHEREAS**, pursuant to Section 10723.6, subdivision (b) of the Act, a water corporation regulated by the Public Utilities Commission or a mutual water company may participate in a GSA through a Memorandum of Agreement or other legal agreement; and

K. **WHEREAS**, pursuant to the Act, the Parties, acting through and by the Merced Subbasin Groundwater Sustainability Agency, intend to enter into “Participation Agreements” with Lone Tree Mutual Water Company and Sandy Mush Mutual Water Company; and

L. **WHEREAS**, the Parties, acting through and by the Merced Subbasin Groundwater Sustainability Agency intend to work cooperatively with other GSAs operating in the Merced Subbasin to manage the basin in a sustainable fashion pursuant to the requirements set forth in the Act; and

M. **WHEREAS**, the Parties, by and through their respective governing bodies, have determined that it will be mutually beneficial to enter into this Agreement and desire to create the Merced Subbasin Groundwater Sustainability Agency.

**NOW, THEREFORE**, in consideration of the promises, terms, conditions, and covenants contained hereinafter and the above Recitals, which are incorporated herein by reference, the Parties agree as follows:

#### **Article 1. Definitions**

As used in this Agreement, unless context requires otherwise, the meanings of the terms set forth below shall be as follows:

- 1.1. “Act” refers to the Sustainable Groundwater Management Act.
- 1.2. “Actively and primarily engaged in production of agriculture” means that a person derives at least 75 percent of his or her annual income from production agriculture.
- 1.3. “Agency” means the Merced Subbasin Groundwater Sustainability Agency.
- 1.4. “Agreement” means this “Joint Powers Agreement Creating the Merced Subbasin Groundwater Sustainability Agency.”
- 1.4. “Committee” shall mean any committee established pursuant to Article thirteen (13) of this Agreement.
- 1.5. “Contracting Entity” shall mean any mutual water company within the boundaries of the Merced Subbasin Groundwater Sustainability Agency that enters into a Participation Agreement, as defined below, with the Agency. The initial Contracting Entities shall be Lone Tree Mutual Water Company and Sandy Mush Mutual Water Company, as established through execution of Participation Agreements.
- 1.6. “Eastern White Area” refers to all lands northeast of the Merced Irrigation District service area within the Merced Subbasin, but outside of established water or irrigation

districts, municipalities, community service districts, Contracting Entities, or other eligible local agencies as defined by the Act.

- 1.7. "Effective Date" means the date on which the last Party executes this Agreement.
- 1.8. "Fiscal Year" means July 1 through June 30.
- 1.9. "Governing Board" means the governing body of the Agency.
- 1.10. "Board Member" or "Board Members" mean members of the Agency's Governing Board.
- 1.11. "Member's Governing Body" means the Board of Directors or other voting body that controls the individual public agencies that are members of the Agency.
- 1.12. "Member" means a public agency including each of the Parties that satisfies the requirements of Article fourteen (14) (Membership) of this Agreement.
- 1.13. "Participation Agreement" means an agreement entered into between the Agency and a mutual water company within the boundaries of the Merced Subbasin Groundwater Sustainability Agency, which provides that the mutual water company: (1) may be represented on the Agency's Governing Board; (2) shall otherwise participate in the Merced Subbasin Groundwater Sustainability Agency; (3) shall contribute to the costs of the Agency as specified in such Participation Agreement; and (4) shall have the rights and duties as set forth in this Agreement and the Participation Agreement.
- 1.14. "Special Project" means a project undertaken by some, but not all Members or Contracting Entities of the Agency.
- 1.15. "State" means the State of California.
- 1.16. "Western White Area" refers to all lands southwest of the Merced Irrigation District service area within the Merced Subbasin, but outside of established water or irrigation districts, municipalities, community service districts, Contracting Entities, or other eligible local agencies as defined by the Act.
- 1.17. "White Area" means any unincorporated, unmanaged area outside of the service area boundary of a water or irrigation district or Contracting Entity.
- 1.18. "White Area Representative" means any individual actively and primarily engaged in production of agriculture within the white areas (as defined above).

## **Article 2. Creation of a Separate Entity**

- 2.1. Upon the Effective Date of this Agreement, the Agency is hereby created as a joint powers agency pursuant to the provisions of the Government Code of the State of California relating to the joint exercise of powers common to public agencies (Gov. Code §6500, *et seq.*). Pursuant to the provisions of Article I, Chapter 5, Division 7 of Title 1 of the California Government Code, commencing with section 6500, the Agency shall be a public agency separate from its Members. The principle offices shall be located at the County of Merced or at such other place as the Governing Board shall determine.

- 2.2. The boundaries of the Agency shall, subject to modifications as they may occur, be as follows: on the north, the boundary shall be the Merced River, bounded on the south by the Chowchilla River, the jurisdictional boundary of the Chowchilla Water District service area, and the Merced - Madera County line, on the east generally by the Merced - Mariposa County line, and on the west by the San Joaquin River and the jurisdictional boundary of the Turner Island Water District service area, as further and more precisely depicted in the boundary map. The Agency boundary shall exclude the jurisdictional boundary of the Merced Irrigation District service area. Attached hereto and incorporated herein is Exhibit "A," a map showing the boundaries of the Agency.

### **Article 3. Term**

- 3.1. This Agreement shall become effective upon execution by each of the Parties and shall continue in full force and effect until terminated pursuant to the provisions of Article 18 (Termination and Withdrawal).

### **Article 4. Purpose of the Agency**

- 4.1. The purpose of this Agreement is to create a joint powers agency separate from its Members that will be the GSA for a portion of the Merced Subbasin as defined in Article 2, Section 2.2.
- 4.2. To develop, adopt, and implement a GSP for a portion of the Merced Subbasin in order to implement the Act's requirements and achieve the sustainability goals outlined in the Act.
- 4.3. To involve the public and local stakeholders through outreach and engagement in developing and implementing the Merced Subbasin Groundwater Sustainability Plan.
- 4.4. To coordinate and cooperate with other GSAs operating in the Merced Subbasin in order to meet the sustainability requirements outlined in the Act.
- 4.5. To coordinate and cooperate to achieve inter-basin coordination with GSAs operating in the Turlock, Delta-Mendota, and Chowchilla Subbasins.

