

**SACRAMENTO CENTRAL GROUNDWATER AUTHORITY (SCGA)
Sustainable Groundwater Management Act Sub-Committee Meeting
Final Minutes
June 22, 2016**

LOCATION: 10060 Goethe Road, Room 1212
Sacramento, CA 95827
1:00 p.m. to 3:00 p.m.

MINUTES:

1. Call to Order and Roll Call

Paul Schubert 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
Tom Nelson, FRCD/EGWD
Rick Bettis, Conservation Landowners
Brett Ewart, City of Sacramento
Forrest Williams, County of Sacramento
Tom Mahon, Agricultural Interests

Staff Members:

Darrell Eck, SCGA
Sarah Britton, Legal Counsel
Ping Chen, SCGA
Ramon Roybal, SCGA

Others in Attendance:

Mark Madison, FRCD/EGWD
Bruce Kamilos, FRCD/EGWD
Jonathan Goetz, GEI
Rodney Fricke, GEI
Jay Schneider, Sloughhouse RCD
Amanda Platt, Sloughhouse RCD

Mr. Williams motioned to switch the order of items 3 and 4. Mr. Schubert called for a vote. All subcommittee members approved.

2. Public Comment

Jay Schneider with the Sloughhouse RCD announced that Omochumne-Hartnell Water District and Sloughhouse RCD were both participating in two Water Forum processes. One process was for GSA formation in the Cosumnes Subbasin and the other process for the South American Subbasin which was scheduled to meet on June 29th.

3. Recommend Establishing Governance Subcommittee

Mr. Schubert began with a review of the SGMA Subcommittee charter as it was discussed at the July 8, 2015 SGMA Subcommittee meeting. Mr. Schubert stated that based on the charter that he felt that the SGMA Subcommittee was in essence the quasi governance committee.

Mr. Eck stated that the elements of the original charter had been addressed and that the discussion should be on what the subcommittee should do going forward.

Mr. Eck then reviewed the following key factors to consider regarding SCGA's current governance:

- Counsel has determined that no changes to SCGA's current governance is needed now to comply with SGMA
- Significant staffing resources are required to complete the Alternative Plan submittal
- Revenue source change for SCGA must be resolved prior to FY 2017/2018
- Board to reconvene the Budget Subcommittee (approved at June 8, 2016 Board meeting) to address this issue – requires significant staff resources
- Significant education required to facilitate Board participation in a meaningful discussion on governance and its potential ramifications

Mr. Eck then provided an overview of the activities that staff was currently working on which included, completion of the Alternative Plan submittal by January 1, 2017, convening the FY 2017/2018 Budget Subcommittee, monthly Board meetings, and on-going SCGA programs. Mr. Eck stated that from a staff perspective, rather than form a new subcommittee the recommendation was to revise the charter of the SGMA Subcommittee to address issues related to the Alternative Plan submittal, working with Delta interests, identification of potential changes to the governing JPA, resolution of overlapping GSAs, coordination agreements, and issues related to governance.

Mr. Nelson asked about the expected timeline to address the activities listed. Mr. Eck reviewed a detailed list of tasks that were identified in as a part of the fiscal year budget and summarized that there was a significant amount of work for staff over the next six to seven months. Mr. Eck stated that discussions of governance would be a necessary part of some of that work and that the thought was that issues of governance would be integrated with those efforts rather than placing it on its own separate path.

Mr. Nelson stated that discussions of governance, the makeup of the organization, and changes to the JPA would become necessary if the Alternative Plan was approved and that it could happen within a year to a year and a half.

Mr. Goetz clarified that full powers granted under SGMA were not realized until a GSP and a GSA were formed.

Mr. Williams stated that it had been discussed previously that the municipal powers of SCGA should be retained until it could operate under the full powers granted by SGMA. Mr. Williams stated that the focus of SCGA should be on working towards that point and added that if FRCD moved forward with its own GSA application that it would delay reaching that point.

Mr. Madison asked about the recent use of the term municipal powers and that they had previously been referred to as police powers. Mr. Madison stated that the term used in the JPA was police powers and that he did not want the issue to be shaded away from the real issue. Mr. Madison asked Ms. Britton what the correct legal term was. Ms. Britton replied that they were both correct that municipal powers could be viewed as the umbrella under which a municipality derived the power to police and tax.

Mr. Ewart stated that he felt that it was an appropriate time to bring a recommendation to the Board regarding governance, revisions to the JPA, and the County-SCGA partnership and that he felt that the recommendation should keep those discussions within the SGMA Subcommittee and provide a timeline for when the governance discussions would begin. Mr. Ewart suggested that the timeline for beginning those discussions would be when there was an established GSA and approved Alternative Plan or GSP such that SCGA could assume the full powers provided by SGMA and staff's workload would be greatly reduced.

Mr. Williams wanted to clarify that governance and the issue with County staff and SCGA were two separate issues and should be made clear in the recommendation.

