

**AGREEMENT SUPPORTING FORMATION AND OPERATION OF  
THE CENTRAL DELTA-MENDOTA REGION  
MULTI-AGENCY GROUNDWATER SUSTAINABILITY AGENCY  
IN THE CENTRAL DELTA-MENDOTA REGION**

This AGREEMENT is made effective as of February 15, 2017 (the “Effective Date”), by and among the Eagle Field Water District; County of Fresno; Fresno Slough Water District; County of Merced; Mercy Springs Water District; Oro Loma Water District; Pacheco Water District; Panoche Water District; San Luis Water District; Santa Nella County Water District; and Tranquillity Irrigation District (individually, a “Party” and in the plural or collectively, the “Parties”). Capitalized terms used in this Agreement shall have the meanings set forth in Section 2 below.

**1. RECITALS**

A. In August 2014, the California Legislature passed comprehensive groundwater legislation creating the Sustainable Groundwater Management Act of 2014 (“SGMA” or the “Act”), which intended “to provide local groundwater agencies with the authority and technical and financial assistance necessary to sustainably manage groundwater” (California Water Code Section 10720(d)).

B. The Act anticipates that each affected groundwater basin or subbasin will be regulated separately by one or more Groundwater Sustainability Agencies (“GSAs” or individually, a “GSA”). A local agency may elect to be the GSA for a basin or subbasin within its boundaries. The Act also provides that a combination of local agencies may form a GSA through a joint powers agreement, memorandum of agreement or other legal agreement (California Water Code Section 10723.6). The Parties understand that to mean that a memorandum of agreement or other legal agreement may be used to form a single multi-agency GSA like the one provided under this Agreement.

C. Groundwater sustainability under the Act is to be achieved through

groundwater sustainability plans (“GSPs” or individually, a “GSP”) which can be a single plan developed by one or more GSAs, or multiple coordinated plans within a basin or subbasin (California Water Code Section 10727).

D. Each Party’s geographic area overlies a portion of the Delta-Mendota Subbasin number 5-22.07 of the San Joaquin Valley Groundwater Basin identified in the California Department of Water Resources (“DWR”) Bulletin 118 (the “DM Subbasin”), said portion being designated as the Central Delta-Mendota Region, as its boundaries may be modified from time to time as provided by law. DWR has designated the entire DM Subbasin as critically overdrafted, and under the Act, each GSA is required to assume its regulatory role by June 30, 2017, and to submit a GSP to DWR by January 31, 2020. The California State Water Resources Control Board (“SWRCB”) may identify a basin or subbasin as probationary on the basis of the failure to identify a GSA, adopt a GSP, or upon DWR finding, in consultation with the SWRCB, that a GSP is inadequate.

E. The Parties are local agencies authorized to contract with the State or Federal governments and agencies, other local agencies, mutual water companies or private individuals and to exercise powers related to groundwater management, land use, or both, within their jurisdictional boundaries; and the Parties would each qualify individually to serve as a separate GSA under the provisions of the Act.

F. The Parties are entering into this Agreement to meet their mutual goal of cost-effective, sustainable groundwater management that considers the interests and concerns of the Parties and other stakeholders in the Central DM Region.

G. The Parties are entering into this Agreement to organize themselves to establish, and once established, to operate a GSA so that they may obtain powers under Water Code Part 2.74, Chapter 5, Section 10725 while utilizing the powers of Chapter 5 to provide the maximum degree of local control and flexibility consistent with the sustainability goals of SGMA and to reserve to each Party its respective rights and authorities over its own internal matters, including but not limited to, such Party’s surface water supplies, groundwater supplies, facilities, operations and water management, subject to terms of this Agreement.

H. The Parties desire through this Agreement to organize themselves to establish, and once established, to operate a Multi-Agency GSA for the Central Delta-Mendota Region to be advised and coordinated by a committee of their representatives, but with GSA

actions subject to approval of each of the Parties.

I. The Parties desire to achieve the objectives recited above through entering into this Agreement.

## **AGREEMENT**

NOW, THEREFORE, in consideration of the true and correct facts recited above, which are hereby incorporated herein, and of the covenants, terms and conditions set forth herein, the Parties agree as follows:

## **2. DEFINITIONS**

2.1 "Agreement" shall mean this Agreement.

2.2 "Agreement Expenses" shall mean costs of the Central DM Region Multi-Agency GSA incurred for purposes of this Agreement

2.3 "Basin" or "Delta-Mendota Subbasin" or "DM Subbasin" shall mean the Delta-Mendota Subbasin of the San Joaquin Valley Groundwater Basin, subbasin number 5-22.07, as identified in Bulletin 118 prepared by the DWR and depicted on EXHIBIT "A" to this Agreement.

2.4 "Central DM Region Multi-Agency GSA" or "this GSA" shall mean the multi-agency Groundwater Sustainability Agency formed pursuant to this Agreement.

2.5 "Central Delta-Mendota Region" or "Central DM Region" shall mean that portion of the Delta-Mendota Subbasin depicted on the map attached hereto as EXHIBIT "B."

2.6 "Central DM Region GSP" or "GSP" shall mean the Groundwater Sustainability Plan, as defined by Section 10721(k) of the Water Code for the Central DM Region as set forth in EXHIBIT "B" that the Parties intend, through this Central DM Region Multi-Agency GSA, to develop, adopt and implement under this Agreement, whether as a stand-alone GSP, or as the Central DM Region portion of a broader GSP for the DM Region that has been adopted by the Parties in conjunction with other GSA's in the DM Subbasin.

2.7 "Coordination Agreement" shall mean a legal agreement adopted between the Central DM Region Multi-Agency GSA and one or more other GSAs that provides

the basis for intra-basin or inter-basin coordination of the GSPs of multiple GSAs pursuant to the requirements of SGMA.

**2.8 “GSA”** shall mean a groundwater sustainability agency enabled by SGMA to regulate a portion of a basin or subbasin cooperatively with all other GSAs in the basin or subbasin, in compliance with the terms and provisions of SGMA (see also Central DM Region Multi-Agency GSA).

**2.9 “Legislative Body”** and its plural forms shall mean the Board of Directors, Board of Supervisors, or Council of a Party; or in the plural, of multiple Parties.

**2.10 “Outside Service Area(s)”** of a Party shall mean an area or areas included within the boundaries of the Central DM Region Multi-Agency GSA (as depicted on EXHIBIT “B”) that are outside the political boundaries of the Party and outside the boundaries of any other Party that is not a county, but that, through written agreement between the Party and applicable county, shall be subject to the Party’s management for purposes of the implementation of SGMA within the management area of the Central DM Region Multi-Agency GSA.

**2.11 “Participation Percentage”** shall mean each Party’s allocated share of Agreement Expenses determined as described in Section 12 of this Agreement and set forth on EXHIBIT “C” as updated from time to time.

**2.12 “Party”** shall mean each local agency signatory to this Agreement, and “Parties” shall refer to more than one of such signatories.

**2.13 “SGMA”** or the “Act” shall mean the California Sustainable Groundwater Management Act of 2014 and all regulations adopted under the legislation (SB 1168, SB 1319 and AB 1739), Water Code Sections 10720-10755.4, which collectively comprise SGMA, as that legislation and those regulations may be amended from time to time.