### **Article 5. Powers of the Agency**

- 5.1. In accordance with California Government Code section 6509, the following powers shall be subject to the restrictions upon the manner of exercising such powers pertaining to the County of Merced.
- 5.2. The Agency is hereby authorized, in its own name, to do all acts necessary for carrying out the purposes of this Agreement. Upon successfully electing to be a GSA, the Agency is hereby authorized to exercise all additional powers granted to GSAs in the Act.
- 5.3. The Agency shall have the power, in the name of the Agency to exercise the common powers of the Members, including but not limited to, the following:
- 5.4. Employ agents, consultants, advisors, independent contractors, and employees.

- 5.5. Make and enter into contracts with public or private entities, including the State of California and the United States, and one another.
- 5.6. Acquire, hold, and convey real and personal property.
- 5.7. Incur debts, obligations, and liabilities subject to the limitations provided in this Agreement.
- 5.8. To borrow money.
- 5.9. Accept contributions, grants, or loans from any public or private agency or individual in the United States or any department, instrumentality, or agency thereof for the purpose of financing its activities.
- 5.10. Invest money that is not needed for immediate necessities, as the Governing Board determines advisable, in the same manner and upon the same conditions as other local entities in accordance with section 53601 of the California Government Code.
- 5.11. Reimburse Agency Members for the actual amounts of reasonable and necessary expenses incurred in attending the Agency's meetings or any committee of the Agency in performing the duties of their officer, subject to Governing Board policy and budget authorization.
- 5.12. Sue and be sued; provided, that a Member agency may determine not to participate in the affirmative litigation.
- 5.13. Undertake all other acts reasonable and necessary to carry out the Purpose of this Agreement.
- 5.14. Employ or retain a full time or part time supporting staff.
- 5.15. Exercise and/or delegate all additional powers granted to GSAs by the Act upon successful election to be a GSA for the Merced Subbasin.
- 5.16. Subject to the California Water Code and authorities granted by the Act, the Agency and all of its Members confirm that nothing contained herein shall grant the Agency any power to alter any water right, contract right, or any similar right held by its Members or Contracting Entities, or amend a Member's or Contracting Entity's water delivery practice, course of dealing, or conduct without the express consent of the holder thereof.

#### **Article 6. Agency Governing Board Membership**

- 6.1. Formation of Governing Board. The Agency shall be governed by a Governing Board consisting of the following six (6) members.
  - 6.1.1. An elected member of the Board of Supervisors for the County of Merced or that Board's designee.
  - 6.1.2. One representative from the Western White Area.
  - 6.1.3. One representative from the Eastern White Area.
  - 6.1.4. One member from the board of directors of a Contracting Entity, or that board's designee.

- 6.1.5. One member from the Board of Directors for either the Stevinson Water District or Merquin County Water District, or one designee chosen by the Boards of those two water districts.
- 6.1.6. One member from the Board of Directors for either the Le Grand-Athlone Water District or Plainsburg Irrigation District, or one designee chosen by the Boards of those two districts.
- 6.2. Requirements. Each Board Member shall certify to the Secretary in writing that he or she has been appointed to be a Board Member by the appointing Member or Contracting Entity and that he or she meets the qualifications established by this section 6.2.
- 6.3. Alternate Board Member. Each Member or Contracting Entity shall appoint one Alternate Board Member for each Board Member it appoints. Alternate Board Members shall have no vote if the Board Member is present. If the Board Member is not present, the Alternate Board Member may cast a vote.
- 6.4. Removal of Board Members. Board Members and Alternate Board Members serve at the pleasure of their respective appointing Members or Contracting Entities and may be removed or replaced at any time. Upon removal of a Board Member, the Alternate Board Member shall serve as Board Member until a new Board Member is appointed by the Member or Contracting Entity. Members and Contracting Entities must submit any changes in Board Member or Alternate Board Member positions to the Secretary in writing and signed by the Member or Contracting Entity.
- 6.5. Terms of Office. The term of office for each member of the Agency's Governing Board is four (4) years. For the purpose of providing staggered terms of office, the term of the initial representatives for three (3) members of the Governing Board shall be for a period of two (2) years. Thereafter, the term of office for each representative shall be for a period of four (4) years. The Governing Board shall, at its initial meeting, designate three (3) members of the Governing Board to serve a two (2)-year term. Each member of the Governing Board shall serve at the pleasure of the appointing Member or Contracting Entity and may be removed from the Governing Board by the appointing Members or Contracting Entity at any time. If at any time a vacancy occurs on the Governing Board, the appointing Member or Contracting Entity shall make an appointment to fill the unexpired term of the previous Board Member within ninety (90) days of the date that such position becomes vacant.

#### **Article 7. Appointment of Members of Governing Board**

- 7.1. The members of the governing board of the Agency shall be appointed as follows:
- 7.1.1. The County of Merced representative shall be appointed by the County of Merced Board of Supervisors.
- 7.1.2. The Eastern White Area Representative shall be actively and primarily engaged in production of agriculture within the territory of the Agency. The Eastern White Area

Representative shall be appointed by the County of Merced Board of Supervisors. The Governing Board and Advisory Committee may provide appointment recommendations that the Board of Supervisors shall consider, though the Board of Supervisors will retain absolute discretion for the appointment.

7.1.3. The Western White Area Representative shall be actively and primarily engaged in production of agriculture within the territory of the Agency. The Western White Area Representative shall be appointed by the County of Merced Board of Supervisors. The Governing Board and Advisory Committee may provide appointment recommendations that the Board of Supervisors shall consider, though the Board of Supervisors will retain absolute discretion for the appointment.