Mr. Nelson suggested that a specific time be identified for when the governance discussions would begin once the GSA/GSP benchmarks were reached.

Mr. Madison stated that he appreciated the subcommittee's willingness to discuss the issue and that it seemed to him that it was a matter of timing. Mr. Madison stated that he would like to provide a specific time to his Board at its meeting in July of when those discussions would begin. Mr. Madison suggested March 1, 2016 presuming that the heavy lifting by staff would be completed in December.

Mr. Williams expressed his desire to establish a milestone rather than a specific date. Mr. Bettis stated that the actual adoption of the Alternative Plan by the State should be considered rather than just its submittal. Mr. Madison suggested that when the plan was submitted in January that there would be downtime while DWR completed its review and that the discussions could at least begin at that time. Mr. Ewart pointed out that there might still be significant work required for the Budget Subcommittee at that time. Mr. Eck stated that the issue of overlapping GSAs might likely require effort at that time as well.

Mr. Nelson stated that a move to an independent agency was an important component of the governance discussion to set up the agency for the long-term and to avoid conflicts of interest. Mr. Williams replied that the discussion had accounted for consideration of the future staffing of SCGA but that the impetus of the discussion should not be centered on perceived conflict of interest with the County because none of the other board members had expressed that concern. Mr. Williams stated that FRCD needed to remain open to the possibility that the staffing issue could be discussed and that the Board might decide not to make a change. Mr. Ewart added that he understood that FRCD was advocating an idea but hoped that if the overwhelming feeling of the Board was to not make significant changes to staffing that FRCD could accept it. Mr. Nelson stated that he would be interested in hearing the opinion of the other members as it had not been discussed by the full Board. Mr. Nelson stated that he suspected that other agencies might be interested in exploring the idea and that they needed to find out. Mr. Schubert stated that he thought it was a valid discussion to have at the appropriate time and that it should coincide with discussions of governance and the larger question of what a new organization should look like. Mr. Schubert stated that there was value to independence but that there was also value to protecting the rate payers from paying additional costs when the current structure was not causing them any harm.

Mr. Mahon stated that he thought staff was doing an excellent job and had a lot of work to do, that they always provide the information, and had been at it since the very beginning.

Mr. Madison stated that an important issue to be contemplated at his next Board meeting was the issue of SCGA being an independent agency. Mr. Madison stated that SCGA may have been a legally independent agency but that in FRCD's opinion it was effectively being operated by Sacramento County. Mr. Madison said that was a problem because the County was also the largest pumper of groundwater in the region and that it could result in problems going forward. Mr. Madison stated that FRCD was looking at the issue over the long term and that he would like to know what the SCGA Board members' opinions were so that he could have a fair discussion with his Board in July.

Mr. Schubert replied that he did not know how SCGA could have that discussion to FRCD's satisfaction prior to FRCD's next meeting.

Ms. Britton noted that SCGA had a staffing contract with the County and that when the discussion of staffing took place consideration of reconciling the terms of that contract would have to occur.

While crafting the recommendation to the Board, Mr. Ewart stated that he preferred not to use the term independence as he felt it was a loaded term and offered to use make reference to staffing.

Mr. Madison stated that one of the biggest near term issues was the funding structure of the Authority and that people were already expressing a reluctance to pay. Mr. Madison suggested bringing in a rate consultant and look at a different model such as a land base fee. Mr. Madison stated that he recognized that it would require a significant amount of

effort to work through. Mr. Eck replied that to topic of bringing in another expert should be a something that the Budget Subcommittee considers.

Mr. Schneider announced himself as a representative of Sloughhouse RCD, stating that their official policy was to encourage all local agencies excluding the County, to form GSAs and for the County to form a GSA in the white area. Mr. Schneider then said if he was constituent land owner in FRCD and outside of the City of Elk Grove, his most critical concern would be that there was no local representation. Mr. Schneider stated that he saw no reason why FRCD could not form a GSA and join SCGA as its own GSA. Mr. Schneider stated that if FRCD was not a GSA then it would remain out of the SCGA JPA and without the municipal powers and those areas of FRCD outside of Elk Grove would have no local representation under SGMA except via the County. Mr. Schneider said that if FRCD formed a GSA it could join with SCGA with equal status as a GSA but that if it did not form a GSA, he predicted that Mr. Williams and Ms. Britton would be the first ones to say that FRCD could not join SCGA because they did not have the same powers and thus would dilute SCGA's powers. Mr. Schneider said if he was one of those constituents he would be adamant that a local representative represent him and demand to be a member of SCGA as an equal. Mr. Schneider stated that he guaranteed that it was not possible for FRCD to become a member of SCGA without forming its own GSA.

Mr. Ewart with Ms. Britton's guidance drafted a recommendation a follows:

Revise the SGMA Subcommittee's original scope/charter to include 1) the Alternative plan submittal process; 2) Overlapping GSAs; 3) Coordination agreements; and, 4) Issues related to governance including modifications to the governing JPA and the County staffing contract with SCGA.

