

# **Cuyama Basin Groundwater Sustainability Agency**

## **Board of Directors**

**Derek Yurosek** Chairperson, Cuyama Basin Water District  
**Lynn Compton** Vice Chairperson, Co. of San Luis Obispo  
**Das Williams** Santa Barbara Co. Water Agency  
**Cory Bantilan** Santa Barbara Co. Water Agency  
**Glenn Shephard** Co. of Ventura  
**David Couch** Co. of Kern

**Paul Chounet** Cuyama Community Services District  
**George Cappello** Cuyama Basin Water District  
**Byron Albano** Cuyama Basin Water District  
**Jane Wooster** Cuyama Basin Water District  
**Tom Bracken** Cuyama Basin Water District

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## **Agenda**

### **October 4, 2017**

**Agenda for a meeting of the Cuyama Basin Groundwater Sustainability Agency Board of Directors to be held on Wednesday, October 4, 2017 at 4:00 PM, at the Cuyama Valley Family Resource Center, 4689 CA-166, New Cuyama, CA 93254**

*In compliance with the Americans with Disabilities Act, if you need disability-related modifications or accommodations, including auxiliary aids or services, to participate in this meeting, please contact Matt Young at (805) 568-3546 by 4:00 p.m. on the Friday prior to this meeting. Agenda backup information and any public records provided to the Board after the posting of the agenda for this meeting will be available for public review at 4885 Primero Street, New Cuyama, California. The Cuyama Basin Groundwater Sustainability Agency reserves the right to limit each speaker to three (3) minutes per subject or topic.*

- 1. Call to order**
- 2. Roll call**
- 3. Pledge of Allegiance**
- 4. Reconsider approval of revised minutes of the August 2, 2017 meeting**
- 5. Approval of minutes of the September 6, 2017 meeting**
- 6. Submittal of a resolution designating the Executive Director or Chairman to file an application and execute an agreement with the California Department of Water Resources for the Sustainable Groundwater Planning Grant Program's "Groundwater Sustainability Plans and Projects" solicitation**
- 7. Receive an update from Legal Counsel regarding securing an Executive Director and current candidates; receive an update on scheduling of the next special meeting to interview all three candidates; and provide any further direction on the procurement process.**
- 8. Report from ad-hoc committee for GSP Preparation Consultant; discussion and possible action regarding process for selection of GSP Preparation Consultant**
- 9. Consider approval of staff recommendation to select the JPRIMA insurance option, directing staff to complete any necessary documents for insurance contract for the GSA, and authorizing the Chairman to execute a contract with JPRIMA, subject to review of Counsel.**

**10. Public comment for items not on the Agenda**

*At this time, the public may address the Board on any item not appearing on the agenda that is within the subject matter jurisdiction of the Board. Persons wishing to address the board should fill out a comment card and submit it to the board chair prior to the meeting. Unscheduled comments will be limited to three minutes.*

**11. Adjourn**

**TO:** Cuyama Basin Groundwater Sustainability Agency Board of Directors  
**FROM:** Carolyn Berg, Interim Secretary  
**DATE:** October 4, 2017  
**SUBJECT:** Agenda Item #4: Reconsider approval of revised minutes of the August 2, 2017 meeting

**Recommendation**

Reconsider approval of the revised minutes of the August 2, 2017 meeting.

**Discussion**

On September 6, 2017, the Cuyama Basin GSA Board approved the August 2, 2017 meeting minutes. However, directly following the meeting, the Board's interim secretary was informed of a minor error related to agenda item #8. The revised meeting minutes, with redline of minor edit, are attached for the Board's reconsideration of approval.

**Attachments:**

Revised August 2, 2017 minutes

## Cuyama Basin Groundwater Sustainability Agency (GSA)

**DRAFT** Board of Directors Meetings Minutes

August 2, 2017

Cuyama Valley Family Resource Center, 4689 CA-166, New Cuyama, CA 93254

The Cuyama Basin GSA Board of Directors met in regular session at 4:00 pm.

**PRESENT:** Directors: Paul Chounet, Tom Bracken, George Cappello, Byron Albano, Lynn Compton, Das Williams, Cory Bantilan, Glenn Shephard

Alt. Directors: Matt Klinchuch, Brad DeBranch, Ryan Schultz

**ABSENT:** Directors: David Couch, Jane Wooster, Derek Yurosek (Alternate appeared as substitute for a Director)

### 1. Call to order

Vice Chair Compton calls the meeting to order at approximately 4 PM.

### 2. Roll call

Secretary Berg calls roll of the Board (shown above).

### 3. Pledge of allegiance

The pledge of allegiance is led by Vice Chair Compton.