7.1.4. The board of directors of a Contracting Entity shall nominate a member of its board of directors, or that board's designee, to serve on the Agency's Governing Board. The Contracting Entity appointment shall rotate each term among the qualifying Contracting Entities in the Merced Subbasin, unless otherwise agreed to in writing between the Contracting Entities.

7.1.5. The Stevinson Water District and Merquin County Water District representative shall be appointed by the Stevinson Water District and Merquin County Water District Boards of Directors.

7.1.6. The Le Grand-Athlone Water District and Plainsburg Irrigation District representative shall be appointed by the Le Grand-Athlone Water District and Plainsburg Irrigation District Boards of Directors.

#### **Article 8. Officers**

8.1. Officers. The Governing Board shall select a Chairman, Vice-Chairman, Secretary, and any other officers as determined necessary by the Governing Board. Chairman, Vice-Chairman, shall be appointed from the Governing Board by the Governing Board. The Secretary of the Board is not required to be a member of the Governing Board, but instead, can be a member of the staff of one of the Members.

8.1.1. The Chairman shall preside at all Governing Board Meetings.

8.1.2. The Vice-Chairman shall act in place of the Chairman at meetings should the Chairman be absent.

8.1.3. The Secretary shall keep minutes of all meetings of the Governing Board and shall, as soon as possible after each meeting, forward a copy of the minutes to each member and alternate of the Governing Board.

8.1.4. All Officers shall be chosen at the first Governing Board meeting and serve a term for two (2) years. An Officer may serve for multiple consecutive terms. Any Officer may resign at any time upon written notice to the commission.

### **Article 9. Treasurer, Controller, and Legal Counsel**

- 9.1. Treasurer and Controller. The County of Merced shall act as treasurer and controller for the Agency. The controller of the Agency shall cause an independent audit of the Agency's finances to be made by a certified public accountant in compliance with California Government Code section 6505. The treasurer of the Agency shall be the depositor and shall have custody of all Agency funds from whatever source. The controller of the Agency shall draw warrants and pay demands against the Agency when the demands have been approved by the Agency or any authorized representative. The treasurer and controller shall comply strictly with the provisions of statutes relating to their duties found in Chapter 5 (commencing with section 6500) of Division 7 if Title 1 of the California Government Code and those duties and provisions adopted by the Agency
- 9.2. Legal Counsel. The Governing Board shall appoint legal counsel as it deems appropriate.

### **Article 10. Executive Director**

- 10.1. Appointment. The Governing Board may appoint and/or hire an Executive Director who shall be compensated for his or her services, as determined by the Governing Board. Prior to such appointment, the Board may establish a committee, pursuant to Section 13.2 of this Agreement, which will generally perform duties similar to those described in Section 10.2 of this agreement.
- 10.2. Duties. The Executive Director shall be the chief administration officer of the Agency, shall serve at the pleasure of the Governing Board, and shall be responsible to the Governing Board for the proper and efficient administration of the Agency. The Executive Director shall have the powers designated in the Bylaws.
- 10.3. Staff. The Executive Director shall employ such additional full-time and or part-time employees, assistants, and independent contractors that may be necessary from time to time to accomplish the purposes of the Agency, subject to the budget and Bylaws approved by the Governing Board.

### **Article 11. Governing Board Voting**

- 11.1. Quorum. Four (4) Board Members shall constitute a quorum for the transaction of business. In the absence of a quorum, any meeting of the Governing Board may be adjourned from time to time by a majority present, but no other business may be transacted.
- 11.2. Board Member Votes. Each Board Member (or in his or her absence Alternate Board Member) shall have one (1) vote. Except as otherwise specified in this Agreement, all decisions shall be made by the affirmative vote of four (4) Board Members. The following require an affirmative vote of five (5) Board members: (i) the decision of whether or not to initiate litigation, (ii) adoption of the GSP; (iii) the decision of whether or not to incur bond debt; and (iv) any expenditure by the Agency over one hundred thousand dollars (\$100,000).

## **Article 12. Agency Meetings**

- 12.1. Initial Meeting. The initial meeting of the Agency's Governing Board shall be called by the County of Merced and held in Merced County, California within 60 days of the Effective Date of this Agreement.
- 12.2. Time and Place. The Governing Board shall meet at least quarterly at a time and place set by the Governing Board, and at such other times as determined by the Governing Board.
- 12.3. Conduct. All meetings of the Governing Board shall be noticed, held, and conducted in accordance with the Ralph. M. Brown Act to the extent applicable. Board Members and Alternate Board Members may use teleconferencing in connection with any meeting in conformance with and to the extent authorized by applicable laws.

## **Article 13. Committee Formation**

- 13.1. The Governing Board may establish standing committees and ad hoc committees as it deems necessary and such committees may be internal or external to the Board of Directors. The Governing Board shall establish membership of those committees. The Governing Board may also dissolve any committee it deems to be no longer necessary.
- 13.2. Advisory and Technical Committee Formations. The Governing Board shall establish an Advisory Committee and a Technical Committee as soon as reasonably practicable. Members of the Advisory and Technical Committees shall be entitled to participate in the meetings and discussions of the Governing Board but shall not have the power to vote on any action to be taken by the Agency or to become an officer of the Agency. The Governing Board will ensure that at least one (1) member from the Governing Board or Agency employee attends and participates in each Advisory and Technical Committees' meeting.
  - 13.2.1. The Advisory Committee shall be comprised of any entity that is a stakeholder within the Merced Subbasin. The composition of the Advisory Committee shall represent the diverse interests of the various stakeholders within the Merced Subbasin. The Governing Board shall encourage the active involvement of the Advisory Committee prior to and during the development and implementation of the Groundwater Sustainability Plan. The Advisory Committee will provide recommendations on items before the Governing Board in advance of formal decisions.
  - 13.2.2. The Technical Committee may provide analysis or recommendation to the Governing Board on items before the Governing Board in advance of formal decisions. The Technical Committee's analysis or recommendation may relate to technical issues that are relevant to the development, implementation, and enforcement of a GSP. Such analysis or recommendation may include, but is not limited to, monitoring protocols, data reporting standards, GSP components and data management.

