

SACRAMENTO CENTRAL GROUNDWATER AUTHORITY (SCGA)
Governing Board Meeting
Final Minutes
June 8, 2016

LOCATION: 10060 Goethe Road, Room 1205
Sacramento, CA 95827
9:00 a.m. to 11:00 a.m.

MINUTES:

1. CALL TO ORDER AND ROLL CALL

The following meeting participants were in attendance:

Board Members (Primary Rep):

Tom Nelson, Florin Resource Conservation District/Elk Grove Water District
Tom Mahon, Agricultural Interests
Todd Eising, City of Folsom
Rick Bettis, Conservation Landowners
Christine Thompson, Public Agencies Self-Supplied
Carl Werder, Agricultural-Residential
Ron Lowry, Omochochumne-Hartnell Water District

Board Members (Alternate Rep):

Brett Ewart, City of Sacramento
Forrest Williams, Sacramento County
Brian Fragiao, City of Elk Grove
José Ramirez, Sacramento Regional County Sanitation District
Travis Anderson, Golden State Water Company
Allen Quynn, City of Rancho Cordova

Staff Members:

Darrell Eck, Executive Director
Sarah Britton, Legal Counsel
Ping Chen
Ramon Roybal

Others in Attendance:

Jonathan Goetz, GEI
Mark Madison, Florin Resource Conservation District/Elk Grove Water District
Bruce Kamilos, Florin Resource Conservation District/Elk Grove Water District
Jesse Roseman, The Nature Conservancy
Darlene Gillum, Rancho Murieta CSD
Charlotte Mitchell, Farm Bureau

Mike Wackman, Omochumne-Hartnell Water District
Mike Eaton, Cosumnes Coalition
Melinda Frost-Hurzel, Cosumnes Coalition
Jay Schneider, Sloughhouse RCD
Paul Selsky, Brown and Caldwell
Jim Blanke, RMC Water and Environment
Lisa Dills, Southgate Recreation and Park District
Suzanne Pecci, Domestic Well Owner Elk Grove
Ron Pecci, Domestic Well Owner Elk Grove
Kerry Schmitz, Sacramento County Water Agency
Amanda Bishop, Sacramento County Clerk of the Board Office

Member Agencies Absent

*Rancho Murieta CSD
Commercial/Industrial Self-Supplied
California-American Water Company*

2. PUBLIC COMMENT

Melinda Frost-Hurzel with the Trout Unlimited working in partnership with the Cosumnes Coalition asked that they be added to the agenda for the next Board meeting in order to present options for projects for the Board to consider.

3. CONSENT CALENDAR

The draft meeting minutes for the April 20, 2016 Board meeting, minutes of the April 20, 2016 Budget Subcommittee meeting, minutes of the April 21, 2016 SGMA Subcommittee meeting, minutes of the April 28, 2016 Budget Subcommittee meeting, minutes of the May 11, 2016 Board meeting, and minutes of the May 16, 2016 SGMA Subcommittee meeting were reviewed for final approval.

Jay Schneider with the Sloughhouse RCD commented that statements that he had made regarding Item 6 of the April 20, 2016 SCGA Board meeting were not reflected accurately in the draft meeting minutes. Staff was directed to verify the statements referred to by Mr. Schneider, with the audio recording of the meeting and to make any appropriate edits.

Motion/Second/Carried – Ms. Thompson moved, seconded by Mr. Werder, the motion carried unanimously to approve the minutes with direction to staff to verify the specific item raised by the Sloughhouse Resource Conservation District and to make changes as appropriate.

4. PROPOSED FISCAL YEAR 2016/2017 BUDGET AND ANNUAL CONTRIBUTION ADJUSTMENT

Mr. Eck provided background on the development of the proposed Fiscal Year 2016/2017 Budget and the SCGA Interim Financial Model stating that the Budget Subcommittee convened on April 28, 2016 to complete work on the budget and finalize the items in the SCGA Interim Financial Model which included: contribution methodology, unit contribution amounts, cost allocation amongst participating members, naming conventions, long range level of effort, and confirmation of revenue and expenditures represented in the proposed 2016/2017 fiscal year budget. Mr. Eck stated that the annual contribution methodology would be updated as SCGA refined its understanding of the level of State financial and in-kind support, and the added responsibilities and authorities of becoming a SGMA-compliant Groundwater Sustainability Agency. Mr. Eck stated that given the changes to the contribution methodology in the interim model, the Sacramento County Water Agency (SCWA) had agreed to provide funding for agricultural interests, ag-res interests, commercial industrial self-supplied, public agency self-supplied, and conservation land owners for the 2016/2017 fiscal year. Mr. Eck went on to state that three elements were included in the updated contribution methodology. A “Base” contribution element which recognized a minimum annual contribution level for each SCGA member with a fixed \$10,000 cost for non-signatory members and \$20,000 for signatory members. A “Connection”-based contribution element to act as a set unit cost of \$0.67 per water service connection for each water purveyor with retail water service connections greater than 6,000. A minimum connection fee of \$8,000 was used for smaller water purveyors with retail connections less than or equal to 6,000 connections. Mr. Eck then reported that the “Usage” contribution element was treated as per the SCGA JPA with a unit pumping amount of \$3.11/AF. In total, the fiscal year 2016/17 contributions were expected to be \$573,057. The total fiscal year budget was estimated to be \$718,723. Mr. Eck then reported that staff recommended that the Board adopt the resolution approving and funding the Authority’s budget for fiscal year 2016/2017 and revising annual contributions and methodology. Staff also recommended that the Budget Subcommittee be tasked with beginning work on the 2017/2018 fiscal year budget to address anticipated reductions in future SCWA funding.

