AMENDED IN ASSEMBLY APRIL 14, 2015 AMENDED IN ASSEMBLY MARCH 26, 2015

CALIFORNIA LEGISLATURE—2015–16 REGULAR SESSION

ASSEMBLY BILL

No. 617

Introduced by Assembly Member Perea

February 24, 2015

An act to amend Section 10723.6 of Sections 10720.5, 10721, 10723.6, 10726.8, 10727.4, 10727.6, 10728.6, 10733.4, 10735, and 10735.2 of, and to add Section 10726.5 to, the Water Code, relating to water.

LEGISLATIVE COUNSEL'S DIGEST

AB 617, as amended, Perea. Groundwater.

Existing law, the Sustainable Groundwater Management Act, requires all groundwater basins designated as high- or medium-priority basins by the Department of Water Resources that are designated as basins subject to critical conditions of overdraft to be managed under a groundwater sustainability plan or coordinated groundwater sustainability plans by January 31, 2020, and requires all other groundwater basins designated as high- or medium-priority basins to be managed under a groundwater sustainability plan or coordinated groundwater sustainability plans by January 31, 2022, except as specified. Existing law The act authorizes a combination of local agencies to form a groundwater sustainability agency by a joint powers agreement, memorandum of agreement, or other legal agreement, and authorizes a water corporation regulated by the Public Utilities Commission to participate.

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This bill would authorize a combination of one or more local agencies and one or more mutual water companies to enter into an agreement to form a groundwater sustainability agency and would authorize a groundwater sustainability agency formed by a joint powers agreement to exercise the powers granted in the act. *This bill would define "in-lieu use" for the purposes of the act.*

The act grants certain powers to groundwater sustainability agencies. This bill would, in addition to any other authorities granted to a groundwater sustainability agency, authorize a groundwater sustainability agency to enter into agreements and funding with private parties that assist in or facilitate the implementation of groundwater sustainability plans or elements of a groundwater sustainability plan.

The act, with a specified exception, does not authorize a local agency to impose any requirement on the state or any agency, department, or officer of the state.

This bill would require state agencies to comply with a groundwater sustainability plan adopted by a groundwater sustainability agency unless otherwise directed or authorized by statute. This bill would require a state agency to indicate to a groundwater sustainability agency in writing its authority for not complying with a groundwater sustainability plan.

The act authorizes the State Water Resources Control Board to designate a basin as a probationary basin if the board makes a certain determination. The act authorizes the board to develop an interim plan for a probationary basin if the board, in consultation with the department, determines that a local agency has not remedied a deficiency that resulted in designating the basin as a probationary basin within a certain timeframe. The act prohibits the board from designating a basin as a probationary basin for a period of time equal to a delay caused by certain litigation.

This bill, if a groundwater sustainability agency or local agency proposing to be a groundwater sustainability agency provides evidence to the board that the agency was unable to meet any deadline or other requirement established by the act due to litigation brought by another party, would prohibit the board from designating a basin as a probationary basin for a period of time equal to the delay caused by litigation plus a reasonable additional period of time to allow the agency to comply with the act.

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The act requires the board to exclude from probationary status any portion of a basin for which a groundwater sustainability agency demonstrates compliance with the sustainability goal.

This bill would require the board to exclude from probationary status any portion of a basin for which a groundwater sustainability agency has adopted and is implementing a groundwater sustainability plan.

Vote: majority. Appropriation: no. Fiscal committee: yes. State-mandated local program: no.

The people of the State of California do enact as follows:

1 SECTION 1. Section 10720.5 of the Water Code is amended 2 to read:

10720.5. (a) Groundwater management pursuant to this part shall be consistent with Section 2 of Article X of the California Constitution. Nothing in this part modifies rights or priorities to use or store groundwater consistent with Section 2 of Article X of the California Constitution, except that in basins designated medium- or high-priority basins by the department, no extraction of groundwater between January 1, 2015, and the date of adoption of a groundwater sustainability plan pursuant to this part, whichever is sooner, part or any action to control groundwater extractions taken pursuant to paragraph (2) of subdivision (a) of Section 10726.4, may be used as evidence of, or to establish or defend against, any claim-of prescription. to the use of groundwater.

- (b) Nothing in this part, or in any groundwater management plan adopted pursuant to this part, determines or alters surface water rights or groundwater rights under common law or any provision of law that determines or grants surface water rights.
- SEC. 2. Section 10721 of the Water Code is amended to read: 10721. Unless the context otherwise requires, the following definitions govern the construction of this part:
- (a) "Adjudication action" means an action filed in the superior or federal district court to determine the rights to extract groundwater from a basin or store water within a basin, including, but not limited to, actions to quiet title respecting rights to extract or store groundwater or an action brought to impose a physical

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(b) "Basin" means a groundwater basin or subbasin identified and defined in Bulletin 118 or as modified pursuant to Chapter 3 (commencing with Section 10722).