**2.14 “Special Project”** shall mean an activity under this Agreement that is for the benefit of and that obligates only the Parties participating in the Special Project.

**2.15 “Special Project Agreement”** shall mean an agreement among fewer than all the Parties to implement an action under this Agreement with shared funding and obligations.

**2.16 “Special Project Expenses”** shall mean Agreement expenses incurred specifically for a Special Project.

**2.17 “Steering Committee”** shall mean the advisory and coordinating

committee established under Section 9 of this Agreement.

**2.18 “Steering Committee Member”** shall mean the duly appointed representative of a Party to be counted towards a quorum and having the right to vote on behalf of such Party at a meeting of the Steering Committee.

**2.18 “Voting Alternate”** shall mean the duly appointed alternate member to a Steering Committee Member who is present at a meeting during the absence or disqualification of the Steering Committee Member for whom the alternate member has been appointed; said alternate member being counted towards a quorum and having the right under those circumstances to cast the vote otherwise accorded to the Steering Committee Member; a Voting Alternate that has been appointed as alternate member to more than one Steering Committee Member may cast only one vote, even if multiple Steering Committee Members for whom the Voting Alternate has been appointed are absent or disqualified.

### **3. PURPOSE OF AGREEMENT**

The purpose of this Agreement is to provide the principles and terms under which the Parties will organize themselves to cooperate in the establishment of a single multi-agency GSA under SGMA within the boundaries of their geographic and Outside Service Area(s); to develop efficient means to prepare, submit and implement a GSP for or including the area within the boundaries of their geographic and Outside Service Area(s) in the Central DM Region; and to achieve the objectives stated in the Recitals above through their joint efforts under this Agreement.

### **4. TERM**

This Agreement shall take effect on the Effective Date identified in the introductory paragraph and shall remain in full force and effect until this Agreement is amended, rescinded, superseded or terminated by action of at least two-thirds of the Parties.

### **5. KEY PRINCIPLES**

**5.1** This Agreement is not intended to form a new legal entity.

**5.2** The intent of the Parties under this Agreement is to organize themselves to establish a single multi-agency GSA for the portion of the DM Subbasin within their geographic boundaries and the boundaries of their Outside Service Area(s). Once established as a multi-

agency GSA, the Parties expect to develop, adopt and implement a GSP for the geographical areas subject to this Agreement, which GSP may be as part of a broader GSP encompassing the entire DM Subbasin, and to enter into such Coordination Agreements as SGMA may require for these purposes.

5.3 The Parties further intend to cooperate to obtain consulting, administrative and management services needed to efficiently form and then operate a multi-agency GSA, to conduct outreach to Interested Parties, as defined and required by SGMA, and to identify mechanisms for the management and funding commitments reasonably anticipated to be necessary for the purposes of this Agreement. One potential source of such services may be the San Luis & Delta-Mendota Water Authority, and the Parties each expect to enter into such forms of agreements as may be required to obtain such services; or to each independently or jointly provide services utilizing their own staff or consultants; or to jointly enter into contracts or agreements with any Party or outside service provider to obtain services necessary for the operation of the Central DM Region Multi-Agency GSA under this Agreement.

5.4 The Parties acknowledge and agree that SGMA is complex legislation, with implementing regulations not yet fully developed by the DWR or the SWRCB. While this Agreement reflects the Parties' initial approach to SGMA compliance, a great deal of data needed for implementation is not currently available, necessary models are still in development, and the Parties may have changes in political boundaries or gain experience in the application of SGMA or discover other considerations that may affect the decision of a Party on how to best comply with SGMA within the boundaries of its own and its Outside Service Area(s). DWR has acknowledged the need for entities to change their decisions about participating in or becoming a GSA, and it is the intent of the Parties to support flexibility in admitting additional Parties, accommodating voluntary withdrawals, coordinating with other multi-agency or individual GSAs, changing the form of their organizational documents, and making other types of adjustments required by the Parties to achieve efficient compliance with SGMA, consistent with the schedule and requirements of SGMA for coordination throughout the DM Subbasin and in compliance with the provisions of this Agreement. In particular, the Parties acknowledge that local agencies may form a GSA by using a joint powers agreement. The Parties agree to consider using a joint powers agreement should the Parties find that necessary or beneficial in achieving the goal of maintaining local control of sustainable groundwater management in the

Central DM Region in compliance with SGMA.

5.5 Each Party expressly intends that nothing in this Agreement shall confer upon any other Party or upon any third party outside this Agreement the authority to limit or interfere with the respective Party's rights and authorities over its own internal matters, including but not limited to, such Party's surface water supplies, groundwater supplies, facilities, billing and collection procedures, operations and water management, subject to terms of this Agreement. The Parties understand and agree that their exercise of GSA powers granted under SGMA is subject to the terms of this Agreement.

5.6 Each Party acknowledges that SGMA requires that multiple GSAs within a given Bulletin 118 groundwater basin must coordinate, and are required to use the same data and consistent methodologies for certain required technical assumptions when developing a GSP or GSPs, and that the entire subbasin must be implementing measures set forth in a GSP or in GSPs and Coordination Agreements for the basin to be deemed in compliance with SGMA. As a result, the Parties acknowledge that the assertion of reserved powers in a manner inconsistent with the requirements of SGMA will have consequences for the entire GSA and any other GSAs in the Delta-Mendota Subbasin. This Agreement includes provisions to protect the GSA and other GSAs in the Delta-Mendota Subbasin in the event a Party's exercise of reserved powers that would cause the GSA to be in noncompliance with SGMA.

## **6. ACTIVITIES UNDER THE AGREEMENT**

The activities the Parties expect to implement to carry out the purposes of this Agreement shall specifically include, but shall not be limited to, the following:

6.1 Carrying out the procedural requirements to establish themselves as a single multi-agency GSA, including cooperating to conduct hearings in Fresno County and in Merced County as required by Water Code Section 10723, and to designate the person or Party responsible to prepare and file with the DWR a notice of GSA formation, and to take any other actions that may be necessary to carry out the purpose of this section 6.1 for establishing a GSA.

6.2 Coordinating basin boundary modifications and obtaining DWR approvals to bring the Parties' boundaries, including the Outside Service Areas within the Central DM Multi-Agency GSA.

**6.3 Establishing an advisory and coordination structure for the GSA, including the formation of a Steering Committee to advise and coordinate regarding ongoing activities and to propose actions requiring approval by the Parties.**

**6.4 Conducting public outreach and engagement as required by SGMA.**

**6.5 Developing and adopting a GSP for the Central DM Region within the statutory milestones required by SGMA.**

**6.6 Entering into Coordination Agreements with other GSAs as required by SGMA, to achieve an integrated, comprehensive basin-wide plan that satisfies SGMA as to sustainable groundwater management throughout the DM Basin.**

**6.7 Implementing a GSP and performing reporting and assessment obligations under SGMA.**

**6.8 Without any limitation on a Party's ability to impose fees within its jurisdiction, determining the need for, timing and amount of fees authorized by SGMA to fund the cost of furthering the purposes of this Agreement, complying with SGMA, and sustainably managing groundwater within the Central DM Region Multi-Agency GSA, and recommending that the Parties accept the determinations and adopt the proposed fees.**

**6.9 Adopting model rules, regulations, policies and procedures for adoption and use by each of the Parties to govern the adoption and implementation of a GSP as authorized by Chapter 5 of SGMA.**

**6.10 Subject to Sections 5.5, 8.2 and 9.5 of this Agreement, utilizing the GSA enforcement powers identified in SGMA (specifically, Water Code §10732), for the imposition and collection of civil penalties that shall be utilized in accordance with the requirements of SGMA.**

**6.11 Cooperating to facilitate obtaining the services required for implementation of this Agreement, including administrative, staff and accounting services, consulting services, services required for any data collection, monitoring, groundwater studies and models, preparing reports and assessments or otherwise necessary for the development, implementation, or both, of a GSP for the Central DM Region.**

**6.12 Taking such other actions as are deemed necessary or appropriate to achieve the specific and limited purposes as stated above.**

## **7. ROLES AND RESPONSIBILITIES OF THE PARTIES**

7.1 The Parties will work jointly and cooperatively to implement this Agreement consistent with the Key Principles in Section 5, including through support of the activities described in Section 6 of this Agreement.