Ms. Britton provided clarification concerning the background material in the Board package and presentation and specific to the usage of the term “fee” in those materials. Ms. Britton stated that the term “fee” had a unique legal definition and that any such reference to a fee was incorrect and clarified that the discussion was intended to consider “annual contributions” as agreed to by the Board members. Mr. Ewart asked if the term fee was included in the proposed Budget Resolution. Ms. Britton replied that it was not, that the misnomer was found only in the attachments to the Resolution and board presentation.

Mr. Nelson asked if the proposed budget and budget methodology applied only to Fiscal Year 2016/2017. Mr. Eck replied that the proposed budget was specific to Fiscal Year 2016/2017 and that the Budget Subcommittee had recognized the proposed funding methodology as interim vehicle to get the Authority through SGMA compliance issues.

Jon Goetz with GEI, gave a presentation on the update of SCGA’s finance methodology (*Note: Mr. Goetz’s presentation can be viewed on the Authority’s website for the 6/8/2016 meeting date*).

Mr. Eising asked why legal counsel costs were estimated to be one hundred-fifty thousand dollars and thirty percent of the budget. Mr. Eising also asked what the percentage of legal costs were in past years and why it was anticipated that legal counsel was to be more involved in reviewing everything. Mr. Eck replied that it was a recommendation that came out of the Budget Subcommittee with recognition that there were significant legal issues that could arise. Mr. Eck then stated that there were a number of significant legal issues that had been dealt with in the current fiscal year relative to basin boundary modification and GSA formation issues in addition to other issues. Mr. Eck stated that the subcommittee felt that legal costs needed to be increased in order to address potentially significant legal issues in the upcoming fiscal year. Mr. Eising asked if the legal costs would decrease after the GSA process was completed. Mr. Eck replied in the affirmative and added that it was contemplated by the subcommittee that legal costs would coincide with working through the GSA and basin boundary issues and that once those issues were resolved, legal costs would decrease.

Mr. Bettis pointed out that the footnote to Attachment B of the Budget Resolution omitted the Public Agencies Self-Supplied, Commercial Industrial Self-Supplied, and Conservation Landowners as board members whose annual contributions would be paid by Zone 13. Mr. Eck replied that it was simply an omission and that as he had mentioned in the background discussion, that those member organizations would have their Fiscal Year 2016/2017 annual contributions covered by SCWA's Zone 13.

Mr. Eising stated that he understood and agreed with a majority of the logic behind the finance methodology and apologized for the lapse in the City of Folsom's participation on the Budget Subcommittee. Mr. Eising stated that he and the City's Water Resources Director had concerns that Folsom's contribution charge was calculated similar to other SCGA purveyors of groundwater and that since Folsom did not pump any groundwater it did not seem correct that it was charged as such. Mr. Eising stated that Folsom was more similar to the City of Rancho Cordova, who was not a purveyor, and who was charged only the base contribution. Mr. Eising stated that since Folsom did not use groundwater for any of its customers its effect on the basin was zero and that it should be accounted for in the calculation of its contribution to the budget. Mr. Eising also stated that Folsom was supportive of SCGA and wanted to be a part of it. Mr. Eising offered that a solution could potentially include a differentiation in the type of retail connections attributed to a particular purveyor that would be identified by water type. Mr. Ewart responded to Mr. Eising, stating that he was on the Budget Subcommittee and had felt and expressed similar concerns on behalf of the City of Sacramento. Mr. Ewart explained that the subcommittee considered those concerns and determined to follow through with a funding methodology that was similar to that of Sacramento Groundwater Authority's (SGA) as the best option with moving SCGA forward on an interim basis. Mr. Ewart then stated that he hoped those concerns would be addressed at an appropriate time in the future and offered that the development of an SCGA Groundwater Accounting Program might be the appropriate vehicle for addressing them. Mr. Ewart then stated that the methodology as recommended by the subcommittee was pushed forward fairly universally by the subcommittee. Mr. Williams concurred with Mr. Ewart. Mr. Werder stated that he was on the subcommittee and that it was his opinion that those who use the groundwater resource should pay. Mr. Werder stated that there were a number of entities