- (c) "Bulletin 118" means the department's report entitled "California's Groundwater: Bulletin 118" updated in 2003, as it may be subsequently updated or revised in accordance with Section 12924.
- (d) "Coordination agreement" means a legal agreement adopted between two or more groundwater sustainability agencies that provides the basis for coordinating multiple agencies or groundwater sustainability plans within a basin pursuant to this part.
- (e) "De minimis extractor" means a person who extracts, for domestic purposes, two acre-feet or less per year.
- (f) "Governing body" means the legislative body of a groundwater sustainability agency.
- (g) "Groundwater" means water beneath the surface of the earth within the zone below the water table in which the soil is completely saturated with water, but does not include water that flows in known and definite channels.
- (h) "Groundwater extraction facility" means a device or method for extracting groundwater from within a basin.
- (i) "Groundwater recharge" means the augmentation of groundwater, by natural or artificial means.
- (j) "Groundwater sustainability agency" means one or more local agencies that implement the provisions of this part. For purposes of imposing fees pursuant to Chapter 8 (commencing with Section 10730) or taking action to enforce a groundwater sustainability plan, "groundwater sustainability agency" also means each local agency comprising the groundwater sustainability agency if the plan authorizes separate agency action.
- (k) "Groundwater sustainability plan" or "plan" means a plan of a groundwater sustainability agency proposed or adopted pursuant to this part.
- (*l*) "Groundwater sustainability program" means a coordinated and ongoing activity undertaken to benefit a basin, pursuant to a groundwater sustainability plan.
- (m) "In-lieu use" means the use of surface water by persons that could otherwise extract groundwater in order to leave groundwater in the basin.

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(n) "Local agency" means a local public agency that has water supply, water management, or land use responsibilities within a groundwater basin.

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(o) "Operator" means a person operating a groundwater extraction facility. The owner of a groundwater extraction facility shall be conclusively presumed to be the operator unless a satisfactory showing is made to the governing body of the groundwater sustainability agency that the groundwater extraction facility actually is operated by some other person.

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(p) "Owner" means a person owning a groundwater extraction facility or an interest in a groundwater extraction facility other than a lien to secure the payment of a debt or other obligation.

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(q) "Personal information" has the same meaning as defined in Section 1798.3 of the Civil Code.

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(r) "Planning and implementation horizon" means a 50-year time period over which a groundwater sustainability agency determines that plans and measures will be implemented in a basin to ensure that the basin is operated within its sustainable yield.

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25 (s) "Public water system" has the same meaning as defined in Section 116275 of the Health and Safety Code.

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(t) "Recharge area" means the area that supplies water to an aquifer in a groundwater basin.

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(u) "Sustainability goal" means the existence and implementation of one or more groundwater sustainability plans that achieve sustainable groundwater management by identifying and causing the implementation of measures targeted to ensure that the applicable basin is operated within its sustainable yield.

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(v) "Sustainable groundwater management" means the management and use of groundwater in a manner that can be maintained during the planning and implementation horizon without causing undesirable results.

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2 (w) "Sustainable yield" means the maximum quantity of water, 3 calculated over a base period representative of long-term conditions 4 in the basin and including any temporary surplus, that can be 5 withdrawn annually from a groundwater supply without causing 6 an undesirable result.

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- (x) "Undesirable result" means one or more of the following effects caused by groundwater conditions occurring throughout the basin:
- (1) Chronic lowering of groundwater levels indicating a significant and unreasonable depletion of supply if continued over the planning and implementation horizon. Overdraft during a period of drought is not sufficient to establish a chronic lowering of groundwater levels if extractions and *groundwater* recharge are managed as necessary to ensure that reductions in groundwater levels or storage during a period of drought are offset by increases in groundwater levels or storage during other periods.
- (2) Significant and unreasonable reduction of groundwater storage.
 - (3) Significant and unreasonable seawater intrusion.
- (4) Significant and unreasonable degraded water quality, including the migration of contaminant plumes that impair water supplies.
- (5) Significant and unreasonable land subsidence that substantially interferes with surface land uses.
- (6) Depletions of interconnected surface water that have significant and unreasonable adverse impacts on beneficial uses of the surface water.