Defer wholesale modifications to the governing JPA until the Alternative Plan is either approved or denied and GSA formation is complete.

Defer modification of the County staffing contract until the Alternative Plan is either approved or denied and GSA formation is complete.

Amanda Platt with the Sloughhouse RCD asked for clarification of the extent of the area that would be covered by the Alternative Plan and asked that if it included areas within Sloughhouse RCD, that Sloughhouse be considered in the development of the plan. Ms. Britton replied that the Alternative Plan would cover the area that was covered by SCGA's GMP which included the portion of the basin occupied by Sloughhouse RCD. Ms. Platt stated that the same outreach being conducted for the Delta regarding the Alternative Plan should be conducted for Sloughhouse. Ms. Platt state that Sloughhouse was not involved in the development of the SCGA GMP and sought to understand the development of the portions of an Alternative Plan that would cover Sloughhouse. Mr. Eck replied that outreach would be conducted and that the current meeting was actually part of that outreach.

Motion/Second/Carried - Mr. Ewart moved, seconded by Mr. Williams, the motion carried to recommend to the SCGA Board to revise the SGMA Subcommittee's original scope/charter to include 1) the Alternative plan submittal process; 2) Overlapping GSAs;

3) Coordination agreements; and, 4) Issues related to governance including modifications to the governing JPA and the County staffing contract with SCGA.

Defer wholesale modifications to the governing JPA until the Alternative Plan is either approved or denied and GSA formation is complete.

Defer modification of the County staffing contract until the Alternative Plan is either approved or denied and GSA formation is complete.

Mr. Nelson opposed the recommendation.

4. Update On Approach To Alternative Plan Submittal

Mr. Goetz provided a presentation (*Note: Mr. Goetz's presentation can be viewed on the Authority's website for the 6/22/2016 meeting date*). Mr. Goetz stated that one of his roles was to keep everyone educated and to answer questions that had come up in past meetings. Mr. Goetz stated that he would be reviewing why SCGA was doing an Alternative Plan and looking at what GSA formation was versus and Alternative Plan development and how the two may or may not relate to each other. Additionally, Mr. Goetz said he would cover an approach to cover areas outside of the Groundwater Management Plan (GMP) but within the subbasin and would go over the Alternative Plan schedule.

Rodney Fricke with GEI presented information on subsidence in the Delta and the remainder of the South American Subbasin. Mr. Fricke explained that there were two types of subsidence, one caused by dewatering of an aquifer and one caused by the loss and oxidation of organic matter in the soil. Mr. Fricke explained the first type of subsidence was not a major concern for the basin or the Delta but that the latter type of subsidence was somewhat relevant to the Delta. Mr. Fricke expressed that the subsidence, specifically the type due to loss of organic matter found in the basin, was not a major concern because the one instrument station measuring for subsidence in the area was west of Interstate 5 and that it was responsible for the reported levels throughout a significant portion of the basin. Mr. Fricke stated that consideration might be given in the future to add another station in the non-Delta portion of the basin to get a more accurate representation of subsidence.

Mr. Ewart asked if staff was still on the same schedule for and Alternative Plan as was presented at the last subcommittee meeting. Mr. Eck replied in the affirmative.

Mr. Madison asked if it would be better to use water supply versus water demand balance for demonstrating ten years of sustainability rather than groundwater levels. Mr. Goetz replied that groundwater levels and a water budget where each elements of what would go into defining undesirable results and would each be factored into demonstrating sustainability.

Mr. Schneider commented that if SCGA kept the Alternative Plan within the watershed and supported the boundary line modification it might avoid a lot of future issues. Mr. Schneider asked if there would be a full and transparent review of the modeling and of how the modeling was done and how any changes to the existing safe yield between the south and central basins. Mr. Schneider asked if there would be a full and transparent discussion of the analysis of the viability of safe yields from 2006 were still valid today. Mr. Schneider asked if SCGA would completely divulge the model including the inputs and outputs used to determine the results of the analysis and stated that SGMA requires open source software. Mr. Schneider stated that in order to become functionally equivalent those were the things SCGA would need to do. Mr. Schneider then said that questions of jurisdiction and the right to implement a plan or conduct analysis for areas outside of the basin might be raised.

Mr. Williams asked if the adoption of a GSP was the point at which SCGA could operate under SGMA with full powers similar to the municipal powers that it currently held. Ms. Britton stated that the full powers granted under SGMA became active when an agency formed an exclusive GSA and had an adopted GSP.

5. Action Items/Next Steps Assignments

The subcommittee agreed to reconvene on July 20, 2016 at 1 pm.

ADJOURNMENT

Mr. Schubert adjourned the meeting at 3:15 pm

Upcoming meetings –

Next SCGA Board of Directors Meeting – Wednesday, June 8, 2016, 9:00 am; SASD South Conference Room 1205, Valley Oak.

By:

Chairperson

Date

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