in the basin that used groundwater but were not paying for the groundwater management. Mr. Werder said that he understood Mr. Eising's position but that the proposed finance methodology was what the subcommittee envisioned as a means to get through the upcoming fiscal year. Mr. Werder then stated that in the future he would like to collect contributions from those that had straws in the basin to help pay for its sustainability.

Mr. Eising mentioned that Folsom's fiscal year budget was passed in April and that his Director had expressed concern about paying double the previous year's contribution amount and having to reconcile it with Folsom's City Council and ultimately Folsom's rate payers.

Mr. Kamilos spoke as a member of the Budget Subcommittee stating that all purveyors were contributing to the sustainability of the basin and that the cost should be spread across the groundwater basin with which they overly. Mr. Eising replied that he understood Mr. Kamilos' assertion but stated that the base contribution accounted for the shared cost of managing the basin. Mr. Kamilos replied that there was a higher threshold level for groundwater purveyors in promoting sustainability of the basin. Mr. Eising agreed and offered that Folsom was isolated, that its connection with the rest of the basin was pretty much nil and that there was the possibility of future groundwater banking projects but those were few and far between and long way off from occurring.

Mr. Williams stated that he understood Mr. Eising's concerns and explained that SGMA had dictated increased costs that the subcommittee was forced to account for and that the increased contributions represented a response to the business needs of operating SCGA in compliance with SGMA. Mr. Eising stated that he understood the business reasoning but that he had an issue with the allocation of the costs.

Mr. Ewart commented that it was unfortunate that Folsom's participation on the Budget Subcommittee was interrupted but that he hoped that it would continue to seek participation on the future Budget Subcommittee so that its concerns could be addressed and worked out over the upcoming year. Mr. Eck added that staff had recommended forming a Budget Subcommittee with the idea that it would convene shortly after the beginning of the fiscal year to start a thorough discussion of the issues being raised.

Staff passed out a corrected copy of Attachment A of the Budget Resolution. Mr. Eck explained that page one the version included in the Board package had inadvertently omitted a column showing the adopted budget for the current fiscal year. Mr. Eck then stated that there was an additional omission on page two concerning a provision for reserves in addition to an incorrect figure for the beginning operating fund balance. Mr. Eck reported that both of the errors were corrected on the updated copy of Attachment A.

Darlene Gillum, General Manager of Rancho Murieta CSD, commented that she was concerned that the contribution amount assigned to her district under was set to triple under the new funding methodology and that like the City of Folsom; Rancho Murieta did not use any groundwater. Ms. Gillum added that her Board was set to adopt rates for the upcoming fiscal year and she anticipated that the tripling of the contribution requirement would be an issue for her Board.

Mark Madison, General Manager of Florin Resource Conservation District (FRCD), commented that his districted supported the recommendations being considered but also

recognized that the proposed funding structure was not perfect and should serve on an interim basis. Mr. Madison then stated that FRCD's issue was not the interim funding structure but rather the Joint Powers Agreement that served as the governance structure of SCGA and which contained the existing funding methodology. Mr. Madison stated that because of that arrangement it was FRCD's opinion that the proposed funding methodology should only be utilized as an interim funding structure. Mr. Madison stated that he had asked staff at the May 11th Board meeting for a firm confirmation that the new funding structure would one be limited to one year because FRCD did not believe that it was an appropriate methodology for the future and that there were other more appropriate methodologies. Mr. Madison recalled that he had asked staff at the May 11th Board meeting to report back at the June meeting with the amount that the urban sector was subsidizing ag and ag-res. Mr. Madison requested an answer to the question and stated that he was committed to present the information to FRCD's finance committee that night, that he would be proposing to increase FRCD's contribution from zero to thirty-nine thousand dollars, and that there appeared to be at least a nineteen percent subsidy from urban to ag-res. Mr. Madison stated that he needed an answer in order to report to his Board to justify subsidizing ag an ag-res. Mr. Madison then stated that the current JPA was a mess and needed to be corrected and questioned whether it had adequate authority to enable a change to the funding structure. Mr. Madison stated that FRCD believed that it was not right that one party could stop the adoption of the proposed budget. Mr. Madison restated his support of the interim finance methodology, encouraged Mr. Eising to vote yes, and stated that the JPA needed to be rebuilt and was a mess.