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(y) "Water budget" means an accounting of the total groundwater and surface water entering and leaving a basin including the changes in the amount of water stored.

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(z) "Watermaster" means a watermaster appointed by a court or pursuant to other law.

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(aa) "Water year" means the period from October 1 through the following September 30, inclusive.

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(ab) "Wellhead protection area" means the surface and subsurface area surrounding a water well or well field that supplies a public water system through which contaminants are reasonably likely to migrate toward the water well or well field.

SECTION 1.

- SEC. 3. Section 10723.6 of the Water Code is amended to read: 10723.6. (a) A combination of local agencies or a combination of one or more local agencies and one or more mutual water companies may form a groundwater sustainability agency by using any of the following methods:
- (1) A joint powers agreement, pursuant to the Joint Exercise of Powers Act (Chapter 5 (commencing with Section 6500) of Division 7 of Title 1 of the Government Code), which may include a mutual water company pursuant to Section 6525 of the Government Code.
 - (2) A memorandum of agreement or other legal agreement.
- (b) A water corporation regulated by the Public Utilities Commission may participate in a groundwater sustainability agency if the other parties in the groundwater sustainability agency approve.
- (c) A groundwater sustainability agency formed pursuant to a joint powers agreement may exercise all of the powers granted pursuant to this part. The signatories to a joint powers agreement forming a groundwater sustainability agency are deemed to hold the powers granted to a groundwater sustainability agency pursuant to this part in common in order for the groundwater sustainability agency to exercise those powers.
- SEC. 4. Section 10726.5 is added to the Water Code, to read: 10726.5. In addition to any other authority granted to a groundwater sustainability agency by this part or other law, a groundwater sustainability agency may enter into agreements and funding with a private party to assist in, or facilitate the implementation of, a groundwater sustainability plan or any elements of the plan.
- SEC. 5. Section 10726.8 of the Water Code is amended to read: 10726.8. (a) This part is in addition to, and not a limitation on, the authority granted to a local agency under any other law. The local agency may use the local agency's authority under any other law to apply and enforce any requirements of this part, including, but not limited to, the collection of fees.

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(b) Nothing in this part shall be construed as authorizing a local agency to make a binding determination of the water rights of any person or entity.

- (c) Nothing in this part is a limitation on the authority of the board, the department, or the State Department of Public Health.
- (d) Notwithstanding Section 6103 of the Government Code, a state or local agency that extracts groundwater shall be subject to a fee imposed under this part to the same extent as any nongovernmental entity.
- (e) Except as provided in subdivision (d), this part does not authorize a local agency to impose any requirement on the state or any agency, department, or officer of the state. State agencies and departments shall work cooperatively with a local agency on a voluntary basis.
- (e) A state agency shall comply with a groundwater sustainability plan adopted by a groundwater sustainability agency pursuant to this part unless otherwise directed or authorized by statute. A state agency shall indicate to the groundwater sustainability agency in writing the authority for not complying with the groundwater sustainability plan.
- (f) Nothing in this chapter or a groundwater sustainability plan shall be interpreted as superseding the land use authority of cities and counties, including the city or county general plan, within the overlying basin.
- SEC. 6. Section 10727.4 of the Water Code is amended to read: 10727.4. In addition to the requirements of Section 10727.2, a groundwater sustainability plan shall include, where appropriate and in collaboration with the appropriate local agencies, all of the following:
- (a) Control of saline water intrusion.
- 31 (b) Wellhead protection areas and recharge areas.
- 32 (c) Migration of contaminated groundwater.
- 33 (d) A well abandonment and well destruction program.
- 34 (e) Replenishment of groundwater extractions.
- 35 (f) Activities implementing, opportunities for, and removing 36 impediments to, conjunctive use or underground storage.
 - (g) Well construction policies.
- 38 (h) Measures addressing groundwater contamination cleanup,
- 39 groundwater recharge, diversions to storage, conservation, water
- 40 recycling, conveyance, and extraction projects.

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(i) Efficient water management practices, as defined in Section 10902, for the delivery of water and water conservation methods to improve the efficiency of water use.

- (j) Efforts to develop relationships with state and federal regulatory agencies.
- (k) Processes to review land use plans and efforts to coordinate with land use planning agencies to assess activities that potentially create risks to groundwater quality or quantity.
 - (l) Impacts on groundwater dependent ecosystems.
- SEC. 7. Section 10727.6 of the Water Code is amended to read: 10727.6. Groundwater sustainability agencies intending to develop and implement multiple groundwater sustainability plans pursuant to paragraph (3) of subdivision (b) of Section 10727 shall coordinate with other agencies preparing a groundwater sustainability plan within the basin to ensure that the plans utilize the same describe in their coordination agreement the manner in which the plans will utilize consistent data and methodologies for the following assumptions in developing the plans:
 - (a) Groundwater elevation data.
- (b) Groundwater extraction data.
- (c) Surface water supply.
- (d) Total water use.