### 4. Approval of minutes of the June 30, 2017 meeting

**Vice Chair Compton:** opens the floor to comments.

**Directors:** Director Cappello requests that the minutes be edited to spell his name correctly.

**Motion by:** Director Cappello moves to approve the minutes as amended.

**Second by:** Director Shephard.

**Motion passes unanimously.**

### 5. Review and discuss from ad-hoc committee for budget and funding

**Vice Chair Compton:** Introduces the item, and asks staff to provide a brief overview of committee meeting held just prior to the GSA Board meeting.

**Carolyn Berg (County of San Luis Obispo Staff):** Provides an overview of the first ad hoc committee meeting, consisting of Director Compton, Director Bracken, Director Chounet, and Director Bantilan, and staff Matt Young, Carolyn Berg, and Matt Klinchuch. The committee was charged with preparing a recommended budget and funding plan. During the first meeting, the committee developed an initial annual budget, separating items into either administrative or technical categories, and providing a range of estimated costs per item. Next steps will include, seeking Executive Director review and comment (once hired), developing funding source options, then returning for the GSA Board's consideration.

**Directors:** No comments.

**No action at this time.**

### 6. Consider staff review of responses to RFQ for Grant Assistance and select consultant

**Matt Young (Santa Barbara County Water Agency Staff):** Provides an overview of the Request for Qualifications process conducted, reviewed statements received from three firms (Dudek, RMC, Provost & Pritchard), and described staff's review/selection process. Staff recommends RMC, given their experience, proposed effort and cost.

**Directors:** Director Chounet asks if the firm can meet State's expedited process (9 weeks). Mr. Young notes that RMC's proposal identifies an 8-week process to develop a grant application. Director Albano wonders whether RMC being selected for this effort would prevent the firm from also proposing on the GSP effort. Ernest Conant, Cuyama Basin Water District Staff, does not believe so.

**Motion by:** Director Bantilan moves to authorize execution of a contract with RMS with a not-to-exceed amount of \$40,000.

**Second by:** Director Chounet.

**Motion passes unanimously.**

#### 7. Consider responses to RFQ for Executive Director Position

**Matt Young (Santa Barbara County Water Agency Staff):** Provides an overview of the Request for Qualifications process conducted and reviewed statements received from three firms (Richard G. Sweet, Bondy Groundwater Consulting, Hallmark Group) just prior to today's Board meeting. Staff recommends that the GSA Board form an ad hoc committee to review the statements.

**Directors:** Vice Chair Compton asks if any Directors or Alternates will volunteer to participate on said ad hoc committee. Director Bracken, Director Cappello, and Director Williams volunteer to participate.

**Motion by:** Director Shultz moves to establish an ad hoc committee of the GSA Board, consisting of Director Bracken, Director Cappello, and Director Williams, to consider Executive Director statements of qualifications/ interview candidates, and return for the GSA Board's consideration.

**Second by:** Director Bracken.

**Motion passes unanimously.**

#### 8. Consider responses to RFQ for GSP Preparation Consultant

**Matt Young (Santa Barbara County Water Agency Staff):** Provides an overview of the Request for Qualifications process conducted and reviewed statements received from four firms (Dudek, Hydrometrics, RMC, Amec-Foster Wheeler) just prior to today's Board meeting. Staff recommends that qualified firms be invited to submit detailed proposals (rather than simple qualifications submitted initially), and that the GSA Board form an ad hoc committee to review the proposals.

**Directors:** Vice Chair Compton asks if any Directors or Alternates will volunteer to participate on said ad hoc committee. ~~Director Bracken, Director Cappello, and Director Chounet volunteer to participate.~~

**Motion by:** Director Albano moves to establish an ad hoc committee of the GSA Board, consisting of Director Chounet, Director Yurosek (not present but volunteered), and Director Albano, to consider GSP Preparation Consultant proposal, and return for the GSA Board's consideration.

**Second by:** Director Williams.

**Motion passes unanimously.**

#### 9. Consider responses to RFQ for Legal Services

**Matt Young (Santa Barbara County Water Agency Staff):** Provides an overview of the Request for Qualifications process conducted and reviewed statements received from three firms (Brownstein, Hyatt Farber & Schreck, Klein, DeNatale & Goldner and McMurtrey, Hartsock & Worth) just prior to today's Board meeting. Staff recommends that the GSA Board form an ad hoc committee to review the statements.

**Directors:** Vice Chair Compton asks if any Directors or Alternates will volunteer to participate on said ad hoc committee. Director Wooster (not present but volunteered), Director Shultz, and Director Shephard volunteer to participate, with Ernest Conant as staff support.

**Motion by:** Director Chounet moves to establish an ad hoc committee of the GSA Board, consisting of Director Wooster, Director Shultz, and Director Shephard, to consider legal services statements of qualifications, and return for the GSA Board's consideration.