7.2 Each Party will appoint representatives to the Steering Committee and any technical or other subcommittees established by the Steering Committee.

7.3 Each Party is responsible, to the extent provided by law, for implementing the actions to form the Central DM Region Multi-Agency GSA and for adopting and implementing the Central DM Region GSP.

7.4 The Parties will participate in public outreach and stakeholder engagement through the Steering Committee and any third party facilitating the development of the GSP for the Central DM Region.

7.5 The Parties will provide support to the Steering Committee and any third party facilitating the development of the Central DM Region GSP by making available staff time, information and facilities within available resources.

7.6 A Party will promptly take action on any item where approval by a Party is required.

7.7 Each Party agrees to designate a single individual to serve as the central point of contact on all matters related to this Agreement. Unless changed by written notice to each of the other Parties, a Party's Steering Committee Member shall be its designated contact, with the Party contact information to be that supplied below the Party's signature on this Agreement.

## **8. GSA POWERS/POWERS RESERVED TO PARTIES**

8.1 GSA Powers. Each Party represents and warrants that it would qualify to serve as a separate GSA under the provisions of the Act, and that it has the power to comply with the provisions of SGMA and other laws. By forming a single multi-agency GSA under this Agreement, the Parties understand that each of them will have the powers of a GSA as specified in SGMA. The Parties further understand that, under this Agreement, they agree to coordinate their exercise of those powers for the purposes of the Central DM Region Multi-Agency GSA. Subject to the limitations set forth in this Agreement and as provided by law, each of the Parties

has the powers to perform all acts necessary to accomplish their purpose as stated in this Agreement, including but not limited to the following:

(a) To make and assume contracts and to employ agents, employees, consultants and such other persons or firms to the full exercise of its power, including, but not limited to, engineering, hydrogeological, and other consultants, attorneys, accountants and financial advisors, for the purpose of providing any service required to accomplish the purposes identified herein.

(b) To conduct all necessary research and investigations, and to compile appropriate reports and collect data from all available sources to assist in preparation of a GSP, and for development of Coordination Agreements with other GSAs in the DM Subbasin, and prepare reports and assessments so as to allow the Parties to participate in the sustainable management of the DM Subbasin in compliance with SGMA.

(c) To cooperate, act in conjunction with, and contract with the United States, the State of California, or any agency thereof, other local agencies, Merced and Fresno Counties, and other Parties, or any of them, in the full exercise of the powers of the Parties for purposes of assisting the Parties with forming a multi-agency GSA and preparing, adopting and implementing the Central DM Region GSP.

(d) To apply for, accept, receive and administer agreements, grants, loans, gifts, contributions, donations or other aid from any agency of the United States, the State of California or other public or private person or entity necessary or beneficial for preparing or implementing the Central DM Region GSP.

(e) To investigate legislation and proposed legislation, regulations and proposed DWR or SWRCB actions affecting SGMA and the DM Subbasin and make appearances regarding such matters.

**8.2 Powers Reserved to the Parties.** There are expressly reserved to each Party the powers accorded to it by law for exercise within its own boundaries and further reserves the exercise of those powers, as compared to exercise under this Agreement, necessary to carry out the intent expressed in this section.

(a) Except as provided in Section 8.2(d) of this Agreement, the Parties

expressly intend that neither this Agreement nor the Central DM Region GSP shall be construed as authorizing the other Parties acting through the Steering Committee, or any dispute resolution process contained herein, to:

(1) determine or alter surface water rights or groundwater rights (California Water Code Section 10720.5(b));

(2) make binding determinations of the water rights of any person or entity [(California Water Code Section 10726.8(b));

(3) supersede the existing land use authority of cities or counties, including the city or county general plan, within the overlying subbasin [California Water Code Section 10726.8(f)]; or

(4) supersede the authority of each Party to implement the GSP within its own boundaries.

(b) In coordination with the other Parties through the Steering Committee, a Party may exercise any of the powers described in Chapter 5 (Water Code sections 10725 *et seq.*) of SGMA as the Central DM Region Multi-Agency GSA.

(c) Each Party intends to maintain, to the extent provided by law, complete control and autonomy over the surface water and groundwater assets to which it is currently legally entitled and makes no commitments by entering into this Agreement to share or otherwise contribute its water supply assets as part of the preparation or implementation of a GSP for any portion of the Central DM Region outside of its boundaries and Outside Service Area(s).

(d) Consequences of Exercising Reserved Powers.

(1) The Parties acknowledge that SGMA requires that multiple GSAs within a given Bulletin 118 groundwater basin must coordinate, and are required to use the same data and consistent methodologies for certain required technical assumptions when developing a GSP, and that the entire subbasin must be implementing a GSP or coordinated GSPs covering the entire basin for the basin to be deemed in compliance with SGMA. As a result, upon the determination by the Steering Committee that assertion of reserved powers by a Party will directly undermine the functioning of the GSA or the preparing and implementing of the requirements of the GSP, the Steering Committee shall provide the Party with written notice

of the determination and the opportunity to correct its action or to appeal to the Steering Committee for reconsideration. Examples of the exercise of reserved powers that may undermine the Central DM Region Multi-Agency GSA or Central DM Region GSP include: refusal to pay and participate in GSA activities or to provide required monitoring of sustainability indicators; refusal to enforce controls as required by the GSP; or refusal to implement any necessary actions as outlined by the approved Central DM Region GSP minimum thresholds that are likely to lead to "undesirable results" under SGMA.

(2) If the Party does not take corrective action within a reasonable time as specified by the Steering Committee in its notice, not to exceed 90 days, or if the Steering Committee declines the Party's appeal, upon approval of the Steering Committee's determination by the remaining Parties, the Party will be deemed to (1) have withdrawn from the GSA; (2) remain subject to the GSP developed pursuant to this Agreement unless and until the service area, and where applicable Outside Service Area(s), of the withdrawing Party is covered by a separate GSP approved by the DWR. This obligation shall survive the deemed withdrawal from this Agreement, is for the express benefit of the remaining Parties, and is subject to the indemnification provisions of Section 18 of this Agreement.