#### **Article 14. Membership**

- 14.1. Initial Members. The initial Members of the Agency shall be Le Grand-Athlone Water District, Merquin County Water District, Plainsburg Irrigation District, Stevinson Water District and the County of Merced as long as they have not, pursuant to the provisions thereof, withdrawn from this Agreement in accordance with the terms thereof.
- 14.2. New Members. Additional Parties may join this Agreement and become a Member provided that the prospective new member, (a) is eligible to enter into a joint powers agreement pursuant to the Government Code, (b) is eligible to join a GSA as provided by the Act, (c) receives an affirmative vote from a majority of the Governing Board, (d) pays all previously incurred costs that the Governing Board determines have resulted in benefit to their agency, (e) pays all applicable fees and charges, and (f) agrees in writing to the terms and conditions of this Agreement.
- 14.3. Non-Voting Members. Parties may join this Agreement as non-voting members provided that the prospective non-voting member, (a) is eligible to enter into a joint powers agreement pursuant to the Government Code, (b) is eligible to join a GSA, (c) receives an affirmative vote from a majority of the Governing Board, and (d) agrees in writing to the terms and conditions of this Agreement. Non-voting members shall not have the power to vote on any action to be taken by the Agency or to become an officer of the Agency. Non-voting members shall not be required to contribute financially to the Agency. The County of Mariposa shall be the initial non-voting member of the Agency.

#### **Article 15. Specific Projects**

- 15.1. Projects. The Agency intends to carry out activities in furtherance of its purposes and consistent with the powers established by the Agreement with the participation of all Members.
- 15.2. Special Projects. In addition to the general activities undertaken by all Members of the Agency, the Agency may initiate Special Projects or litigation that involves less than all Members or Contracting Entities. No Member or Contracting Entity shall be required to be involved in a Special Project that involves less than all the Members and Contracting Entities.
- 15.3. Project Agreement. Prior to undertaking any Special Project or litigation that does not involve all Members and Contracting Entities, the Members or Contracting Entities electing to participate in the Special Project shall enter into a Project Agreement. A Member or Contracting Entity may elect not to participate in a Special Project or litigation matter by providing notice and not entering into the Project Agreement specific to the matter in which the Member or Contracting Entity has elected not to participate. Each Project Agreement shall provide the terms and conditions by which the Members and/or Contracting Entities that enter into the Project Agreement will participate in the Special Project. All assets, rights, benefits, and obligations attributable to the Special Project shall be assets, rights, benefits,

and obligations of those Members or Contracting Entities that have entered into the Project Agreement. Any debts, liabilities, obligations, or indebtedness incurred by the Agency in regard to a particular Special Project shall be the debts, liabilities, obligations, and indebtedness of those Members or Contracting Entities who have executed the Project Agreement in accordance with the terms thereof and shall not be the debts, liabilities, obligations, and indebtedness of those Members or Contracting Entities who have not executed the Project Agreement. Further, to the extent the Special Project is litigation, the Members and/or Contracting Entities who have not entered into the Project Agreement shall not be named or otherwise listed in the pleadings and/or appear on litigation materials.

- 15.4. Governing Board Approval. The Governing Board shall have the authority to disapprove any Project Agreement upon a determination that the Project Agreement has specific, substantial adverse impacts upon Members or Contracting Entities that have not executed the Project Agreement.

#### **Article 16. Budget and Expenses**

- 16.1. Budget. The Governing Board shall approve an initial budget at its first meeting and an annual budget before the beginning of each fiscal year thereafter. Funding for the initial budget shall be divided into six (6) equal proportions and paid by the Members or Contracting Entities holding the six (6) Governing Board positions. Where there are multiple Members or Contracting Entities sharing a Governing Board seat, those Members or Contracting Entities shall reach a separate agreement amongst themselves as to how to split the cost of the initial budget for their Governing Board seat. Funding allocations for subsequent budgets shall be determined by the Governing Board. Each Member's Governing Body shall authorize its funding contribution before the beginning of the fiscal year. Advisory Committee members shall not be required to pay a fee for their participation. In the event a Member or Contracting Entity is unable to pay its funding obligations in any given year, the Governing Board may restrict that Member's or Contracting Entity's appointment to the Governing Board from voting on any Agency matter until the funding obligation has been paid.
- 16.2. Each of the Members may, but are not required to, contribute additional money, office space, furnishings, equipment, supplies, or services as their respective Governing Boards may deem appropriate.
- 16.3. Funds may also be derived through State and Federal grants, or other available sources. The Agency may also apply for available State and Federal funds and shall make new and additional applications from time to time as appropriate. The Agency may also establish and collect various fees, leases, or rents as may be authorized by law under the common powers of all the Parties.

- 16.4. The Agency may accept and expend funds from public or private sources subject to the legal restrictions which are set forth in the common powers of the Parties for the purpose of carrying out its powers, duties, responsibilities, and obligations specified in this Agreement.
- 16.5. The Agency shall be limited to the making of expenditures or incurring of liabilities in the amount of the appropriations allowed by the budget as adopted and revised by the Agency.