**Second by:** Director Williams.

**Motion passes unanimously.**

#### 10. Consider GSA insurance options

**Alternate Director Klinchuch:** Provides an overview of his research into insurance companies. He found that many insurance companies are not familiar with SGMA or GSAs, and therefore were reluctant (if not entirely opposed) to insuring the Cuyama Basin GSA. He offers that it might be worth asking other GSAs what they are planning to do.

**Directors:** Discussions arise regarding how coverage relates to JPA related section, and whether the full coverage is needed now, before specific assets are owned. Directors requested more information to make an informed decision. Arne Anselm, Ventura staff, is asked to provide Mr. Klinchuch with any insights gained from Fox Canyon Groundwater Management efforts. Mr. Klinchuch will coordinate with staff of other agencies to see what other options may exist.

**No action at this time.**

#### 11. Review and discuss report from ad-hoc committee for advisory committee

**Ad Hoc Committee Verbal Report:** Director Williams provides a brief overview of the committee's work to understand and establish a (stakeholder) advisory committee. He notes their aim is to have a diverse advisory committee, that is prepared to invest some time in gaining the background, foundational knowledge needed, and in order to prepare for meetings or review of SGMA related documents. The committee anticipates that the level of effort for advisory committee members could range from 5 -30 hours per month, depending on their focus at that time. The ad hoc committee develop a draft advisory committee application (handout).

**Public Comment:** Casey Walsh, Lynn Carlile, Gene Zannon, Mike Posta, Julia Warner

**Directors:** Director Bracken notes the importance of advisory committee engagement. Discussion ensues about limitations and process of stakeholder representation and public comment. Director Chounet notes that advisory committee chair could have more than typical 3-minute limit when presenting reports from advisory committee to the GSA Board, and Director Bantilan notes that the agenda could include a standing item for advisory committee report(s). Discussion ensues about communication between GSA Board and advisory committee representative at meetings, with the intent of understanding recommendations and input from the advisory committee; as well as the importance of advisory committee input having a clear nexus to implementing SGMA and developing/implementing

a GSP. Discussions ensues about GSA Board composition per Joint Exercise of Powers Agreement (JPA), which also establishes advisory committee as a mechanism to engage stakeholders and basin users. Directors discuss nature of advisory committees and applicability of Brown Act, insurance, etc. Alternate Elliott will revise the application, send out through the Family Resources Center/ post to SBCWA website, and will collect advisory committee applications through August 25<sup>th</sup>.

**No action at this time.**

**12. Public comment**

**Vice Chair Compton:** opens the floor to public comment without response.

**Director Williams** notes the great turnout, and how better decisions are made when communities pay attention and engage in processes.

**13. Adjourn**

Vice Chair Compton adjourns the Cuyama Basin GSA Board of Directors meeting at approximately 5:07.

I, Carolyn Berg, temporary Secretary to the Cuyama Basin Groundwater Sustainability Agency Board of Directors, do hereby certify that the foregoing is a fair statement of the proceedings of the meeting held on Wednesday, August 2, 2017, by the Cuyama Basin Groundwater Sustainability Agency Board of Directors.

**CAROLYN BERG**

**Dated:** September 6, 2017

## Cuyama Basin Groundwater Sustainability Agency (GSA)

**DRAFT** Board of Directors Meetings Minutes

September 6, 2017

Cuyama Valley Family Resource Center, 4689 CA-166, New Cuyama, CA 93254

The Cuyama Basin GSA Board of Directors met in regular session at approx. 4:00 PM.

**PRESENT:** Directors: Paul Chounet, Tom Bracken, Jane Wooster, Derek Yurosek, George Cappello, Byron Albano, Lynn Compton, Das Williams, Cory Bantilan, Glenn Shephard

Alt. Directors: None

**ABSENT:** Directors: David Couch (no Alternate appeared as substitute for a Director)

**1. Call to order**

Chair Yurosek calls the meeting to order at approx. 4:00 PM.

**2. Roll call**

Secretary Carolyn Berg calls roll of the Board (shown above).

**3. Pledge of allegiance**

The pledge of allegiance is led by Chair Yurosek.

**4. Approval of minutes of the August 02, 2017 meeting**

**Chair Yurosek:** opens floor to comments with no response.

**Motion by:** Director Cappello moves to approve minutes.

**Second by:** Director Albano.

**Motion passes unanimously.**

**5. Receive and discuss an update on Grant Assistance efforts**

**Matt Young (Santa Barbara County Water Agency staff):** Introduces Lyndel Melton, RMC project manager overseeing the Prop 1 Sustainable Groundwater Planning grant application development on behalf of the GSA. Melton provides an update on the grant application process, schedule, and focus of the application. His team would like to convene a workshop to discuss potential application scope concepts (e.g. improved groundwater level/ quality data and monitoring; improved surface water monitoring; feasibility of various supply options). He describes likelihood of receiving grant funding, based on the basin's designation as both "SDAC" (severely disadvantaged community) and critical condition of overdraft. Cost sharing will be determined dependent on whether, and to what extent, the California Department of Water Resources allows a cost match waiver for this SDAC. Lastly, Melton notes that the GSA Board is required to approve an authorizing resolution with the application.