Mr. Werder responded to Mr. Madison stating that ag and ag-res water use resulted in the water being reintroduced back into the ground minus losses due to evaporation whereas water use for urban use ended up in the sewer system and flowing out to the river. Mr. Werder stated that the cone of depression under the City of Elk Grove was due to urban use and not ag or ag-res use and thus the urban users had a higher degree of responsibility. Mr. Madison stated that he respectfully disagreed.

Mr. Ewart clarified that with respect to Mr. Madison's request at the March 11th meeting regarding a subsidy of ag and ag-res by urban users that the comment had been noted but that staff had not been directed to address the question. Mr. Ewart added that it could be assumed that the issue would be discussed as a part of the Budget Subcommittee process in the upcoming fiscal year.

Ms. Thompson asked that when issues were discussed that it was done diplomatically and with respect to all in attendance. Ms. Thompson stated that when a statement was made referring to something as a mess, that was insulting to someone who may had worked on it and that saying so was merely and opinion and not productive.

Mr. Lowry offered that he participated in the development of the JPA and that the clause to allow for veto power by one of the five signatories was negotiated to avoid a scenario where more than one of the signatories could gang up on another. Mr. Lowry stated that the development of the clause was one of the last things to be agreed upon over a four year process.

Mr. Eising requested that a vote on the recommended actions be delayed until later in the meeting. Mr. Ewart agreed to move the call for a vote to after agenda item eight.

Mike Eaton commented that he was one of the founding board members of one of the conservation landowners of the Sacramento Valley Conservancy and had worked for The Nature Conservancy for almost twenty years and was one of the negotiators for SCGA and SCGA's JPA. Mr. Eaton encouraged the Board to think about the Conservation Landowners as a fundamentally different kind of stakeholder because they actually manage groundwater that invest devote substantial budget to do the kind of things required under SGMA. Mr. Eaton stated that they setback levies, protect recharge lands, and actively look for ways to make the aquifer healthy as a key part to enhance and protect eco system services. Mr. Eaton said that to propose an annual assessment for that group without recognizing what they already pay was a mistake and set a bad tone. Mr. Eaton stated that those groups could serve as key partners to aggressively collaborate on management projects and allow access to grants and other sources of funding that might otherwise not be available. Mr. Eaton then stated that those organizations did not actually have a seat on the SCGA Board rather they made nominations for the Board of Supervisors to appoint or not appoint. Mr. Eaton then stated that there was no nexus or benefit for the Conservation Landowner organization's assessment for participation with SCGA.

Kerry Schmitz with the Sacramento County Water Agency, commented on the topic of the funding of ag and ag-res entities on the SCGA Board. Ms. Schmitz stated that Zone 13 paid those contributions and that it was an assessment within the County of Sacramento excluding the Cities of Folsom, Isleton, Galt, and Sacramento that was intended to be used for water supply and drainage. Ms. Schmitz said that some years previously SCWA had agreed to use a small portion of Zone 13 funds to pay the SCGA contributions for those entities that did not have another funding source. Ms. Schmitz stated that SCWA had decided to use Zone 13 to cover those contributions for the upcoming fiscal year but that going forward it would look into whether there was a more appropriate mechanism other than Zone 13. Ms. Schmitz then asked that SCWA be allowed to participate on the Budget Subcommittee and further stated that although SCWA did not have a seat on the Board, that SCWA staff devoted a significant amount of labor towards the operation of SCGA.

Charlotte Mitchell with the Sacramento Farm Bureau commented with respect to Mr. Madison's concerns regarding an urban subsidization of ag stating that the issue was more complex than he had asserted. Ms. Mitchell stated that agriculture produced food which was an urban use and that agriculture also provide conservation efforts. Ms. Mitchell said that as the budget process moved forward there would be ways to ensure funding but that there needed to be recognition that the concept of urban an subsidy of ag was more complex and should not be treated with a blanket statement.

Jay Schneider commented as an agricultural representative stating his concurrence with Ms. Mitchell and added that the food produced by agriculture for use by an average family was about three thousand gallons per day. Mr. Schneider asserted that the consumers of the agricultural products were the actual consumers of the water that went into its production and that it needed to be accounted for going forward. Mr. Schneider then stated that the Board

should make changes to the proposed budget before adopting it if it did not make fair assessments.

(Note: A call for a vote on this item was postponed until after Item 7)

Mr. Eising stated that his Director had expressed a concern that the motion did not have specific language limiting the proposed budget to the upcoming fiscal year and wanted to make sure that the Budget Subcommittee would be convening soon after the beginning of the fiscal year in order to resolve all of the budget issues in a timely manner.

Ms. Britton suggested that §2.b of the Budget Resolution could be modified to state “for Fiscal Year 2016/2017” after the first clause and immediately following the statement, “and annual contributions”.