## 9. ORGANIZATION

9.1 Steering Committee. The Parties agree to form a Steering Committee for the Central DM Region Multi-Agency GSA, to consist of: one (1) person appointed by each Party as its Steering Committee Member and one (1) person appointed by each Party as its alternate Steering Committee Member, to act during the absence or disqualification of the Steering Committee Member for whom the alternate has been appointed. Outside Service Area(s) shall be represented by the appointed representatives of the Party covering such Outside Service Area(s) for SGMA purposes and shall not be entitled to independent representation on the Steering Committee. The purpose of the Steering Committee shall be to coordinate, advise, and recommend actions required for purposes of this Agreement to be submitted for approval by the Parties; and to make those determinations assigned to the Steering Committee under this Agreement.

(a) Steering Committee Members and alternates shall be appointed by action of the governing body of the represented Party and the appointment shall be effective

upon the appointment date as communicated in writing to the other Parties. Each appointee shall serve on the Steering Committee from the date of appointment by the governing body of the Party he/she represents at the pleasure of such governing body.

(b) Vacancies in the position of a Steering Committee Member or alternate Steering Committee Member shall be filled by the represented Party in the same manner as the provided for the appointment of the initial Steering Committee Member or Alternate Member.

(c) Any salary or compensation of any Steering Committee Member or alternate Steering Committee Member shall be paid by the Party appointing such representative.

(d) Subject to the authorization from their respective appointing powers, the Steering Committee shall coordinate, advise, and recommend, or shall determine, the actions necessary for carrying out the Agreement, including but not limited the activities listed in Section 6.

9.2 Meetings. The Steering Committee shall meet regularly on a designated meeting date selected by the Steering Committee. In addition, the Chairman of the Steering Committee or a majority of a quorum of the Members of the Steering Committee, are authorized to call special meetings of the Steering Committee as necessary. A meeting notice and agenda shall be provided to all Steering Committee Members and alternate Steering Committee Members, Parties and interested parties who have requested notice. Steering Committee Meetings shall be subject to the Ralph M. Brown Act.

(a) Informational sessions may be conducted by less than a quorum of the Steering Committee Members.

(b) The Steering Committee Chairman may appoint, with the concurrence of a quorum of the Steering Committee, such ad hoc or technical committees as may be useful from time to time.

(c) The Secretary of the Steering Committee shall prepare meeting minutes, which shall be placed in the permanent records of the GSA.

9.3 Quorum and Voting. A majority of the then-appointed representatives of the Parties, counting Steering Committee Members present and not disqualified by a conflict of interest and Voting Alternates, constitutes a quorum of the Steering Committee. Each

Steering Committee Member and Voting Alternate shall have one (1) vote. Except as set out in Section 9.6, all actions of the Steering Committee must be taken by majority vote of the Members and Voting Alternates present.

9.4 Officers. The Steering Committee shall select from among its Members a Chairman, who shall act as presiding officer, and a Vice Chairman, to serve in the absence of the Chairman. There also shall be selected a Secretary, who may, but need not be, a Member of the Steering Committee. All selected officers shall remain in office at the pleasure of a majority vote of the Steering Committee.

9.5 Approval by a Party or by the Parties.

(a) When the terms of this Agreement or applicable law require the approval of a Party, written documentation of such approval, whether by Resolution, motion, or other form of authorization, must be provided to each of the other Parties.

(1) For actions requiring the approval of only the particular Party, such as appointing a representative to the Steering Committee, approval only by such Party is required.

(2) When approval of the Parties is required for a particular action, the approval of a majority of the Parties will constitute approval of the action.

(b) Approval by the a Party or the Parties shall be required for

(1) Approval of a Steering-Committee-recommended budget;

(2) A Party becoming obligated to pay a revised Participation Percentage under this Agreement;

(3) Amendment of this Agreement, including but not limited to, for purposes of adding a new Party or the replacement of this Agreement with an alternative form of agreement;

(4) Subject to Section 8.2(d), adoption of the Central DM Region GSP; and

(5) Subject to Section 8.2(d), a Party becoming obligated to take specific actions to implement SGMA.

9.6 Matters Requiring Special Vote of Steering Committee.

(a) Matters Requiring 2/3rds Vote: The following recommendations or determinations require a 2/3rds vote of the Steering Committee:

(1) Subject to Sections 8.2 and 9.5(b) of this Agreement, a recommendation that the Parties should utilize their GSA enforcement powers identified in SGMA (Water Code §10732) on behalf of the Central DM Region Multi-Agency GSA, including the imposition and collection of civil penalties that shall be utilized in accordance with the requirements of SGMA.

(2) A recommendation proposing an initial operating budget and initial Party contributions within ninety (90) days of the execution of this Agreement, and thereafter, to adopt an annual budget as described in Section 10 of this Agreement.

(3) A recommendation to revise the Participation Percentages of the Parties from time to time.

(4) Without any limitation on a Party's ability to impose fees within its jurisdiction, and subject to Sections 8.2 and 9.5(b) of this Agreement, a recommendation that the Parties should impose fees authorized by SGMA to fund the cost of the Central DM Region Multi-Agency GSA in furthering the purposes of this Agreement, complying with SGMA, and sustainably managing groundwater within the Central DM Region.

(5) A recommendation for adoption by the Parties of rules, regulations, policies and procedures governing the adoption and implementation of the Central DM Region GSP as authorized by Chapter 5 of SGMA.

(6) A recommendation to investigate and support legislation and propose legislation, regulations and propose SWRCB actions affecting SGMA and the DM Subbasin and make appearances regarding such matters; and

(7) A recommendation to appoint a mediator to resolve disputes among the Parties.

(b) Vote Required for "Deemed Withdrawal":

The unanimous vote of a quorum of the Steering Committee members not counting in such quorum or vote the representative of the affected Party shall be required to recommend to the Parties that a particular Party's exercise of reserved powers pursuant to Sections 8.2 (a-c) shall be subject to the provisions of Section 8.2(d) of this Agreement.

**10. BUDGETARY RESPONSIBILITIES OF THE PARTIES**

The Steering Committee shall have the obligation to establish and recommend a budget for the activities authorized by this Agreement, annually or more frequently as needed. The budget shall describe the amounts anticipated to be required for purposes of the Agreement during each March 1 through February 28 Fiscal Year. The Steering Committee shall establish the budget by December 1 of each year or sufficiently prior to the following March 1 to allow time for its circulation to the Parties and the opportunity for their respective Legislative Bodies to approve funding of such Party's share of the budget by March 1. Upon its approval of its obligations under the budget, each Party agrees to have available funding for its share of budgeted amounts to pay directly to a service provider (which may in some cases be one of the Parties). The first budget for this Agreement shall be for the period commencing March 1, 2018 through February 28, 2018.

**11. ACCOUNTABILITY, REPORTS AND AUDITS**

Each Party shall maintain full books and accounts for this Agreement in accordance with the Parties' practices, except to the extent those materials are maintained by a third party under agreements with these Parties. The books and records maintained for purposes of this Agreement shall be open to inspection by the Parties at all reasonable times, and shall be made available to the issuers of any grants or loans to the extent required by the terms of any such grants or loans.

**12. PARTICIPATION PERCENTAGES**

The Participation Percentage for each Party shall be utilized to determine the share of Agreement Expenses allocated to each Party, except for any special-purpose contributions or fees and funding for the Initial Budget, which shall be in equal shares, as described in Section 10 of this Agreement. A Party's Participation Percentage shall be calculated to include the obligations and benefits of such Party's Outside Service Area(s), if any.