**Directors:** Vice Chair Compton and Directors Bantilan, Cappello, Compton, Williams, and Wooster express an interest in participating in workshop to discuss grant application scope. There is Board consensus for taking this approach.



**6. Receive and discuss report from ad-hoc committee for Executive Director position****Executive Director Ad-Hoc Committee Verbal Report (Directors Williams, Cappello, and Bracken):**

Director Williams provides overview on Executive Director applicant interviews and proposals. Majority of committee recommends the Hallmark Group (Jim Beck). Director Cappello discusses Jim Beck's qualifications and background in groundwater modeling, management and agency administration. Director Williams notes that while Hallmark Group's cost per hour is higher. However, Mr. Beck described his familiarity with this work and therefore is efficient with his time. The committee recommends a not-to-exceed clause in the contract.

**Public Comments:** Mike Post, Anne Meyre, Steve Gleesman, Robbie Jaffy, and E. Canant

**Directors:** Vice Chair Compton and Director Chounet express concerns with the Board making any decisions prior to meeting Mr. Beck and without understanding his background, affiliations, and experience. Discussion ensues regarding whether or not Mr. Beck, in his role with Kern County Water Agency or otherwise, has any affiliation with Kern Water Bank and water banking practices. Directors discuss candidates' local experience and transparency of interests. Directors discuss the role of the executive director position, engaging local communities and diverse interests, and in overseeing completion of the GSP. Director Bracken suggests candidate should be chosen based off relevant hydrogeology experience. Chair Yurosek proposes to have special meeting within the next two weeks, during which the Board can meet Mr. Beck and consider approval of a draft contract. There is Board consensus for taking this approach. Mr. Young will distribute a doodle poll and schedule a meeting that aims for a quorum and maximum member involvement possible.

**7. Receive and discuss report from ad-hoc committee on GSP Preparation Consultant**

**Matt Young (Santa Barbara County Water Agency staff):** Describes the four proposals received from Dudek, Hydrometrics, RMC, and Amec-Foster Wheeler, which were provided to the ad hoc committee. He notes the importance of reviewing the proposals on a technical basis, before considering cost proposals separately. Mr. Young offers to provide sample scoring criteria/ rubrics, used by the county.

**Directors:** Chair Yurosek confirms the approach for the ad hoc committee (Directors Chounet, Yurosek, and Albano) to review proposals, interview the firms, and bring back a recommendation of which consulting firm to hire at the next regular meeting, if possible. Director Cappello notes that the Executive Director should have input on who is selected as the GSP preparation Consultant.

**8. Receive and discuss report from ad-hoc committee for RFQ for Legal Services****Legal Ad Hoc Committee Verbal Report and Handout (Directors Wooster, Shultz, and Shephard):**

Director Shephard provides a summary report handout to the Board and public attendees, and describes the committee meeting on August 21, 2017 (Ernest Conant attended as staff support). The committee discussed the request for qualifications and statement of qualifications received from three firms (Brownstein Hyatt Farber Schreck; Klein DeNatale Goldner; and McMurtrey Hartstock & Worth), and established criteria for evaluating the firms. While all firms offer good experience and staff, the committee recommends hiring Klein DeNatale Goldner based off staff, experience and overall value offered to the GSA.

**Motion by:** Director Albano moves to approve the committee's recommendation to offer Klein DeNatale Goldner the legal contract for the GSA.

**Second by:** Director Bracken

**Motion passes unanimously.**

**9. Receive and discuss any updates on GSA insurance options**

**Matt Klinchuch (Cuyama Basin Water District staff):** Provides an update on his continued research since the August 2<sup>nd</sup> GSA meeting into insurance companies and willingness to approve a policy for the GSA. He notes that no new firms took bid. He also notes that he reached out to other GSAs regarding their insurance options. The most viable option the other GSAs noted would require at least one JPA member agency be a member of the Association of California Water Agencies (ACWA). It appears no JPA member agencies are an ACWA member. He suggested moving forward with JPRIMA.

**Motion by:** Vice Chair Compton to move forward with staff recommendation to approve the JPRIMA insurance option, pending confirmation that no JPA member agencies are ACWA members and the cost of ACWA membership/ related, alternate insurance option.