#### **Article 17. Liability and Indemnification**

- 17.1. Liability. In accordance with California Government Code section 6508.1, the debts, liabilities, and obligations of the Agency shall be the debts, liabilities, and obligations of the Agency alone, and not the Members.
- 17.2. Indemnification. The Agency, and those persons, agencies and instrumentalities used by it to perform the functions authorized herein, whether by contract, employment or otherwise, shall be exclusively liable for any/all injuries, costs, claims, liabilities, damages of whatever kind arising from or related to activities of the Agency. The Agency shall hold harmless and indemnify the Members, voting and non-voting, and those initial Contracting Entities specifically identified in section 1.5 of this Agreement, and each of them, including their officers and employees, from any claim or liability arising from acts or omissions of the Agency in pursuit of this Agreement, and in so doing, shall provide the Members and Contracting Entities, and each of them, with legal defense of any and all claims or liabilities and shall pay reasonable attorney's fees and costs incurred in providing such defense.
- 17.3. To the extent authorized under California law, no Board Member, officer, or employee of the Agency shall be responsible for any action made, taken, or omitted, by any other Board Member, officer or employee.
- 17.4. The funds of the Agency shall be used to defend, indemnify, and hold harmless the Agency and any Board Member, officer, or employee of the Agency for actions taken in good faith and within the scope of his or her authority. Nothing herein shall limit the right of the Agency to purchase insurance or to create a self-insurance mechanism to provide coverage for the foregoing indemnity.

#### **Article 18. Withdrawal and Termination**

- 18.1. Withdrawal. A Member may unilaterally withdraw from this Agreement without causing or requiring termination of this Agreement, effective upon sixty (60) days written notice the remaining Members. Upon withdrawal, a Member agrees that it has a continuing obligation to comply with the Act and shall, if prior to June 30, 2017, and prior to the Agency becoming an exclusive GSA, notify DWR that it shall act as its own GSA or join an alternate GSA that has entered into or will enter into a Coordination Agreement with the Agency in order to avoid an adverse effect upon the continuing Members. Until July 1, 2017, the county responsible for the withdrawing Member's service area may also elect to cover the area of the

withdrawing Member. If after July 1, 2017, that withdrawing Member shall remain subject to the terms of the GSP that is prepared by the Agency so as to not put the Merced Subbasin in jeopardy, unless a mutually agreed upon resolution is reach between the Agency, DWR and the withdrawing Member. This obligation shall survive withdrawal from this Agreement, is for the express benefit of the remaining Members, and is subject to the indemnification provisions of Section 17.2 of this Agreement.

- 18.2. Effect of Withdrawal. Any Member who withdraws shall remain obligated to pay its share of all debts, liabilities, and obligations of the Agency incurred or accrued prior to the effective date of such withdrawal, other than debts, liabilities, and obligations incurred pursuant to any Project Agreement to which the withdrawing Member is not a participant. A withdrawing Member shall in all events remain liable for its proportionate share of (i) its full amount of the adopted fiscal year budget; (ii) any call for funds or assessment levied by the Agency prior to the date it provides its notice of withdrawal; and (iii) the amount of any annual budget approved prior to the date it provides its notice of withdrawal.
- 18.3. Removal of Member. A Member may be removed from the Agency for good cause, upon a vote of the Governing Board by the affirmative vote of five (5) Board Members, and upon removal shall no longer be a Member of the Agency. A Member removed pursuant to this section shall not be liable to the Agency for any further monetary obligations, except to the extent those obligations: (i) were due and owing by Member as of the date the Member is removed from the Agency, or (ii) are otherwise imposed by the Agency as a fee, tax or other charge in accordance with the Act. As used herein, "for cause" shall mean conduct by a Member which is detrimental to the function and/or authority of the Agency, including but not limited to the failure to make monetary contributions to the Agency after ninety (90) days written demand for payment. Notwithstanding, removal for cause shall not be construed to mean the failure of any Member to make any contribution where the inability to make the required contribution is through no fault of the Member's own, e.g., the Member is unable to make a contribution because of an inability to raise revenues due to Proposition 218 or other similar provision of law. In the event a Member is removed pursuant to this section and the removal results in the change in the number of seats for the Governing Board, the remaining Members may amend this Agreement. Upon removal, a Member has a continuing obligation to comply with the Act and may, if prior to June 30, 2017, and prior to the Agency becoming an exclusive GSA, notify DWR that it shall act as its own GSA or join an alternate GSA that has entered into or will enter into a Coordination Agreement with the Agency in order to avoid an adverse effect upon the continuing Members. Until July 1, 2017, the County of Merced may also elect to cover the area of the removed Member. If after July 1, 2017, that removed Member shall remain subject to the terms of the GSP

that is prepared by the Agency so as to not put the Merced Subbasin in jeopardy, unless a mutually agreed upon resolution is reached between the Agency, DWR and the removed Member.

- 18.4. Termination of Agency. This Agreement may be rescinded and the Agency terminated by unanimous written consent of all Members, except during the outstanding term of any Agency indebtedness. Nothing in this Agreement shall prevent the Members from entering into other joint exercise of power agreements.
- 18.5. Disposition of Agency Assets upon Termination.
- 18.5.1. Surplus Funds. Upon termination of this Agreement, any reserves or surplus money on-hand shall be returned to the Members or Contracting Entities in the same proportion said Members or Contracting Entities have funded such reserves or surplus, in accordance with California Government Code section 6512.
- 18.5.2. Agency Property. The Agency shall first offer any assets of the Agency for sale to the Members and Contracting Entities on terms and conditions determined by the Governing Board. If no such sale to Members or Contracting Entities is consummated, the Board shall offer the assets of the Agency for sale to any non-member for good and adequate consideration on terms and conditions determined by the Governing Board.

#### **Article 19. Miscellaneous**

- 19.1. Notices. Notices hereunder shall be sufficient if delivered via electronic mail, First-Class mail or facsimile transmission to the addresses following the Party signature blocks hereafter.
- 19.2. Bylaws. At, or as soon as practicable after the first Governing Board meeting the Governing Board shall draft and approve Bylaws of the Agency to govern day-to-day operations of the Agency.
- 19.3. Amendment. This Agreement may be amended at any time, by mutual agreement of the Members, provided that before any amendments shall be operative or valid, it shall be reduced to writing and signed by all Members hereto.
- 19.4. Severability. If any provision of this Agreement is determined to be invalid or unenforceable, the remaining provisions will remain in force and unaffected to the fullest extent permitted by law and regulation.
- 19.5. Execution in Counterparts. The Parties intend to execute this Agreement in counterparts. It is the intent of the Parties to hold one (1) counterpart with single original signatures to evidence the Agreement. After the Agreement is executed, each Party shall be delivered an originally executed counterpart with all Party signatures.