**12.1 Initial Participation Percentages.** The approach to establishing

Participation Percentages shall be determined by the Parties prior to March 1, 2017. Until the adoption of the GSP, the Participation Percentages may be evaluated by the Steering Committee from time to time, including to consider new information concerning the relative contribution or responsibility of each Party towards achieving the sustainability goal established in the GSP,

with a vote to recommend revisions as provided in Section 9.6(a)(3). Any such Steering Committee-recommended revisions shall be presented to the Parties for approval as provided in Section 9.5(b)(2).

**12.2 Participation Percentages after Adoption of GSP.** Upon adoption of an estimated sustainable yield and a sustainability goal under the Central DM Region GSP, the Steering Committee, shall consider recalculating the Participation Percentage for each Party based at least partially on an allocation of each Party's relative contribution or responsibility towards achieving the sustainability goal established in the GSP. The Steering Committee-recommended recalculation shall be presented to the Parties for approval as provided in Section 9.5(b)(2). The Participation Percentages may continue to be evaluated by the Steering Committee from time to time, in order to consider new information concerning the relative contribution or responsibility of each Party towards achieving the sustainability goal established in the GSP, with a vote to recommend revisions as provided in Section 9.6(a)(3). Any such Steering Committee-recommended revisions shall also be presented to the Parties for approval as provided in Section 9.5(b)(2).

**12.3 Ongoing Documentation of Participation Percentages.** The Participation Percentages of each Party shall be dated and attached as EXHIBIT "C" to this Agreement, effective upon the date approved by all Parties, without any further amendment of this Agreement being required. Any further amendments to EXHIBIT "C" may be made using the procedures included in this Section 12 without any further separate amendment of this Agreement being required.

### **13. SOURCE OF PAYMENTS**

Each Party agrees that, contingent upon Constitutional limitations, it will utilize its powers to provide at all times sufficient money to meet its obligations hereunder. Each Party hereby confirms that the other Parties are third party beneficiaries of such Party's obligations under this Agreement and may take such actions in law or in equity as may be desirable to enforce payments hereunder. The Steering Committee may also seek funding from other alternative sources, including but not limited to state and federal grants or loans, and unless specifically allocated by the unanimous vote of the Steering Committee, for example, to fund a project within the boundaries of a particular Party or under a Special Project Agreement, all funding

contributions obtained from alternative sources shall be allocated to each Party according to its Participation Percentage.

#### **14. WITHDRAWAL FROM FURTHER PARTICIPATION.**

14.1 Subject to the timelines of SGMA as set forth in this subsection and to Section 8.2(d) this Agreement, any Party may voluntarily withdraw from this Agreement and the Central DM Region Multi-Agency GSA. The withdrawing Party shall give the Steering Committee and each Party to this Agreement written notice of such withdrawal not less than thirty (30) days prior to the withdrawal date. Any such withdrawal notice shall also apply to any Outside Service Area(s) of the withdrawing Party. Upon withdrawal, a Party agrees that it has a continuing obligation to comply with SGMA and shall, if prior to June 30, 2017, and prior to the Central DM Region Multi-Agency GSA 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 Central DM Region Multi-Agency GSA in order to avoid an adverse effect upon the continuing Parties. Until July 1, 2017, the applicable county may also elect to cover the area of the withdrawing Party. If after July 1, 2017, or after the Central DM Region Multi-Agency GSA becoming an exclusive GSA, the Parties agree that (1) the Central DM Region Multi-Agency GSA and withdrawing Party shall work together with DWR to facilitate the withdrawing Party forming either its own GSA or joining a separate GSA; and (2) the withdrawing Party shall remain subject to the terms of the GSP that is prepared by the Central DM Region Multi-Agency GSA so as to not put the DM Subbasin in jeopardy, unless and until the withdrawing Party's service area, and as applicable any Outside Service Area(s) of that Party, are covered by a separate GSP approved by the DWR. This obligation shall survive withdrawal from this Agreement, is for the express benefit of the remaining Parties, and is subject to the indemnification provisions of Section 18 of this Activity Agreement.

14.2 In the event of either a voluntary withdrawal or deemed withdrawal under Section 8.2(d) by any Party, all rights of participation in this Agreement shall cease for the withdrawing Party as of the date of withdrawal.

14.3 A withdrawing Party shall pay for all such Party's financial obligations incurred prior to the withdrawal date pursuant to the terms of this Agreement. Such withdrawing

Party shall within thirty (30) days, pay all such Party's financial obligations incurred prior to such withdrawal date pursuant to the terms of this Agreement. This payment obligation shall survive the withdrawal from the Agreement, is for the express benefit of the remaining Parties, and is subject to the indemnification provisions of Section 18 of this Agreement.

**15. ADMISSION OF NEW PARTIES**

Additional Parties may become signatories of this Agreement upon approval by the Parties and execution of this Agreement by the new Party's legislative body. Upon admission of a new Party, the Participation Percentages shall be automatically recalculated to distribute such Participation Percentages among all Parties on a prorated basis following the methodology for setting Participation Percentages then in place.

**16. SPECIAL PROJECTS**

16.1 Fewer than all of the Parties may enter into a Special Project Agreement to achieve any of the purposes or activities authorized by this Agreement, and to share in the expenses and costs of such Special Project, for example, to share in funding infrastructure improvements within the boundaries of only those Parties and their Outside Service Area(s). Special Project Agreements must be in writing and documentation must be provided to each of the Parties to this Agreement.

16.2 Parties that enter into Special Project Agreements agree that any Special Project Expenses incurred for each such Special Project are the costs of the Special Project Participants, respectively, and not of any other Parties to this Agreement not participating in the Special Project, and the Special Project Expenses shall be paid by the Parties to the respective Special Project Agreements.

16.3 Parties participating in a Special Project shall hold each of the Parties to the Agreement who are not parties to the Special Project free and harmless from and indemnify each of them against any and all costs, losses, damages, claims and liabilities arising from the Special Project Agreement. The indemnification obligation of Parties participating in Special Project Agreements shall be the same as specified in Section 18 for Parties in general, except that they shall be limited to liabilities incurred for the Special Project.

**17. DISPUTE RESOLUTION**

Should any controversy arise between the Parties concerning the interpretation of this Agreement or the rights and duties of any Party under this Agreement, the Parties shall submit the matter to a person appointed by a two-thirds (2/3) vote of the Steering Committee as provided in Section 9.8 to mediate the dispute. The appointed mediator shall be a person who is not an employee or agent of any Party and who has knowledge of and experience in the management of groundwater resources. The appointed mediator shall utilize best efforts to reach an agreement settling the matter in dispute and will be compensated as an Agreement Expense of the Parties to the dispute. This provision shall be a condition precedent to but shall not otherwise replace the rights of the parties to seek arbitration under the procedures set forth in the Code of Civil Procedure or judicial resolution of their disputes.

**18. INDEMNIFICATION**

Each Party agrees that it shall indemnify each other Party from the costs, losses, damages, claims or liabilities arising from such Party's performance or non-performance of its obligations under this Agreement. To the extent the liability to be indemnified is against all Parties to this Agreement, each Party's liability shall be based on its Participation Percentage.