Mr. Bettis requested that the motion also expand the footnote on Attachment B to clarify that Public Agencies Self-Supplied, Commercial Industrial Self-Supplied, and Conservation Landowners would be funded by Zone 13.

Motion/Second/Carried – Mr. Williams moved, seconded by Ms. Thompson, the motion carried unanimously to approve the items as amended by Counsel to address the concerns of the two Board members and to adopt the proposed Resolution to approve and fund the Authority’s administrative budget for fiscal year 2016/2017 and adjust member annual contributions.

Motion/Second/Carried – Mr. Eising moved, seconded by Mr. Nelson, the motion carried unanimously to task the Budget Subcommittee to begin work on the 2017/2018 fiscal year budget.

5. AMEND SECTION 5.22 OF THE POLICIES AND PROCEDURES TO REFLECT ADJUSTMENT TO MEMBER ANNUAL CONTRIBUTIONS

Mr. Ewart stated that Section 5.22 of the Authority’s Policies and Procedures detailed, in part, the initial funding methodology for the Authority. With the adoption of the new funding methodology for the Authority paragraphs (e) and (f) of that section were no longer required. Mr. Ewart stated that staff recommended that paragraphs (e) and (f) of Section 5.22 of the Authority’s Policies and Procedures be deleted.

(Note: A call for a vote on this item was postponed until after Item 7)

Motion/Second/Carried – Mr. Werder moved, seconded by Mr. Nelson, the motion carried unanimously to adopt the proposed Resolution for changes to Section 5.22 of the Authority’s Policies and Procedures deleting paragraphs (e) and (f).

6. SGMA SUBCOMMITTEE REPORT AND JPA RECOMMENDATION

Mr. Eck provided background information stating that at the April 21, 2016 SCGA Subcommittee meeting there was significant discussion regarding Florin Resource Conservation District/Elk Grove Water District’s (FRCD/EGWD) proposal for a new Joint

Powers Agreement. At the time FRCD/EGWD identified their three most important issues which included 1) becoming a signatory to the JPA, 2) not requiring the approval of another agency for appointment to the Board, and 3) the ability for a designated employee to be appointed as a Board member. Mr. Eck reported that the subcommittee recognized that addressing item 1 was a significant undertaking that should be addressed by the Board at some point in the future. Mr. Eck stated that the subcommittee then tasked counsel for SCGA and FRCD/EGWD to analyze items 2 and 3 to determine if those changes could be codified into an amendment of the current JPA without compromising the powers of SCGA. Mr. Eck stated that Counsel reported back on their findings to the SGMA Subcommittee on May 16, 2016. Mr. Eck reported that the discussion of the findings resulted in the SGMA Subcommittee's recommendation to the SCGA Board to consider the proposed JPA revision to allow a designated employee of the FRCD/EGWD, Omochumne-Hartnell Water District, and Rancho Murieta Community Services District to be appointed as a SCGA Board member. Mr. Eck stated that additional minor revisions were included to correct verb tense for programs and projects that had already occurred. Mr. Eck finished by stating that in order to be effective, the proposed Amended and Restated JPA would need to be approved and adopted by each of the five signatory governing bodies, and then filed with the Secretary of State and State Controller.

Mr. Williams commented that some of the key discussion points in the subcommittee were centered on why FRCD saw a need for changes to the JPA and what was the hurry to make those changes. Mr. Williams then stated that it was revealed at the last subcommittee meeting that the changes needed to occur now or FRCD would consider forming a GSA. Mr. Williams then stated that Mr. Nelson was a member of FRCD's Conservation subcommittee and asked Mr. Nelson to verify if on April 6th that subcommittee came to a consensus to submit an application for GSA formation. Mr. Nelson replied that there is a subcommittee of FRCD that did suggest to FRCD that it investigate formation of a GSA. Mr. Williams replied that he had asked Mr. Nelson for verification of that decision because SGMA Subcommittee had been asking FRCD why it wanted to make changes to the JPA and had not received any disclosure of FRCD's consideration to form a GSA until the May 16th SGMA Subcommittee meeting where it was presented as make changes to the JPA or else FRCD is going to form a GSA. Mr. Williams then stated that the decision actually dated back to April and that it caused concern for him because the subcommittee had been discussing in earnest over that entire period to try and come up with a solution that would work for FRCD and SCGA. Mr. Williams stated that he wondered what FRCD was hoping to achieve from its requests given its lack of disclosure and whether they sought to benefit only themselves in their pursuit of a GSA. Mr. Williams then stated that then he could no longer support any of the proposed changes to the JPA brought forth by FRCD as he did not want to risk supporting its plans to form a GSA which he viewed as detrimental to SCGA. Mr. Williams clarified that they along with other interests in the basin were within their rights to form a GSA but that he could not support it from SCGA's perspective. Mr. Williams stated that he had attended FRCD's Board meeting in order to understand the issue from its perspective and said that it was portrayed as SCGA not liking FRCD and being unwilling to work with it. Mr. Williams stated that the minutes of the SGMA Subcommittee reflect an acknowledgement that changes to the SCGA

would be necessary but at the appropriate time and that the subcommittee was willing to work on a solution to meet FRCD's immediate needs.