**Joint Powers Agreement  
Forming the Merced Subbasin Groundwater Sustainability Agency**

**IN WITNESS WHEREOF**, the Parties hereto execute this Agreement on the last date written beside each Party representative's signature.

**Stevinson Water District**

By: Gary Mall  
Signature

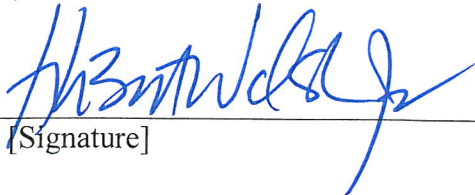
Date: 12-13-2016

Gary Mall  
Printed Name

**Joint Powers Agreement**  
**Forming the Merced Subbasin Groundwater Sustainability Agency**

IN WITNESS WHEREOF, the Parties hereto execute this Agreement on the last date written beside each Party representative's signature.


County of Merced

By:   
[Signature]

Date: DEC 20 2016

Name: Hubert "Hub" Walsh, Jr.  
Title: Chairman

APPROVED AS TO FORM:

By:   
[Signature] **Jeffrey B. Grant**

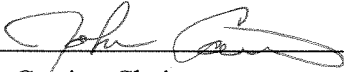
Date: 12/15/16

Counsel Name: James N. Fincher  
Title: Merced County Counsel

**Joint Powers Agreement  
Forming the Merced Subbasin Groundwater Sustainability Agency**

**IN WITNESS WHEREOF**, the Parties hereto execute this Agreement on the last date written beside each Party representative's signature.

County of Mariposa

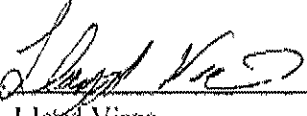
By:  \_\_\_\_\_  
John Carrier, Chair

Date: Dec. 21, 2016

**Joint Powers Agreement  
Forming the Merced Subbasin Groundwater Sustainability Agency**

**IN WITNESS WHEREOF**, the Parties hereto execute this Agreement on the last date written beside each Party representative's signature.

**MERQUIN COUNTY WATER DISTRICT**

By   
\_\_\_\_\_  
Lloyd Virgo  
Vice President

Date: December 13, 2016

**Joint Powers Agreement  
Forming the Merced Subbasin Groundwater Sustainability Agency**

IN WITNESS WHEREOF, the Parties hereto execute this Agreement on the last date written beside each Party representative's signature.

<AGENCY NAME>

LE GRAND ATHLONE  
WATER DISTRICT

By: DAVID SERRANO

Date: 1-2-17

<Printed Name>

<Title>


BOARD PRESIDENT

*David Serrano*

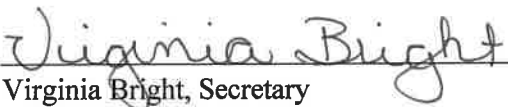
**Joint Powers Agreement  
Forming the Merced Subbasin Groundwater Sustainability Agency**

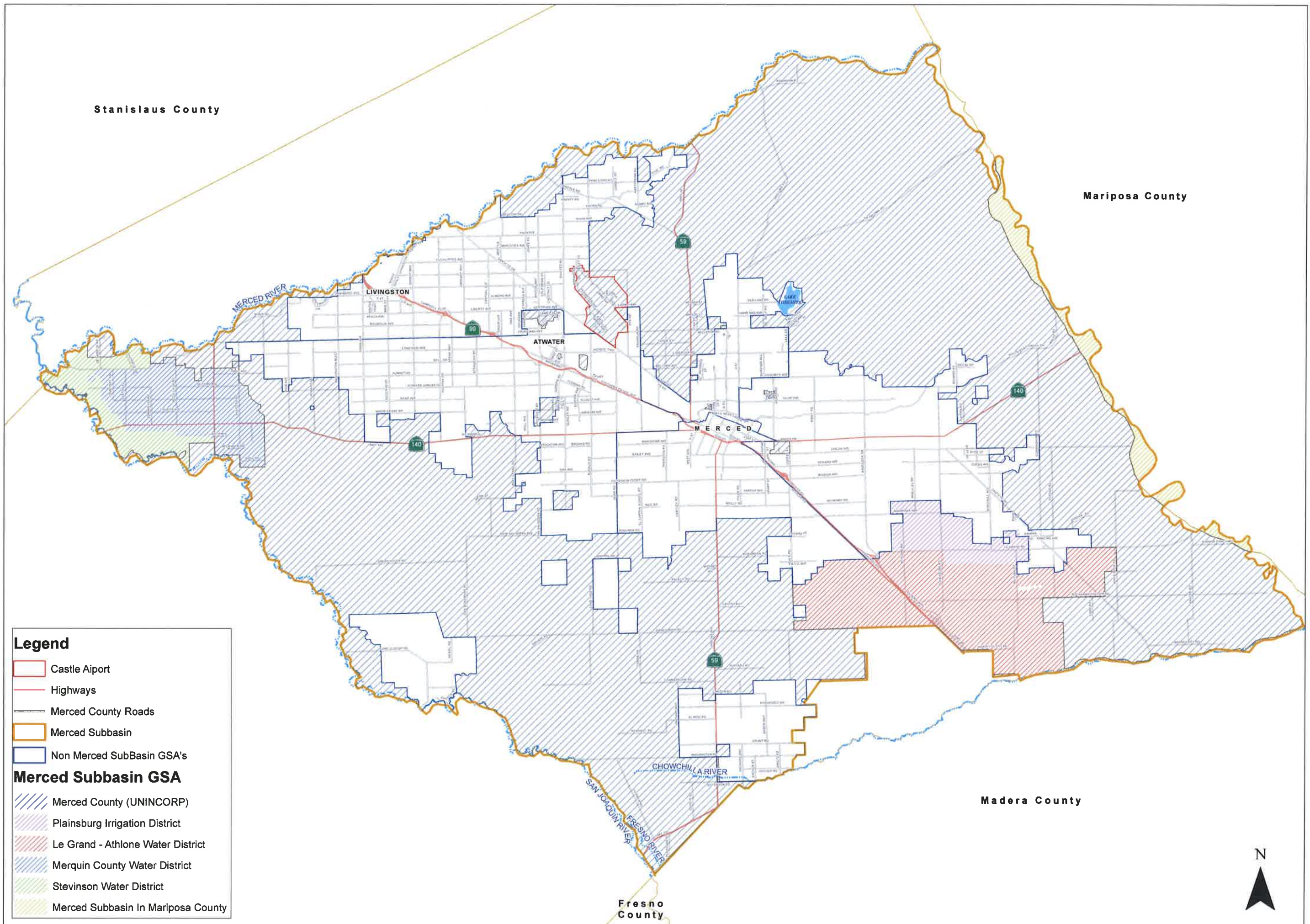
**IN WITNESS WHEREOF**, the Parties hereto execute this Agreement on the last date written beside each Party representative's signature.