**Second by:** Director Chounet

**Motion passes unanimously.**

**10. Receive and discuss report from ad-hoc committee for advisory committee (Directors Williams,**

**Cappello, and Chounet):** The committee describes that 12 applications were received for the advisory committee. They note the Board's desire for the advisory committee to have diverse members considering geographic locations, interests, and professions. The ad-hoc committee unanimously recommends establishing a seven (7) member advisory committee, with the following members: Robby Jaffe, Brenton Kelly, Jake Furstenfeld, Louise Dravken, Mike Post, Joe Haslert, and Brad DeBranch. Director Williams asks each potential advisory committee member to stand and be introduced.

**Public Comments:** Anne Meyre.

**Motion by:** Director Shephard moves to establish the advisory committee and to appoint the 7 members as recommended by the ad hoc committee.

**Second by:** Vice Chair Compton

**Motion passes unanimously.**

**11. Public comment for items not on the Agenda**

**Mike Post:** States that it is difficult to find copies of the agenda online.

**Matt Young (Santa Barbara County Water Agency staff):** Lists locations of the agenda including County of Santa Barbara and County of San Luis Obispo websites, and email distribution by Cuyama Valley Community Association.

**12. Adjourn**

Chair Yurosek adjourns the Cuyama Basin GSA Board of Directors meeting at approximately 5:34 PM.

I, Carolyn Berg, temporary Secretary to the Cuyama Basin Groundwater Sustainability Agency Board of Directors, do hereby certify that the foregoing is a fair statement of the proceedings of the meeting held on Wednesday, September 6, 2017, by the Cuyama Basin Groundwater Sustainability Agency Board of Directors.

**CAROLYN BERG**

**Dated:** September 13, 2017

**TO: Cuyama Groundwater Sustainability Agency Board of Directors**

**FROM: Lyndel Melton, RMC/Woodard Curran**

**DATE: October 4, 2017**

**SUBJECT: Agenda Item #6. Submittal of a resolution designating the Board Chairperson, or designee, of the Cuyama Groundwater Sustainability Agency as the authorized representative to file an application and execute an agreement with the California Department of Water Resources for the Sustainable Groundwater Planning Grant Program’s “Groundwater Sustainability Plans and Projects” Solicitation for the Cuyama Groundwater Basin.**

**Recommendation**

It is recommended that the Board approve the attached resolution designating the Executive Director of the Cuyama Groundwater Sustainability Agency as the authorized representative to file an application and execute an agreement with the California Department of Water Resources for the Sustainable Groundwater Planning Grant Program’s “Groundwater Sustainability Plans and Projects” Solicitation for the Cuyama Groundwater Basin

**Discussion**

The Sustainable Groundwater Management Act (SGMA) requires that Groundwater Sustainability Agencies (GSA)s develop and implement Groundwater Sustainability Plans (GSPs) in high and medium priority basins. The Department of Water Resources (DWR) designated the Cuyama Valley as a medium priority basin, subject to a condition of critical overdraft.

The State established the Sustainable Groundwater Planning Grant Program (Grant Program) pursuant to Proposition 1 (Water Quality, Supply and Infrastructure Improvement Act of 2014). This Grant Program is administered by DWR, and makes funds available for projects that develop and implement GSPs. On September 8, 2017, DWR opened a grant funding opportunity, making \$86-million (of the overall \$100-million) available on a statewide competition basis. The Cuyama Groundwater Basin is a critically over-drafted basin. This “Groundwater Sustainability Plans and Projects” grant funding is available for three categories, of which the two below are applicable to the Cuyama Basin due to its being designated as a critically over-drafted basin. Grant applications are due by November 13, 2017.

<b>Funding Category</b>	<b>Eligible Project Types</b>	<b>Max. Grant Amount<sup>1</sup></b>
<b>Category 1:</b> SDAC <sup>2</sup> Projects	Projects must serve SDACs and support groundwater sustainability (e.g. feasibility studies, retrofit well systems, etc.)	\$1-million per project
<b>Category 2 – Tier 1:</b> GSPs for Critically Overdrafted Basins	Projects include activities associated with planning, development or preparation of GSPs	\$1.5-million per basin

<sup>1</sup> Proposition 1 requires a minimum cost share of 50% of the total project cost. DWR may approve exceptions for projects benefitting SDAC, Disadvantaged Community (DAC), etc.

<sup>2</sup> “Severely Disadvantaged Communities” (SDACs) is defined as communities with a median household income (MHI) of less than 60% of Statewide MHI.

It is recommended that the Cuyama Basin GSA submit a grant proposal. Given the expedited nature of this grant opportunity, staff, in coordination with the Board and Advisory Ad Hoc Committee, continues to refine the grant proposal scope and budget, and anticipates including the following major elements:

- Category 1 Project – To be selected by advisory committee
- Category 2 Project - To develop the Cuyama Basin GSP

The attached resolution authorizing submittal of the grant application, and designating the Board Chairperson or designee as authorized to execute a grant agreement is required for grant applications.