- 23 (e) Change in groundwater storage.
- 24 (f) Water budget.
- 25 (g) Sustainable yield.
 - SEC. 8. Section 10728.6 of the Water Code is amended to read: 10728.6. Division 13 (commencing with Section 21000) of the Public Resources Code does not apply to the preparation and adoption of plans pursuant to this chapter. The formation of or election to become a groundwater sustainability agency is not subject to the requirements of Division 13 (commencing with Section 21000) of the Public Resources Code. Nothing in this part shall be interpreted as exempting from Division 13 (commencing with Section 21000) of the Public Resources Code a project that would implement actions taken pursuant to a plan adopted pursuant to this chapter.
- 37 SEC. 9. Section 10733.4 of the Water Code is amended to read: 38 10733.4. (a) Upon adoption of a groundwater sustainability 39 plan, a groundwater sustainability agency shall submit the

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groundwater sustainability plan to the department for review pursuant to this chapter.

- (b) If groundwater sustainability agencies develop multiple groundwater sustainability plans for a basin, the submission required by subdivision (a) shall-not occur until the entire basin is covered by groundwater sustainability plans. When the entire basin is covered by groundwater sustainability plans, the groundwater sustainability agencies shall jointly submit to the department all include both of the following:
 - (1) The groundwater sustainability plans.
 - (2)

- (1) An explanation of how the *agency's* groundwater sustainability-plans plan will be implemented together with other plans to satisfy Sections 10727.2, 10727.4, and 10727.6 for the entire basin.
 - (3)
- (2) A copy of the coordination agreement between the groundwater sustainability agencies to ensure the coordinated implementation of the groundwater sustainability—plans for the entire basin. plans.
- (c) Upon receipt of a groundwater sustainability plan, the department shall post the plan on the department's Internet Web site and provide 60 days for persons to submit comments to the department about the plan.
- (d) The department shall evaluate the groundwater sustainability plan within two years of its submission by a groundwater sustainability agency and issue an assessment of the plan. The assessment may include recommended corrective actions to address any deficiencies identified by the department.
- SEC. 10. Section 10735 of the Water Code is amended to read: 10735. As used in this chapter, the following terms have the following meanings:
- (a) "Condition of long-term overdraft" means the condition of a groundwater basin where the average annual amount of water extracted for a long-term period, generally 10 years or more, exceeds the long-term average annual supply of water to the basin, plus any temporary surplus. Overdraft during a period of drought is not sufficient to establish a condition of long-term overdraft if extractions and *groundwater* recharge are managed as necessary to ensure that reductions in groundwater levels or storage during

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a period of drought are offset by increases in groundwater levels or storage during other periods.

- (b) "Person" means any person, firm, association, organization, partnership, business, trust, corporation, limited liability company, or public agency, including any city, county, city and county, district, joint powers authority, state, or any agency or department of those entities. "Person" includes, to the extent authorized by federal or tribal law and subject to the limitations described in subdivisions (c) and (d) of Section 10720.3, the United States, a department, agency or instrumentality of the federal government, an Indian tribe, an authorized Indian tribal organization, or interstate body.
- (c) "Probationary basin" means a basin for which the board has issued a determination under Section 10735.2.
- (d) "Significant depletions of interconnected surface waters" means reductions in flow or levels of surface water that is hydrologically connected to the basin such that the reduced surface water flow or levels have a significant and unreasonable adverse impact on beneficial uses of the surface water.
- SEC. 11. Section 10735.2 of the Water Code is amended to read:
- 10735.2. (a) The board, after notice and a public hearing, may designate a basin as a probationary basin, if the board finds one or more of the following applies to the basin:
 - (1) After June 30, 2017, none of the following have occurred:
- (A) A local agency has elected to be a groundwater sustainability agency that intends to develop a groundwater sustainability plan for the entire basin.
- (B) A collection of local agencies has formed a groundwater sustainability agency or prepared agreements to develop one or more groundwater sustainability plans that will collectively serve as a groundwater sustainability plan for the entire basin.
- (C) A local agency has submitted an alternative that has been approved or is pending approval pursuant to Section 10733.6. If the department disapproves an alternative pursuant to Section 10733.6, the board shall not act under this paragraph until at least 180 days after the department disapproved the alternative.
- (2) The basin is subject to paragraph (1) of subdivision (a) of Section 10720.7, and after January 31, 2020, none of the following have occurred:

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(A) A groundwater sustainability agency has adopted a groundwater sustainability plan for the entire basin.