**PLAINSBURG IRRIGATION DISTRICT,  
a California irrigation district**

By:   
Nicholas Marchini, President

Date: 12-15-16

By:   
Virginia Bright, Secretary



Stanislaus County

Mariposa County

Madera County

Fresno County



**Legend**

Castle Airport

Highways

Merced County Roads

Merced Subbasin

Non Merced SubBasin GSA's

**Merced Subbasin GSA**

Merced County (UNINCORP)

Plainsburg Irrigation District

Le Grand - Athlone Water District

Merquin County Water District

Stevinson Water District

Merced Subbasin In Mariposa County

**Exhibit B**  
**Resolution Forming the Merced Subbasin GSA**

**BEFORE THE MERCED SUBBASIN GROUNDWATER SUSTAINABILITY AGENCY  
JOINT POWERS AUTHORITY GOVERNING BOARD**

In the Matter of

**RESOLUTION ELECTING TO FORM THE  
MERCED SUBBASIN GROUNDWATERSUSTAINABILITY AGENCY**

WHEREAS, the Sustainable Groundwater Management Act (SGMA) was signed into law on September 16, 2014 and adopted as California Water Code, section 10720, et. seq.; and,

WHEREAS, the purpose of SGMA is to provide sustainable management of groundwater basins and enhance local management of groundwater through empowering local management agencies with authority, technical, and financial assistance necessary to sustainably manage groundwater; and,

WHEREAS, SGMA requires high and medium priority basins to be managed by one or more groundwater sustainability agencies (GSA) and such agency/agencies must be formed by June 30, 2017; and,

WHEREAS, Water Code section 10723(a) authorizes any combination of local agencies having water or land management authority overlying a basin to elect to be the GSA for that basin; and,

WHEREAS, the Merced Subbasin Groundwater Sustainability Agency was formed as a joint powers authority pursuant to Government Code Section 6500, et. esq., by agencies that qualify to be groundwater sustainability agencies (Members); and,

WHEREAS, the respective service areas of the Merced Subbasin GSA Members are located in the Merced Groundwater Subbasin as defined in the California Department of Water Resources Bulletin 118; and,

WHEREAS, Water Code section 10723.2 requires that a GSA consider the interests of all beneficial uses and users of groundwater, as well as those responsible for implementing groundwater sustainability plans; and,

WHEREAS, the Merced Subbasin GSA is committed to working with regional partners to sustainably manage the groundwater resources; and,

WHEREAS, retaining local jurisdiction and control over groundwater management is beneficial to the health, safety, and water supply reliability of the Members of the Merced Subbasin GSA and their respective customers and constituents; and,

WHEREAS, Water Code section 10723.8 requires a local public agency electing to be a GSA to notify the California Department of Water Resources of its election and intention to undertake sustainable groundwater management within a subbasin; and,

WHEREAS, Water Code section 10723(b) requires a public hearing be held before to the decision to become a GSA and the publication of notice pursuant to section 6066 of the Government Code; and,

WHEREAS, pursuant to Government Code section 6066, notices of a public hearing regarding whether to adopt a Resolution to elect to become a GSA were published in the Merced Sun Star on March 1 and 8, 2017; and,

WHEREAS, the Merced Subbasin GSA held a public hearing on March 15, 2017 to consider

adoption of this Resolution; and,

WHEREAS, adoption of this Resolution does not constitute a project under the California Environmental Quality Act because it does not result in any direct or indirect physical change in the environment; and,

NOW THEREFORE, BE IT RESOLVED that the Merced Subbasin GSA hereby elects to become a GSA and intends to undertake sustainable groundwater management within its boundary area; and

BE IT FURTHER RESOLVED that the Merced Subbasin GSA authorizes staff to, within 30 days from the date of this Resolution, provide notification of this election to the California Department of Water Resources, including a copy of this Resolution and additional information required by Water Code section 10723.8, in the manner required by law.

I, MARK HENDRICKSON, Secretary of the Merced Subbasin GSA Governing Board do hereby certify that the foregoing Resolution was regularly introduced, passed, and adopted by said Board at a special meeting thereof held on this 15th day of March, 2017 by the following vote:

**BOARD MEMBERS:**

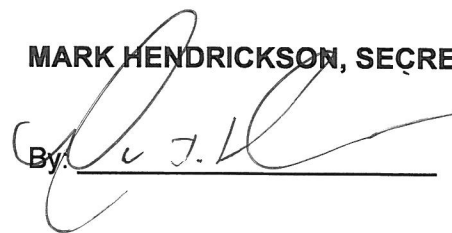
AYES: Park, Espinoza, Marchini, Kelley

NOES: None

ABSENT: Hultgren

WITNESS my hand this 15th day of March, 2017.