**19. MISCELLANEOUS**

19.1 Amendments. This Agreement may only be amended in a writing signed by all the Parties hereto.

19.2 Assignment; Binding on Successors. Except as otherwise provided in this Agreement, the rights and duties of the Parties may not be assigned or delegated without the written consent of the other Parties. Any attempt to assign or delegate such rights or duties in contravention of this Agreement shall be null and void. Any approved assignment or delegation shall be consistent with the terms of any contracts, resolutions, indemnities and other obligations of the Parties under this Agreement then in effect. This Agreement shall inure to the benefit of, and be binding upon, the successors and assigns of the Parties.

19.3 Counterparts. This Agreement may be executed by the Parties in separate counterparts, each of which when so executed and delivered shall be an original, but all such counterparts shall together constitute but one and the same instrument.

19.4 Governing Law. This Agreement shall be governed by the laws of the State of California.

19.5 Severability. If one or more clauses, sentences, paragraphs or provisions of this Agreement shall be held to be unlawful, invalid or unenforceable, it is hereby agreed by the Parties that the remainder of the Agreement shall not be affected thereby.

19.6 Headings. The titles of sections of this Agreement are for convenience only and no presumption or implication of the intent of the Parties as to the construction of this Agreement shall be drawn therefrom.

19.7 Signature Authorization. Each Party represents that the representative executing this Agreement on its behalf has been duly authorized to execute the Agreement on behalf of the Party.

IN WITNESS WHEREOF, the Parties have executed this Agreement on the dates indicated next to the signatures attached to this Agreement.

**Agency Name: EAGLE FIELD WATER DISTRICT**

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

Name: \_\_\_\_\_

Title: \_\_\_\_\_

Date: \_\_\_\_\_

**Agency Contact information:**

Address: \_\_\_\_\_

Telephone: \_\_\_\_\_

Fax: \_\_\_\_\_

Email address: \_\_\_\_\_

**Agency Name: FRESNO COUNTY**

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

Name: \_\_\_\_\_

Title: \_\_\_\_\_

Date: \_\_\_\_\_

**Agency Contact information:**

Address: \_\_\_\_\_

Telephone: \_\_\_\_\_

Fax: \_\_\_\_\_

Email address: \_\_\_\_\_

**Name: FRESNO SLOUGH WATER DISTRICT**

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

**Name:** \_\_\_\_\_

**Title:** \_\_\_\_\_

**Date:** \_\_\_\_\_

**Agency Contact information:**

**Address:** \_\_\_\_\_

**Telephone:** \_\_\_\_\_

**Fax:** \_\_\_\_\_

**Email address:** \_\_\_\_\_

**Agency Name: MERCED COUNTY**

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

**Name:** \_\_\_\_\_

**Title:** \_\_\_\_\_

**Date:** \_\_\_\_\_

**Agency Contact information:**

**Address:** \_\_\_\_\_

**Telephone:** \_\_\_\_\_

**Fax:** \_\_\_\_\_

**Email address:** \_\_\_\_\_

Agency Name: **MERCY SPRINGS WATER DISTRICT**

By: 