Mr. Ewart provided a review of the subcommittee's actions which echoed Mr. Eck's background discussion. Mr. Ewart added that the subcommittee negotiated in good faith to address FRCD's concerns and had determined to recommend a small modification as it addressed one of FRCD's most pressing issues and could be accomplished without making wholesale changes to the JPA. Mr. Ewart then stated that the recommendation before the Board was just one piece of what he anticipated in the future to be a more comprehensive recommendation for an approach to move forward. Mr. Ewart then reported that at last subcommittee meeting FRCD had sought a specific for when negotiation of governance would begin and had stated that if a date was not provided then it would move forward with a GSA process. Mr. Ewart reported that since the topic was not agendaized it could not be brought to a resolution and that staff had been directed to look into what an appropriate timeline with respect to SGMA would be to allow for those discussions to begin and to agendaize discussion of the information at the next subcommittee meeting.

Ms. Thompson stated that she wondered why FRCD was pushing so much for a change to the JPA and that too much time was being spent on the issue and that for FRCD to threaten SCGA was not right. Ms. Thompson then stated that she questioned FRCD's motives for not disclosing their consideration of GSA formation sooner.

Mr. Nelson pointed out that the recommended action affected other representatives on the Board other than FRCD. Mr. Nelson then stated that the reason FRCD was contemplating forming a GSA was a concern over how SCGA was organized. Mr. Nelson stated that FRCD did not have an issue with the basic structure of SCGA but felt that it needed to be an independent agency to ensure that the needs and views of the organization were not limited to one single agency. Mr. Nelson said that he had no issue with the job SCGA had done in managing groundwater up to the present but that going forward under SGMA and as the basin becomes more stressed it would be important to ensure that there were no conflicts arising from one agency having too much influence or being the cause of conflicting loyalties. Mr. Nelson expressed gratitude for the recommended change being considered but expressed concern that FRCD had not gotten traction on the other JPA issues and stated that in response FRCD had contemplated GSA formation. Mr. Nelson then said that FRCD's concerns might be alleviated if there was a commitment for a specific date at which time SCGA would start working on governance to create an independent agency. Mr. Nelson asserted that the biggest consumer of water in the County was also the agency that had the greatest influence over what happened concerning SCGA.

Mr. Williams stated that all of the issues raised by Mr. Nelson had been discussed repeatedly by the subcommittee and were reflected in the minutes for those meetings. Mr. Williams then said that the subcommittee had agreed to address those issues including the formation of a Governance Subcommittee and had noted during the Finance Subcommittee to account for those issues in future meetings. Mr. Williams said that the commitment was there but not a commitment to a specific date as he felt that it was not the appropriate time in the process to make such a determination. Mr. Williams stated that information was presented equally to all sixteen members of the SCGA Board and that it was the Board's job to make decisions on

the information presented to it and that the process did not allow for manipulation by one agency. Mr. Williams then stated that the cost to move to an independent agency had been analyzed and that it was expensive and not something that could be taken on while SCGA was working on the other aspects of SGMA. Mr. Williams said that there would be an appropriate time to look into moving towards an independent agency but the time was not now.

Ms. Britton clarified that SCGA was formed under the Joint Powers Act and was thus legally an independent agency. Ms. Britton then referenced sections thirteen and fourteen of the JPA which granted the Board the ability to appoint whomever it chose to serve as Executive Director with the provision that it had concurrence with the Water Agency. Ms. Britton stated that the Authority had entered into a staffing agreement with the County and that it could be modified or terminated. Ms. Britton stated that her intention on pointed out those agreements and provisions was in response to the comments that she had heard and offered them as reminders that wholesale changes to the JPA were not necessary for changes to the staffing of the Authority unless there were other issues that needed to be addressed.

Mr. Lowry commented that during the formation of SCGA there was a recognition that resources were limited and several different staffing models were considered with staffing via SCWA chosen as the most economically feasible with the understanding that conflicts could arise and would be dealt with if and when they did.