- (B) A collection of local agencies has adopted groundwater sustainability plans that collectively serve as a groundwater sustainability plan for the entire basin.
- (C) The department has approved an alternative pursuant to Section 10733.6.
- (3) The basin is subject to paragraph (1) of subdivision (a) of Section 10720.7 and after January 31, 2020, the department, in consultation with the board, determines that a groundwater sustainability plan is inadequate or that the groundwater sustainability program is not being implemented in a manner that will likely achieve the sustainability goal.
- (4) The basin is subject to paragraph (2) of subdivision (a) of Section 10720.7, and after January 31, 2022, none of the following have occurred:
- (A) A groundwater sustainability agency has adopted a groundwater sustainability plan for the entire basin.
- (B) A collection of local agencies has adopted groundwater sustainability plans that collectively serve as a groundwater sustainability plan for the entire basin.
- (C) The department has approved an alternative pursuant to Section 10733.6.
- (5) The basin is subject to paragraph (2) of subdivision (a) of Section 10720.7, and either of the following have occurred:
 - (A) After January 31, 2022, both of the following have occurred:
- (i) The department, in consultation with the board, determines that a groundwater sustainability plan is inadequate or that the groundwater sustainability plan is not being implemented in a manner that will likely achieve the sustainability goal.
- (ii) The board determines that the basin is in a condition of long-term overdraft.
 - (B) After January 31, 2025, both of the following have occurred:
- (i) The department, in consultation with the board, determines that a groundwater sustainability plan is inadequate or that the groundwater sustainability plan is not being implemented in a manner that will likely achieve the sustainability goal.
- (ii) The board determines that the basin is in a condition where groundwater extractions result in significant depletions of interconnected surface waters.

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(b) In making the findings associated with paragraph (3) or (5) of subdivision (a), the department and board may rely on periodic assessments the department has prepared pursuant to Chapter 10 (commencing with Section 10733). The board may request that the department conduct additional assessments utilizing the regulations developed pursuant to Chapter 10 (commencing with Section 10733) and make determinations pursuant to this section. The board shall post on its Internet Web site and provide at least 30 days for the public to comment on any determinations provided by the department pursuant to this subdivision.

- (c) (1) The determination may exclude a class or category of extractions from the requirement for reporting pursuant to Part 5.2 (commencing with Section 5200) of Division 2 if those extractions are subject to a local plan or program that adequately manages groundwater within the portion of the basin to which that plan or program applies, or if those extractions are likely to have a minimal impact on basin withdrawals.
- (2) The determination may require reporting of a class or category of extractions that would otherwise be exempt from reporting pursuant to paragraph (1) of subdivision (c) of Section 5202 if those extractions are likely to have a substantial impact on basin withdrawals or requiring reporting of those extractions is reasonably necessary to obtain information for purposes of this chapter.
- (3) The determination may establish requirements for information required to be included in reports of groundwater extraction, for installation of measuring devices, or for use of a methodology, measuring device, or both, pursuant to Part 5.2 (commencing with Section 5200) of Division 2.
- (4) The determination may modify the water year or reporting date for a report of groundwater extraction pursuant to Section 5202.
- (d) If the board finds that litigation challenging the formation of a groundwater sustainability agency prevented its formation before July 1, 2017, pursuant to paragraph (1) of subdivision (a) or prevented a groundwater sustainability program from being implemented in a manner likely to achieve the sustainability goal pursuant to paragraph (3), (4), or (5) of subdivision (a), the board shall not designate a basin as a probationary basin for a period of time equal to the delay caused by the litigation.

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(d) If a groundwater sustainability agency or a local agency proposing to be a groundwater sustainability agency provides evidence to the board that the agency was unable to meet any deadline or other requirement established by this part due to litigation brought by another party, the board shall not designate the basin as a probationary basin for a period of time equal to the delay caused by the litigation plus a reasonable additional period of time to allow for compliance with this part.

(e) The Notwithstanding any other provision of this part, the board shall exclude from probationary status any portion of a basin for which a groundwater sustainability agency—demonstrates compliance with the sustainability goal has adopted and is implementing a groundwater sustainability plan.

SEC. 12. The amendment of Section 10728.6 of the Water Code made by this act does not constitute a change in, but is declaratory of, existing law.