Name: Michael Linneman

Title: President

Date: February 27, 2017

**Agency Contact information:**

Address: 52027 W. Althea Avenue

Telephone: (209) 364-6136

Fax: (209) 364-6122

Email address: sreyes@panochewd.org

Agency Name: **ORO LOMA WATER DISTRICT**

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

Name: \_\_\_\_\_

Title: \_\_\_\_\_

Date: \_\_\_\_\_

**Agency Contact information:**

Address: \_\_\_\_\_

Telephone: \_\_\_\_\_

Fax: \_\_\_\_\_

Email address: \_\_\_\_\_

**Agency: PACHECO WATER DISTRICT**

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

**Name:** \_\_\_\_\_

**Title:** \_\_\_\_\_

**Date:** \_\_\_\_\_

**Agency Contact information:**

**Address:** \_\_\_\_\_

**Telephone:** \_\_\_\_\_

**Fax:** \_\_\_\_\_

**Email address:** \_\_\_\_\_

**Agency Name: PANOCHÉ WATER DISTRICT**

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

**Name:** \_\_\_\_\_

**Title:** \_\_\_\_\_

**Date:** \_\_\_\_\_

**Agency Contact information:**

**Address:** \_\_\_\_\_

**Telephone:** \_\_\_\_\_

**Fax:** \_\_\_\_\_

**Email address:** \_\_\_\_\_

**Agency Name: SAN LUIS WATER DISTRICT**

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

**Name:** \_\_\_\_\_

**Title:** \_\_\_\_\_

**Date:** \_\_\_\_\_

**Agency Contact information:**

**Address:** \_\_\_\_\_

**Telephone:** \_\_\_\_\_

**Fax:** \_\_\_\_\_

**Email address:** \_\_\_\_\_

**Agency Name: SANTA NELLA COUNTY WATER DISTRICT**

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

**Name:** \_\_\_\_\_

**Title:** \_\_\_\_\_

**Date:** \_\_\_\_\_

**Agency Contact information:**

**Address:** \_\_\_\_\_

**Telephone:** \_\_\_\_\_

**Fax:** \_\_\_\_\_

**Email address:** \_\_\_\_\_

**Agency Name: TRANQUILLITY IRRIGATION DISTRICT**

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

**Name:** \_\_\_\_\_

**Title:** \_\_\_\_\_

**Date:** \_\_\_\_\_

**Agency Contact information:**

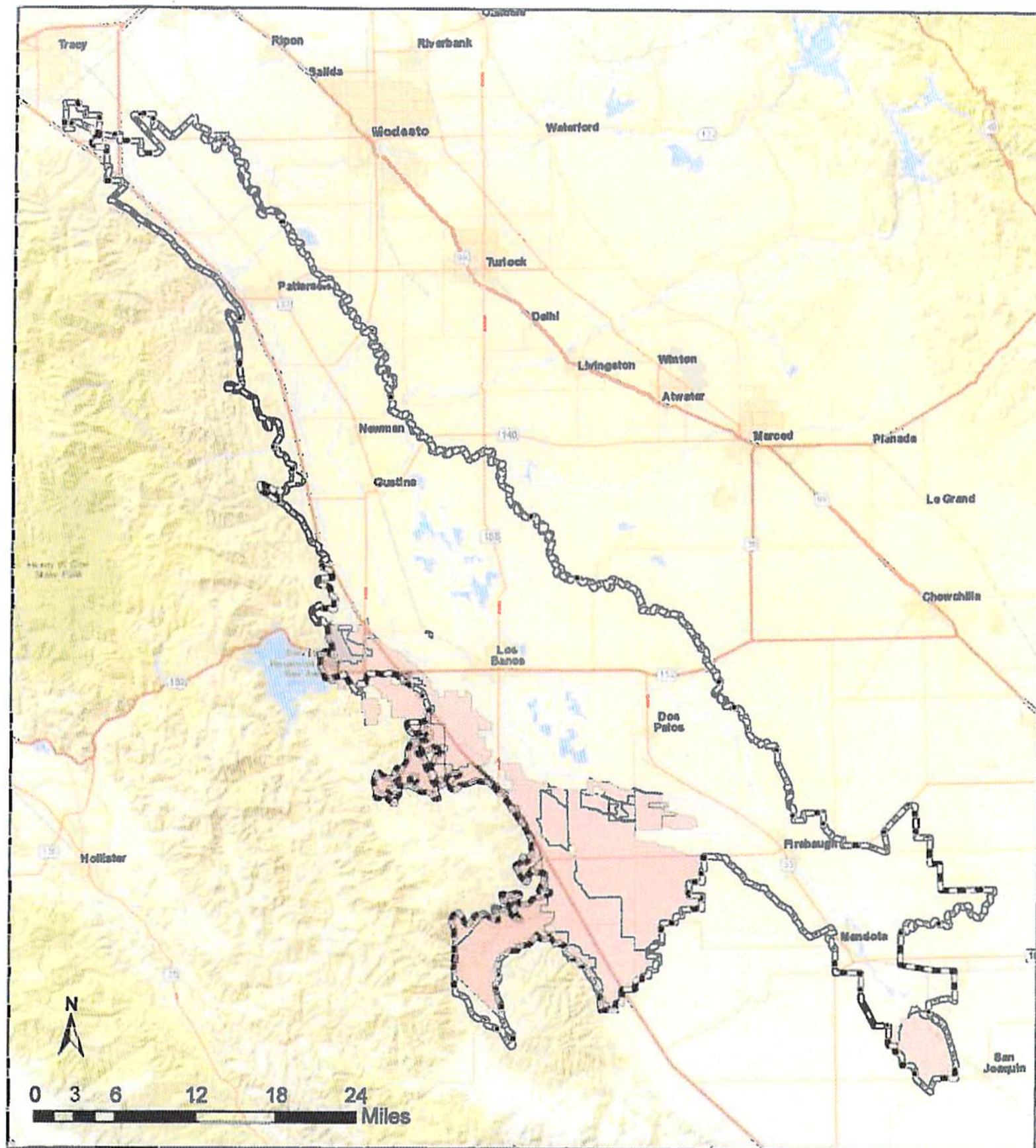
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**Telephone:** \_\_\_\_\_

**Fax:** \_\_\_\_\_

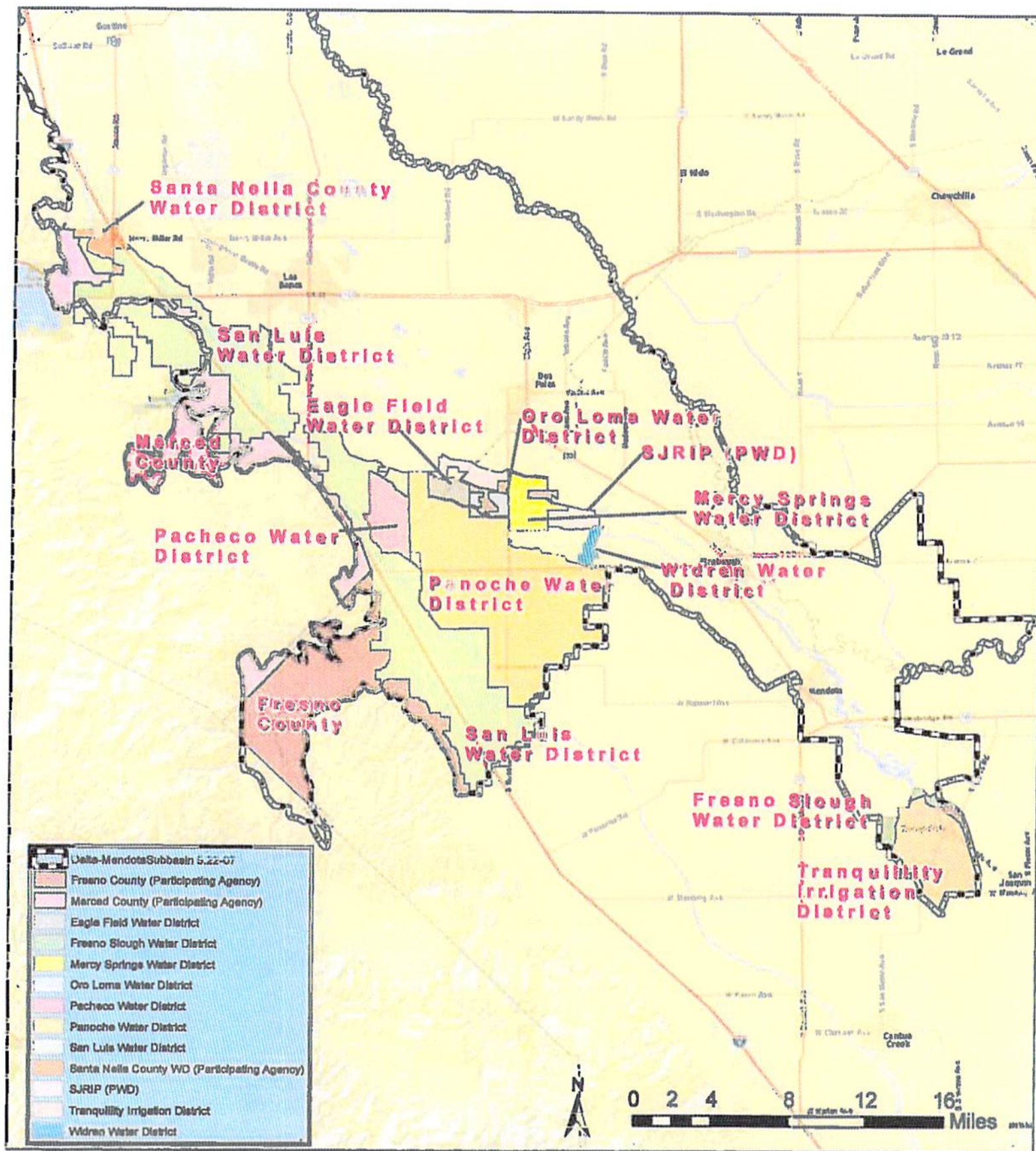
**Email address:** \_\_\_\_\_

**EXHIBIT "A"**  
**MAP OF DELTA-MENDOTA SUBBASIN BOUNDARIES**



## Delta-Mendota Subbasin

**EXHIBIT "B"**  
**MAP OF CENTRAL DM REGION BOUNDARIES**



## Central Delta-Mendota Region Boundaries

**EXHIBIT "C"**  
**CENTRAL DM REGION MULTI-AGENCY GSA**  
**PARTY PARTICIPATION PERCENTAGES**

| <b>Party Name</b>                         | <b>Participation Percentage*</b> |               |
|-------------------------------------------|----------------------------------|---------------|
| <b>Central DM Region Multi-Agency GSA</b> |                                  | <b>(100%)</b> |
| Eagle Field Water District                | Member                           | 6%            |
| Fresno County                             | SS-MOA Participant               | 12.5%         |
| Fresno Slough Water District              | Member                           | 6%            |
| Merced County                             | SS-MOA Participant               | 8.8%          |
| Mercy Springs Water District              | Member                           | 7.1%          |
| Oro Loma Water District                   | Member                           | 6%            |
| Pacheco Water District                    | Member                           | 6.6%          |
| Panoche Water District                    | Member                           | 14.5%         |
| San Luis Water District                   | Member                           | 18.5%         |
| Santa Nella County Water District         | SS-MOA Participant               | 6%            |
| Tranquillity Irrigation District          | Member                           | 8%            |

**Dated Effective as of: March 1, 2017**

Participation Percentages to be determined by the Parties by March 1, 2017, attached hereto and incorporated into the Agreement, and modified as provided in Section 12 of the Agreement.