Mr. Ewart offered that another reason the subcommittee was reluctant to move forward with the JPA as put forth by FRCD was in consideration from a report back by legal counsel stated that the current governance structure was sufficient to go through the GSA formation and that if wholesale changes to the JPA were made too early the Authority might lose some of the common powers that it held. Mr. Ewart stated that the subcommittee discussed that the appropriate time to address those issues was when full powers would be granted under SGMA at the time of GSA formation.

Mr. Werder expressed his irritation that FRCD's consideration of GSA formation was not disclosed to the SCGA Board until the current meeting. Mr. Werder stated that SCGA was already in the midst of dealing with two other entities that wanted to form GSAs in the basin and then out of nowhere FRCD proposed to do the same. Mr. Werder pointed out that FRCD had just stated that it did not want one agency controlling SCGA but that what they were proposing with their GSA formation would result in that exact scenario within their area.

Ms. Thompson stated that no matter what everyone needed to work together instead of against each other and to work for the interests of their constituents and to remember that they were mandated to get things done.

Ms. Britton clarified that the proposed change would give FRCD, Rancho Murieta CSD, and OHWD the ability to nominate a designated employee, rather than be limited to a member of their respective boards, for appointment to the SCGA Board.

Mr. Madison commented that FRCD had raised the issue of governance a year prior. Mr. Madison said that Mr. Nelson submitted a letter to Mr. Eck regarding all of FRCD's concerns regarding governance and that no response was ever provided. Mr. Madison then stated that FRCD started talking about a change to the existing JPA, which was a mess, and then had a

new JPA drafted and presented it to the SCGA Board where it was immediately kicked down the subcommittee. Mr. Madison stated that FRCD's proposed JPA was built on two basic platforms, equality and independence. Mr. Madison said that there were many more specific problems with the existing JPA and that FRCD's JPA would rectify most of those problems on an interim basis. Mr. Madison said that the biggest issue going forward was the conflict of interest with Sacramento County. Mr. Madison stated that staff and legal counsel were from Sacramento County and that Sacramento County, as the largest pumper of groundwater in the region, was essentially steering SCGA. Mr. Madison proposed that at some point in time, perhaps January or March, SCGA should engage in the formation of an independent group.

Mr. Williams stated that the only member of the Board who has brought up a conflict of interest was FRCD and that they had provided no specific proof of a conflict. Mr. Williams said that the subcommittee had worked through a process but that FRCD repeatedly ignored the process and kept bringing up the same issues after they had been dealt with. Mr. Williams invited everyone to read the minutes of the subcommittee to make up their own mind.

Suzanne Pecci commented as a resident of the City of Elk Grove that at issue were the plans and ambitions of the City of Elk Grove and its needs. Ms. Pecci listed a number of proposed development projects in Elk Grove that would require significant water supply and that by her inference; water was the biggest need of the City.

Mr. Kamilos encouraged the Board to approve the recommended action.

Ms. Schmitz disagreed that there was a conflict of interest with SCGA staff and the Board and that in her opinion staff had done a great job of working at the direction of the SCGA Board since 2006. Ms. Schmitz added that did not believe that staff had functioned in a way that solely benefited the Water Agency of the County. Ms. Schmitz then stated her support of an independent entity with staffing from another source and stated that the County was not holding onto the staffing commitment with SCGA but that it would continue to support whatever the Board decided in terms of a staffing arrangement.

Ms. Britton clarified that the resolution was to recommend to the JPA signatories to make the amendment, that SCGA could not amend the JPA, and that the JPA signatories would have to vote unanimously to adopt the amendment. Mr. Eising asked if the item would have to be approved by the respective councils of the signatory bodies. Ms. Britton answered in the affirmative.

Mr. Nelson stated that because of his hearing loss he was not always able to do the best job he should and that it was important that his agency be able to able whoever they felt would do the best job representing it on the Board. Mr. Nelson asked for support of the resolution.

Darlene Gillum from Rancho Murieta CSD encouraged support of the resolution as it would allow for more active representation from her agency.

Motion/Second/Carried – Mr. Werder moved, seconded by Ms. Thompson, the motion carried unanimously to adopt the proposed Resolution recommending the governing bodies of the JPA signatories approve and execute a First Amended and Restated Joint Powers Agreement to broaden the eligibility for SCGA Board appointment for certain members.