### **Other Agency Involvement/Impact**

Implementation of SGMA involves landowners and stakeholders concerned with the management of groundwater in basins subject to SGMA, including the Cuyama Basin. Efforts related to the development and implementation of a GSP will be conducted by the Cuyama Basin GSA, involving representation of the County of San Luis Obispo, the Santa Barbara County Water Agency, the County of Kern, the County of Ventura, the Cuyama Basin Water District and the Cuyama Community Services District. Stakeholder Advisory Committee outreach requirements, coordination requirements, and the practical realities of preparing a GSP, require the involvement of the entire community.

In addition to local efforts, DWR acts as the agency in charge of developing regulations, reviewing GSAs and GSPs, and providing technical assistance to local agencies. To the extent feasible, member agencies are encouraged to submit letters of support to DWR for inclusion in the Cuyama Basin GSA's grant application, as a means of supporting the offset of local costs to develop GSP.

### **Attachments:**

resolution designating the Board Chairperson of the Cuyama Groundwater Sustainability Agency, or designee, as the authorized representative to file an application and execute an agreement with the California Department of Water Resources for the Sustainable Groundwater Planning Grant Program's "Groundwater Sustainability Plans and Projects" Solicitation for the Cuyama Groundwater Basin.

**RESOLUTION OF THE CUYAMA BASIN  
GROUNDWATER SUSTAINABILITY AGENCY**

Resolution No: 2017-

**RESOLUTION DESIGNATING THE BOARD CHAIRPERSON, OR DESIGNEE, AS THE  
AUTHORIZED REPRESENTATIVE  
TO FILE AN APPLICATION AND EXECUTE AN AGREEMENT WITH  
THE CALIFORNIA DEPARTMENT OF WATER RESOURCES  
FOR THE SUSTAINABLE GROUNDWATER PLANNING GRANT PROGRAM'S  
"GROUNDWATER SUSTAINABILITY PLANS AND PROJECTS" SOLICITATION**

The following Resolution is hereby offered and read:

**WHEREAS**, in 2014, the California Legislature adopted, and the Governor signed into law, three bills (SB 1168, AB 1739, and SB 1319) collectively referred to as the Sustainable Groundwater Management Act (SGMA) (Water Code §§ 10720 *et seq.*), that became effective on January 1, 2015, and that have been and may continue to be amended from time to time; and

**WHEREAS**, SGMA requires the formation of Groundwater Sustainability Agencies (GSAs) for the purpose of achieving groundwater sustainability through the adoption and implementation of Groundwater Sustainability Plans (GSPs) for all medium and high priority basins as designated by the California Department of Water Resources (DWR); and

**WHEREAS**, both SGMA (Chapter 6, Water Code §§ 10727 *et seq.*) and the regulations adopted by DWR pursuant thereto (California Code of Regulations, Title 23 §§ 350 *et seq.*) set forth detailed requirements related to the necessary elements of a GSP; and

**WHEREAS**, also in 2014, California voters approved Proposition 1 (AB 1471) which enacted the Water Quality, Supply, and Infrastructure Improvement Act of 2014 (Water Code §§ 79700 *et seq.*) (Act) that authorizes the issuance of bonds to finance, among other things, a Sustainable Groundwater Planning Grant Program; and

**WHEREAS**, DWR opened the Sustainable Groundwater Planning Grant Program's expedited "Groundwater Sustainability Plans and Projects" solicitation, available to GSAs for high and medium priority basins to support activities associated with the planning, development, or preparation of GSPs in compliance with the applicable regulatory requirements; and

**WHEREAS**, DWR designated the Cuyama Valley Groundwater Basin as a medium priority basin, subject to a condition of critical overdraft; and

Whereas, the Cuyama Basin Groundwater Sustainability Agency ("Agency") is a joint powers agency formed in June 2017, pursuant to Government Code §§ 6500 *et seq.* and Water Code §§ 10720 *et seq.*, by the Counties of Kern, San Luis Obispo, and Ventura, the Cuyama Basin Water District, the Cuyama Community Services District, and the Santa Barbara County Water Agency;

**WHEREAS**, the Board Chairperson, or designee, is especially suited to ensure that grant application materials and related GSP development efforts are prepared in a complete, efficient, and adequate manner; and

**WHEREAS**, the Board Chairperson, or designee, has the ability to ensure that grant-funded studies and efforts are carried out in full compliance with the applicable permits and the grant agreement.