**MARK HENDRICKSON, SECRETARY**

By:  \_\_\_\_\_

**Exhibit C**  
**Merced Subbasin GSA Map**

Stanislaus County

Mariposa County

Madera County

Fresno County

LIVINGSTON

ATWATER

MERCED

**Legend**

- Proposed Merced Subbasin GSA
- Highways
- Merced County Roads
- Merced Subbasin



**Merced Subbasin Groundwater Sustainability Agencies**

Date Saved: 3/27/2017

Document Path: C:\GIS\GSD\GSA\Merced County\GSA\Merced Subbasin\Map\_Subsbasin\_GSA\_03\_27\_2017.mxd

**Exhibit D**  
**Public Hearing Legal Notice**

## AFFIDAVIT OF PUBLICATION

Account #	Ad Number	Identification	PO	Cols	Lines
337617	0002946702	HEARING SUBBASIN GSA ANA MUNIZ LAGUNA		1	34

**Attention:**

MERCED COUNTY PLANNING  
 2222 M STREET  
 MERCED, CA 95340

**Declaration of Publication  
 2015.5 C.C.P.**

STATE OF CALIFORNIA )  
 ) ss.  
 County of Merced )

**NOTICE OF PUBLIC HEARING**

A Public Hearing will be held by the Merced Subbasin Groundwater Sustainability Agency Joint Powers Authority, on Wednesday, March 15, 2017, at 2:00 p.m. in the County of Merced Board Room, Third Floor, County Administration Building, 2222 "M" Street, Merced, California, to consider a resolution electing to form the Merced Subbasin Groundwater Sustainability Agency in the Merced Groundwater Subbasin.

Pursuant to California Water Code section 10723(b), the Governing Board shall hold a public hearing to consider and determine whether the Merced Subbasin Groundwater Sustainability Agency JPA shall file to form a Groundwater Sustainability Agency pursuant to the Sustainable Groundwater Management Act in a portion of the Merced Subbasin.

All persons interested are invited to attend and will be given an opportunity to be heard. Merced Subbasin Groundwater Sustainability JPA, By Bob Kelley, Chairman.  
 MER- 2946702 3/1, 8

I am a citizen of the United States and a resident of the County aforesaid; I am over the age of eighteen years, and not a party to or interested in the above entitled matter. I am the principal clerk of the printer of the Merced Sun-Star, a newspaper of general circulation, printed and published in the city of Merced, County of Merced, and which newspaper has been adjudged a newspaper of general circulation by the Superior Court of the County of Merced, State of California, under the date of July 14, 1964 Case Number 33224 that the notice, of which the annexed is a printed copy, has been published in each regular and entire issue of said newspaper and not in any supplement thereof on the following dates, to wit:

March 01, 2017, March 08, 2017

I certify (or declare) under penalty of perjury that the foregoing is true and correct and that this declaration was executed at Merced, California on:

Date: 8th, day of March, 2017



Signature

**Exhibit E**  
**Merced Subbasin GSA Interested Parties List**

## Merced Subbasin GSA Interested Parties List

Interested parties within the proposed Merced Subbasin GSA management area in the Merced Subbasin, determined pursuant to Water Code section 10723.2, include:

**a) Holders of overlying groundwater rights, including:**

**1. Agricultural Users**

The majority of the water use in the proposed Merced Subbasin GSA is for agricultural use. Many individual landowners rely on groundwater to support agriculture production. The Merced Subbasin GSA members will continue to collaborate and communicate with these agricultural interests in the development of the GSP.

**2. Domestic Well Owners**

There are domestic well owners that rely on groundwater to support their domestic supply in the proposed GSA service area. The Merced Subbasin GSA will collaborate and communicate with domestic well owners during the development of the GSP.

**b) Municipal well operators**

The Merced Subbasin GSA Member will work together to identify any municipal well operators and work with these entities as the GSA is developed.

**c) Public water systems**

The Merced Subbasin GSA Members will work together to identify any public water system within the GSA service area that relies on groundwater supplies.

**d) Local land use planning agencies**

Merced County and Mariposa County are the local land use planning agencies in the proposed service area of the Merced Subbasin GSA.

**e) Environmental users of groundwater**

In the proposed GSA service area environmental users of groundwater include the U.S. Fish and Wildlife Service. Merced Subbasin GSA members have existing working relationships with environmental organizations like the East Merced Resource Conservation District and will continue this approach and collaboration with environmental users of groundwater.

**f) Surface water users**

In the proposed GSA service area the Stevinson Water District and Merquin County Water District are surface water users. In the Subbasin the Merced Irrigation District is the largest agency with surface water rights.

**g) Federal Government**

In the proposed GSA management area the U.S. Fish and Wildlife Service manages the Merced Wildlife Refuge. The Merced Subbasin GSA will continue to collaborate with the U.S. Fish and Wildlife Service in the development of groundwater management in the proposed GSA area.

**h) California Native American Tribes**

There are no Native American tribes within the proposed management area of the GSA.

**i) Disadvantaged Communities**

There are many disadvantaged communities located in the Merced Subbasin and in the areas surrounding the proposed GSA service area, including Le Grand, Planada, and El Nido. The Merced Subbasin GSA anticipates incorporating input from these communities and developing collaboration with these stakeholders.

**j) Entities listed in Section 10927 that are monitoring and reporting groundwater elevations in all or a part of a groundwater basin managed by the GSA**

The Merced Area Groundwater Pool Interests (MAGPI) monitors and reports groundwater elevations in the Merced Subbasin. Many of the agencies in the Merced Subbasin GSA participate in MAGPI and the monitoring efforts.