7. ALTERNATIVE SUBMITTAL

Mr. Eck provided background information stating the State DWR had adopted the Groundwater Sustainability Plan (GSP) Emergency Regulations. Mr. Eck then reported that at its May 16, 2016 meeting the SGMA Subcommittee reviewed the requirements of the GSP regulations regarding Alternative submittal by January 1, 2017 and the level of effort required to meet those deadlines. After discussion of the Alternative Plan process at the May 2016 SGMA Subcommittee meeting, the subcommittee's recommendation reaffirmed that the SCGA Board action to initiate, complete, and set for adoption in a timely manner, an alternative plan. Mr. Eck stated the May 2016 SGMA Subcommittee recommendation should be viewed by the Board as further support of the April 20, 2016 Board Resolution 2016-01 which authorized staff to proceed. Mr. Eck then announced that staff would give an informational presentation of the Alternative development to maintain a high level of public engagement, outreach, and education on SCGA's reasons for pursuing an Alternative, how the GSP regulations affect the Alternative development, critical elements of the Alternative development process, and the anticipated schedule. Mr. Eck stated given the sort timeline of seven months for completion of the Alternative Plan, staff would be identifying the critical elements to begin in June 2016 with the intent to update the Board at its monthly meetings. Mr. Eck identified one of the critical elements for June as a consultation meeting with State DWR to request support in adequately address sufficiency in demonstrating the ability of the Alternative to meet the objectives of SGMA and equivalency with articles five and seven of the GSP regulations.

Mr. Goetz provided a presentation regarding an update to SCGA's Alternative Plan submittal process.

8. PUBLIC HEARING TO CONSIDER SCGA BECOMING A GROUNDWATER SUSTAINABILITY AGENCY IN AREAS OF THE SOUTH AMERICAN SUBBASIN (PORTIONS OF BULLETIN 118-03 BASIN 5-21.65) (CONTINUED FROM MAY 11, 2016)

Mr. Ewart stated that it was a continued item from May 11, 2016 and that the only decision to be made was to continue the item to the July 13, 2016 Board meeting.

Mr. Eck added that due to issues in publishing proper notification of the June 8, 2016 public hearing staff was requesting that the Board continue the item to their July 13, 2016 Board meeting.

Ms. Pecci commented as a resident of Elk Grove and stated that she lived in the area where Omochumne-Hartnell Water District and Sloughhouse RCD were proposing to become GSAs. Ms. Pecci stated that OHWD and Sloughhouse's Basin Boundary modification proposal would split one hundred seventy-five rural residents in the City of Elk Grove limits on domestic wells and would also split the community of Wilton in two. Ms. Pecci stated her opposition to the Boundary Modification and indicated that Wilton was also not in favor of it. Ms. Pecci stated that she felt that domestic well owners across the State with their two-acre

foot allocations were the new water in California that would make everything happen for everybody. Ms. Pecci stated that in the Elk Grove area that the City of Elk Grove had plans for development and that there was expansion of agriculture such as vineyards occurring daily. Ms. Pecci stated that SCGA was the best choice for local control under SGMA. Ms. Pecci then stated her concern regarding the qualifications of OHWD and Sloughhouse RCD with respect to their backgrounds in public water management. Ms. Pecci stated that they had not disclosed what their plan was if they had one and that she did not know how she fit into their plan. Ms. Pecci said that there had been no discussion about funding beyond the grants that they were receiving and the only source of funding that she could see going forward was from the several hundred domestic well owners plus however many farmers there were and that it was a concern of hers. Ms. Pecci stated that many of the residents in her areas were retirees on fixed incomes and that many of the well owners did not use even one acre-foot annually. Ms. Pecci was concerned that the water that domestic wells owners did not use would be re-allocated and sold for other uses. Ms. Pecci stated that OHWD and Sloughhouse RCD were too small and did not meet the intent of SGMA as it related to local control adding that local control meant regional and not a little agency out in the middle of the country.

Mr. Kamilos asked for further explanation of why the item was being carried forward to the next meeting. Mr. Eck replied that it was simply due to the newspaper notification for the hearing not being published.

Motion/Second/Carried – Mr. Bettis moved, seconded by Ms. Thompson, the motion carried unanimously to continue the item to the July 13, 2016 Board meeting

9. EXECUTIVE DIRECTOR'S REPORT

Mr. Eck wanted to make sure that Board members had a copy of the response letter from OHWD and Sloughhouse RCD addressing the letters of opposition that SCGA, SCWA, and the City of Sacramento had submitted regarding the Basin Boundary Modification application.

Mr. Eck then announced that FRCD was holding a special Board meeting that evening at 6 pm to discuss formation of its own GSA.

10. DIRECTORS' COMMENTS

Mr. Williams asked legal counsel if he could, as a member of the public, submit SCGA meeting minutes to the FRCD Board at its special meeting. Ms. Britton replied in the affirmative.

ADJOURNMENT

Brett Ewart adjourned the meeting at 12:00 p.m.

Upcoming Meetings –

Next SCGA Board of Directors Meeting – Wednesday, August 10, 2016, 9 am; 10060 Goethe Road, South Conference Room No. 1205 (Valley Oak).

By:


Chairperson _____ Date 7/13/16


Secretary _____ Date 7/13/16