**MERCY SPRINGS WATER DISTRICT**

**RESOLUTION NO. 32-17**

**RESOLUTION AUTHORIZING EXECUTION OF AGREEMENT  
SUPPORTING FORMATION AND OPERATION OF  
CENTRAL DELTA-MENDOTA REGION MULTI-AGENCY GROUNDWATER  
SUSTAINABILITY AGENCY IN THE CENTRAL DM REGION,  
APPOINTING REPRESENTATIVES TO STEERING COMMITTEE,  
AUTHORIZING REPRESENTATIVE  
TO DECLARE MERCY SPRINGS FIELD WATER DISTRICT INTENTION  
TO BECOME PART OF A  
MULTI-AGENCY GROUNDWATER SUSTAINABILITY AGENCY UNDER  
THE SUSTAINABLE GROUNDWATER MANAGEMENT ACT,  
AND AUTHORIZING RELATED ACTIONS**

**WHEREAS**, on September 16, 2014, the California legislature passed a statewide framework for sustainable groundwater management, known as Sustainable Groundwater Management Act (SGMA) (California Water Code Section 10720 et seq.) pursuant to Senate Bills 1168 and 1319 and Assembly Bill 1739, which was approved by the Governor and Chaptered by the Secretary of State; and

**WHEREAS**, SGMA went into effect on January 1, 2015; and

**WHEREAS**, SGMA requires all high and medium priority groundwater basins, as designated by the California Department of Water Resources (DWR) Bulletin 118, to be managed by a Groundwater Sustainability Agency (GSA); and

**WHEREAS**, the San Joaquin Valley Groundwater Basin (Basin) has been designated by DWR as a high priority basin; and

**WHEREAS**, SGMA authorizes any local agency overlying the Basin to elect to become a GSA within the Basin or to join with other agencies in forming a Multi-Agency GSA; and

**WHEREAS**, the Mercy Springs Water District is a California Water District formed and operating pursuant to and in accordance with Division 13 of California Water Code and overlies a portion of the Delta-Mendota Subbasin, as defined in Bulletin 118 of the California Department of Water Resources and is therefore a “local agency” as defined under the SGMA and is therefore eligible to serve as a GSA within the Basin; and

**WHEREAS**, Merced and Fresno Counties are local public agencies as defined under the SGMA and are therefore eligible to serve as a GSA; and

**WHEREAS**, DWR has approved boundary modifications so that all of the

geographical area depicted on the map attached hereto as Exhibit "A" and by reference incorporated herein, may be included within a single multiagency GSA within a portion of the Delta-Mendota Subbasin, said portion designated by the parties as the "Central Delta-Mendota Region" or "Central DM Region;" and

**WHEREAS**, the Mercy Springs Water District has considered that certain proposed Agreement Supporting Formation and Operation of Central Delta-Mendota Region Multi-Agency Groundwater Sustainability Agency in the Central Delta-Mendota Region (the "Agreement") presented to the Board and attached hereto as Exhibit "B," to this Resolution, which establishes the terms pursuant to which proposed parties will organize themselves to form the Central Delta-Mendota Multi-Agency GSA ("Central DM Region Multi-Agency GSA"); and

**WHEREAS**, under the terms of the Central DM Region Multi-Agency GSA, each party is entitled to appoint one (1) Steering Committee Member and one (1) alternate Steering Committee Member, to serve from the date said appointments are communicated to the other parties at the pleasure of the appointing District's Board of Directors; and

**WHEREAS**, Section 10723.2 of the SGMA 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**, Section 10723.8 of the SGMA requires that a local agency electing to be a GSA to notify the DWR of its election and intention to undertake sustainable groundwater management within a basin; and

**WHEREAS**, the District intends to delegate authority to its Steering Committee Member at a meeting of the Central DM Region Multi-Agency GSA Steering Committee, or in such Steering Committee's Member's absence from the meeting, to its alternate Steering Committee Member: to conduct public hearings in Fresno and Merced Counties after publication of notice pursuant to Government Code section 6066; to consider taking action to form the Central DM Region Multi-Agency GSA, and if such action is taken, to appoint the person authorized to submit to the DWR on behalf of the District acting through the Central DM Region Multi-Agency GSA a notice of intent to undertake sustainable groundwater management in accordance with SGMA (Part 2.74 of the Water Code); and allowing the District, acting through the Central DM Region Multi-Agency GSA, to exercise the powers and authorities of a GSA granted by SGMA.

**NOW, THEREFORE, BE IT RESOLVED that**

Section 1. The facts stated in the recitals above are true and correct and the Board of Directors of the Mercy Springs Water District so finds, orders and determines.

Section 2. The Board hereby authorizes the President of the District to execute the Central DM Region Multi-Agency GSA Agreement in substantially the form presented, subject to such modifications as the executing officer shall approve, said execution to provide conclusive proof of approval of any such modifications.

Section 3. The District hereby appoints Brad Gleason as its Central DM Region Multi-Agency GSA Steering Committee Member and Juan Cadena as its Steering Committee Alternate Member, to serve from the date the appointment is communicated in writing to the other parties to the Agreement at the pleasure of the Board.

Section 4. The District hereby delegates authority to its Steering Committee Member at a meeting of the Central DM Region Multi-Agency GSA Steering Committee, or in such Steering Committee's Member's absence from the meeting, to its alternate Steering Committee Member: to conduct public hearings in Fresno and Merced Counties after publication of notice pursuant to Government Code section 6066; to consider taking action to form the Central DM Region Multi-Agency GSA, and if such action is taken, to appoint the person authorized to submit to the DWR on behalf of the District acting through the Central DM Region Multi-Agency GSA a notice of intent to undertake sustainable groundwater management in accordance with SGMA (Part 2.74 of the Water Code); and allowing the District, acting through the Agreement, to exercise the powers and authorities of a GSA granted by SGMA.

Section 5. The Board authorizes the District General Manager to take such other and additional actions as may be reasonably necessary to implement the purpose of this Resolution.

On motion by Brad Gleason seconded by Dennis Falaschi, the forgoing resolution was passed and adopted on February 27, 2017 by the following vote.

AYES: Michael Linneman, Dennis Falaschi, Brad Gleason, Julie Cascia, Atomic Falaschi

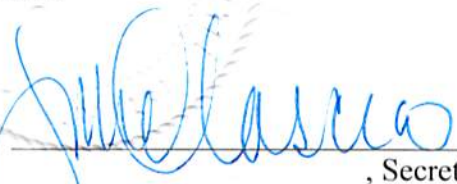
NAYS: NONE

ABSTAIN: NONE

ABSENT: NONE

By: , President

ATTEST:

By: , Secretary  
MERCY SPRINGS WATER DISTRICT

\* \* \* \* \*

I hereby certify that the foregoing is a true and correct copy of a resolution duly adopted by the Mercy Springs Water District, a California Water District at a meeting of the Board of Directors thereof duly called and held at the Mercy Springs Water District on the 27th day of February, 2017.

  
\_\_\_\_\_, Secretary  
MERCY SPRINGS WATER DISTRICT