**NOW, THEREFORE BE IT RESOLVED BY THE AGENCY THAT:**

1. The Cuyama Basin Groundwater Sustainability Agency make application to the California Department of Water Resources to obtain a Groundwater Sustainability Plans and Projects Grant (Grant) under the 2017 Sustainable Groundwater Planning Grant Program pursuant to the Water Quality, Supply, and Infrastructure Improvement Act of 2014 (Water Code §§ 79700 *et seq.*), and enter into an agreement (Grant Agreement) to receive a Grant for the Cuyama Basin Groundwater Sustainability Plan and Supporting Projects.
2. The Board Chairperson, or designee, of the Cuyama Basin GSA is hereby authorized and directed to prepare the necessary data, conduct investigations and file such application required for Grant funding, and execute the Grant Agreement and any amendments thereto (approved as to form by the legal counsel to the Cuyama Basin Groundwater Sustainability Agency) with the California Department of Water Resources.

Passed and adopted this \_\_\_\_ day of \_\_\_\_\_ by the following vote:

Yes:

No:

Abstain:

Absent:

CUYAMA BASIN GROUNDWATER  
SUSTAINABILITY AGENCY

\_\_\_\_\_  
Chairperson, Board of Directors

**TO: Cuyama Basin Groundwater Sustainability Agency Board of Directors**

**DATE: October 4, 2017**

**SUBJECT: Agenda Item #9: Consider GSA Insurance Options**

### **Recommendation**

Consider current insurance options available for the Cuyama Basin GSA

### **Discussion**

On June 30, 2017, the Board of Directors directed Matt Klinchuch, General Manager of the Cuyama Basin Water District, to review insurance options and quotes needed for the GSA.

To provide context to the insurance requirements by the Cuyama Basin GSA, the Joint Exercise of Powers Agreement (JPA) for Cuyama Basin GSA, Section 16.3 is referenced. *“The GSA shall procure appropriate policies of insurance providing coverage to the GSA and its Directors, officers and employees for general liability, errors and omissions, property, workers compensation, and any other coverage the Board deems appropriate. Such policies shall name the Members as additional insureds.”*

On August 2, 2017, GSA Board of Directors discussed options between two insurance agencies, the California Association of Mutual Water Companies (**Cal Mutuals**) and the Special District Management Authority (**SDRMA**), who responded to the Cuyama Basin GSA request for quotes. The Board tabled the decision until additional information on options are provided and, subsequently, to see if other insurance agencies are interested, if allowed additional time to respond to the request. However, to no prevail the other insurance agencies responded and declined to offer coverage for the Cuyama Basin GSA. In addition, Mr. Klinchuch reached out to ACWA JPIA, an insurance agency, who will offer insurance coverage for GSAs. However, ACWA JPIA also declined due to the Cuyama Basin GSA being ineligible due to the a pre-existing membership requirement by the ACWA.

With the declines and ineligibility for insurance coverage, the insurance options for the Cuyama Basin GSA remain relatively unchanged since the August 2<sup>nd</sup> Board meeting. The discussion for the different options are provided below along with a summary comparison table included as Attachment 1 for side-by-side comparison.

#### Cal Mutuals

The first insurance program is provided by the Joint Powers Risk and Insurance Management Authority (**JPRIMA**) through Cal Mutuals. JPRIMA provides a range of options for Commercial Excess Liability coverage. The range of options for Commercial Excess ranges from no coverage (\$0) up to \$2,000,000 (occurrence & aggregate). The other insurance offerings for General Liability and Public Officials & Management Liability include limits at \$1,000,000 per occurrence and \$10,000,000 aggregates. The annual period for coverage runs from April 1<sup>st</sup> through March 31<sup>st</sup>. Annual premiums range from \$7,489 (No Excess Liability) to \$8,742 (\$2 million Excess Liability), but will be prorated this first year from \$4,732 to \$5,518, respectively. Hired and Non-Owned Auto Coverage was not on the original quote, but if included the annual premium would increase by \$276. The insurance offered through JPRIMA is fully insured and not assessable (i.e. members will not see fees or charges beyond the annual premium).

To bind coverage, the GSA must provide a 'No Loss' letter confirming no known losses or concern for loss since formation, a copy of this year's budget, a copy of the GSA's bylaws, and a signed member agreement to join JPRIMA. There is also an initial three (3) year commitment to stay with the program.

### SDRMA

The second insurance option is through the Property/Liability Program through SDRMA. This option includes General, Public Officials & Management, and Commercial Excess coverages along with Property and Crime coverage. These latter two cannot be removed from the coverage and may not be necessary, since the GSA does not own property or have employees. All coverages are combined into three (3) limit levels of \$2,500,000; \$5,000,000; and \$10,000,000 and associated annual premiums of \$7,881.17; \$9,613.67; and \$13,947.67, respectively. The annual period for this program is July 1<sup>st</sup> through June 30<sup>th</sup>. These premiums will be prorated in the first year when all necessary binding documentation is completed. Additionally, this program is a partially self-funded pool where members can be assessed in the future beyond the annual premium. To date there has not been an assessment to program members.

