

SACRAMENTO CENTRAL GROUNDWATER AUTHORITY (SCGA)

Budget Sub-Committee Meeting

Final Minutes

April 28, 2016

LOCATION: 10060 Goethe Road, Room 1213
Sacramento, CA 95827
1:00 p.m. to 3:00 p.m.

MINUTES:

1. Call to Order and Roll Call

Brett Ewart called the meeting to order at 1:00 p.m.

The following meeting participants were in attendance:

Board Members:

Paul Schubert, Golden State Water Company

Brett Ewart, City of Sacramento

Forrest Williams, County of Sacramento

Carl Werder, Agricultural-Residential

Staff Members:

Darrell Eck, SCGA

Ping Chen, SCGA

Ramon Roybal, SCGA

Others in Attendance:

Bruce Kamilos, FRCD/EGWD

Jonathan Goetz, GEI

2. Public Comment

None

3. Discussion of the 2016-2017 Fiscal Year Budget for the Sacramento Central Groundwater Authority

Mr. Eck initiated the discussion by providing a handout detailing the finance methodology and model summary with an emphasis on the planned expenditures going forward into the next fiscal year.

Mr. Schubert asked if there was a budget reserve incorporated in the finance model. Mr. Goetz replied in the affirmative.

Mr. Kamilos suggested that the estimated legal costs should be higher. Mr. Schubert concurred and suggested that the estimate for 2016/17 should be tripled in consideration of working through the GSA process and other issues. Mr. Schubert then recommended that the budget reserve be codified. Mr. Eck stated that there was language addressing a budget reserve in the Groundwater Authority's Policies and Procedures Manual but could not recall off hand the exact wording. Mr. Eck suggested that the existing language could be modified by the Board to reflect an updated budget reserve if necessary.

Mr. Werder suggested having a minimum line-item break down of expenditures such that it would provide adequate detail but not include trivial costs. Mr. Eck agreed and said that part of the budget development process was identifying that balance.

Mr. Ewart asked that some of the contingencies built into the model or spread over various expenditure elements should be pulled out and specifically identified or reflected in the reserve.

Mr. Werder suggested that the boundary line adjustment item and intra/inter basin item should be increased substantially. Mr. Goetz replied that those items had not been updated from a previous iteration of the budget and did not account for issues involving OHWD and Sloughhouse RCD and needed to be addressed. Mr. Goetz stated that SCGA was expending a significant amount of resources in defending its GSA formation and boundary line. Mr. Eck suggested that staff would confer with legal counsel on the level of effort that might be expected to resolve those issues.

Mr. Ewart asked if staffing levels were adequate to accomplish what was necessary and to raise the issue if they were not. Mr. Eck replied that staffing requirements were included in the proposed finance methodology and that those levels were higher than those reflected in the current fiscal year budget.

Mr. Kamilos asked for clarification on the JPA update line item and what it accounted for. Mr. Goetz replied that it reflected the committee's discussion in February to table the issue until other processes were resolved. Mr. Kamilos then asked how the committee felt about moving toward a stand-alone agency. Mr. Schubert recalled that previous discussion had resulted in a decision to retain the current staffing arrangement through the GSA formation process and then re-evaluate it at that time. Mr. Ewart concurred.

Mr. Kamilos then asked why ag and ag-res were getting a discounted charge for their contributions. Mr. Eck replied that it was a negotiated element of the Groundwater Forum and the current JPA and is in recognition of how water used in ag and ag-res applications and is different than in an urban setting. Mr. Kamilos asked if it was fair going forward. Mr. Eck replied that it would be up to the Board to decide. Mr. Kamilos stated that in FRCD/EGWD's opinion that in terms of governance and funding the outcome needed to be equitable.

Mr. Kamilos brought up the necessity of hiring a consultant to conduct a rate study for the budget. The rest of the subcommittee members felt that it wasn't necessary at this time. Mr. Schubert stated that it may be appropriate once SCGA worked through the GSA process and suggested noting it somewhere as a future task. Mr. Williams suggested creating a list of items that would be triggered in the future at the appropriate time such

as modifications to the JPA, conducting a rate study, and analyzing a switch to an independent agency structure.

Mr. Kamilos restated FRCD/EGWD's opinion that at some point SCGA needed to become a standalone agency. Mr. Kamilos then referred to the notion that SCGA often looked to SGA as a prototype and offered that SGA was run by a completely neutral party, specifically that its executive director was filled by a neutral party. Mr. Kamilos stated that in FRCD's opinion, the County of Sacramento was conflicted in its role of filling the position of executive director for SCGA and that in the future it was the wrong thing to do and that SCGA should plan now for a change. Mr. Schubert stated that he felt that the current staffing arrangement for SCGA has been effective and that to pay for a cost increase of roughly fifty-percent for a switch to a standalone agency might not be fair to his rate payers. Mr. Ewart stated that FRCD/EGWD's concerns had merit but that there was an issue with the timing of addressing them and that now was not the appropriate time. Mr. Werder concurred. Mr. Kamilos responded that FRCD/EGWD's fear was that four or five years may pass and the issues would still not be resolved. Mr. Williams stated that he was the representative for the County and not Mr. Eck and that staff has worked independently to present information for the full sixteen member board to consider and that if the Board concurred on a decision he did not see it as a conflict of interest on the part of the County. Mr. Williams then stated that the subcommittee had acknowledged that the issues raised by FRCD/EGWD were valid and had agreed to address them at the appropriate time and that FRCD/EGWD needed to trust that it would occur. Mr. Kamilos replied that there was no guarantee that the issues would be addressed and that membership on the Board may change and cause the issues to be ignored. Mr. Kamilos stated that the issues needed to be codified.

Mr. Eck reiterated that staff would clarify some of the line items on the expenditures table, would confer with legal counsel on estimated effort and cost over the next year, and clarify the presentation of the upcoming fiscal year budget.

Mr. Ewart wanted to make sure that staff communicated to the Board that the recommended finance model and budget were recognized as an interim step and subject to change in the future given the fluid nature of everything happening in response to SGMA.

4. Budget Committee Member Comments

None.

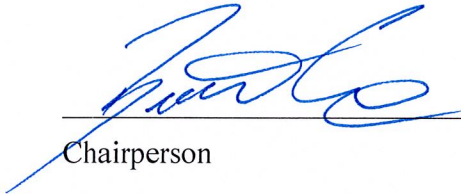
ADJOURNMENT

Mr. Ewart adjourned the meeting at 2:35 pm


Upcoming meetings –

Next SCGA Board of Directors Meeting – Wednesday, May 11, 2016, 9:00 am; SASD
South Conference Room 1212, Sunset Maple.

By:




Chairperson



Date



Date



Date