Two additional components associated with this program are: 1) this program does not pay commissions, so the broker would need to add commission to these premiums, which in this case would be 6.5%, and 2) these quoted premiums include a 15% credit. The 15% credit must be earned or fees will be charged at the end of each year when audited. Credits can be earned through online trainings by Directors, attendance at functions, and possibly through the affiliations with the broker.

To bind coverage, the GSA must provide a 'No Loss' letter confirming no known losses or concern for loss since formation, a resolution by the Board authorizing execution of the JPA agreement, a signed member agreement to join SDRMA, and membership to the California Special Districts Association (adds estimated \$1,231 to annual cost). Like the JPRIMA insurance, an initial three (3) year commitment to stay with the program is also required.

Inverse condemnation coverage was discussed for both agencies. JPRIMA does not offer this coverage. SDRMA stopped offering this coverage last month. However, SDRMA will discuss the inverse condemnation coverage at their November board meeting to see whether or not to continue with the coverage.

### **Recommendation**

Based on the current options available, and the unknowns regarding inverse condemnation coverage, the recommendation would be to go with the JPRIMA option including Commercial Excess Liability coverage at the \$2,000,000 limit. It is also recommended to include the Hired and Non-Owned Auto coverage to the General Liability package given the amount of travel by directors. This option is believed to provide the appropriate level of coverage at a cost-effective price.

An optional recommendation would be to have the Cuyama Basin GSA legal counsel, once hired, further investigate the options available.

### **Attachments**

Attachment 1: Summary Comparison Table



	<b>Option #1</b>	<b>Option #2</b>
	<b>JPRIMA</b>	<b>Property/Liability Program</b>
<b>Vendor</b>	CalMutuals	SDRMA
<b>Term Year</b>	Annually 04/01 - 03/31	Annually 07/01 - 06/30
<b>Coverage Provided</b>	General Liability; Public Officials & Management; Commercial Excess	General Liability; Public Officials & Management; Commercial Excess; Property; and Crime
<b>General Liability</b>	\$1 M Per Occurance; \$10 M Aggregate; Deductible = \$5,000	Limits to all coverages based upon Total selected (shown below)
<b>Public Officials &amp; Management</b>	\$1 M Per Wrongful Act; \$10 M Aggregate; Deductible = \$5,000	
<b>Excess Liability</b>	\$0, \$1 M, or \$2 M Per Occurance; \$0, \$1 M, or \$2 M Aggregate	
<b>Total Annual Premium</b>	No Excess - \$7,489 \$1M Excess - \$8,192 \$2 M Excess - \$8,742	\$2.5M Limit - \$8,393.46 \$5M Limit - \$10,238.56 \$10 M Limit - \$14,854.27
<b>Prorated First Year?</b>	Yes	Yes
<b>Prorated Premiums</b>	No Excess Liability - \$4,732 \$1M Excess Liability - \$5,172 \$2 M Excess Liability - \$5,518	Determined once final application and binding items are submitted
<b>Items Need to Bind Coverage</b>	No Loss Letter confirming no known losses or concern for loss since time of formation	No Loss Letter confirming no known losses or concern for loss since time of formation
	Copy of Budget and Bylaws	Resolution by GSA authorizing excution of JPA Agreement
	Signed member agreement and contract to join JPRIMA	Signed member agreement and contract to join SDRMA
	Requires 3 year commitment (through 2021)	Annual membership to California Special Districts Association and pay annual dues (\$1,231 based on estimated budget)
		Requires 3 year commitment (through 2021)

	<b>Option #1</b>	<b>Option #2</b>
	<b>JPRIMA</b>	<b>Property/Liability Program</b>
<b>Other Features/Notes</b>		
	Hired and Non Owned Auto Coverage' is option to include in the General Liability (adds \$276)	Includes Crime, cannot be removed from package
	JPRIMA Admin Fees included in premiums	Premiums include 15% credit, 15% must be earned through online trainings or conference attendance, if not earned then fees will be charged at annual audit
	Fully insured, not assessable	SDRMA does not pay commission, Broker would add 6.5% (Included in the premiums shown above)
		Partially self-funded pool that can be assessed (to date no assessment on members)
<b>Broker Contact Information</b>		
	Lloyd Turner INSURICA	Lloyd Turner INSURICA
	246 E. Honolulu St. Lindsay, CA 93247 (559) 562-2527 lloyd.turner@insurica.com	246 E. Honolulu St. Lindsay, CA 93247 (559) 562-2527 lloyd.turner@insurica.com