

**SACRAMENTO CENTRAL GROUNDWATER AUTHORITY  
REGULAR MEETING OF THE BOARD OF DIRECTORS**

Wednesday, January 13, 2016; 9:00 am

10060 Goethe Road

Sacramento, CA 95827

(SASD South Conference Room No. 1212 – Sunset Maple)

The Board will discuss all items on this agenda, and may take action on any of those items, including information items and continued items. The Board may also discuss other items that do not appear on this agenda, but will not act on those items unless action is urgent, and a resolution is passed by a two-thirds (2/3) vote declaring that the need for action arose after posting of this agenda.

**1. CALL TO ORDER AND ROLL CALL – 9:00 a.m.**

**2. PUBLIC COMMENT:** Members of the audience may comment on any item of interest to the public within the subject matter jurisdiction of the Groundwater Authority. Each person will be allowed three minutes, or less if a large number of requests are received on a particular subject. No action may be taken on non-agendized items raised under “Public Comment” until the matter has been specifically included on an agenda as an action item. If a member of the public wants a response to a specific question, they are encouraged to contact any member of the Board or the Executive Director at any time. Members of the audience wishing to address a specific agendized item are encouraged to offer their public comment during consideration of that item.

**3. CONSENT CALENDAR**

- Minutes of the November 4, 2015 Board meeting and minutes of the December 16, 2015 and December 22, 2015 SGMA Subcommittee meetings.  
*Action: Approve Consent Calendar items*

**4. REPORT BACK ON 2X2 MEETING WITH OMOCHUMNE-HARTNELL WATER DISTRICT**

- Report on meeting between members of the SCGA Board and members of the Omochumne-Hartnell Water District Board.  
*Action: Information update.*

**5. SGMA/FINANCE SUBCOMMITTEE REPORT**

- Status report and recommendations from the SGMA/Finance Subcommittee.  
*Action: The SGMA Subcommittee recommends the Board consider conducting the public outreach, notice and hearing required to file a Notice of GSA Formation for SCGA service area if a separate local agency files for GSA formation within SCGA jurisdictional boundaries without outreach and engagement with SCGA and resolution of pertinent issues thereto.*

## **6. SGMA IMPLEMENTATION UPDATE**

- Status report and recommendation regarding SGMA implementation.

*Action: Direct staff to consult with DWR regarding the feasibility of an alternate approach to SGMA compliance.*

## **7. INTRODUCTION OF PRE-DRAFT GSP REGULATION CONCEPTS**

- Overview of the proposed GSP regulations scheduled for release in February 2016.

*Action: Information update by Jon Goetz, GEI.*

## **8. SLOUGHHOUSE RESOURCE CONSERVATION DISTRICT GSA**

- Sloughhouse RCD has scheduled a public hearing to determine whether to elect to become a groundwater sustainability agency.

*Action: Approve the proposed comment letter, authorize the Executive Director to execute the comment letter on behalf of SCGA, and direct the Executive Director to attend the Sloughhouse RCD public hearing on January 13, 2016, lodge the comment letter, and provide public comment on SCGA's statements articulated therein.*

## **9. MEETINGS OF THE BOARD**

- Issues related to meeting various SGMA deadlines and associated coordination efforts may necessitate the Board meet during even numbered months through 2016.

*Action: Approve a deviation from Section 3.09(b) of the Rules of Procedure and set meeting dates for even numbered months through 2016. If a meeting is found to be unnecessary staff is authorized to provide a notification canceling said meeting.*

## **10. DIRECTORS' COMMENTS**

### **ADJOURNMENT**

**Upcoming meetings –**

**Next SCGA Board of Directors Meeting –** Wednesday, February 10, 2016, 9 am; 10060 Goethe Road, South Conference Room No. 1212 (Sunset Maple).

**AGENDA ITEM 3: CONSENT CALENDER**

**BACKGROUND:**

Minutes of the November 4, 2015 Board meeting and minutes of the December 16, 2015 and December 22, 2015 SGMA Subcommittee meetings.

**STAFF RECOMMENDATION:**

*Action: Approve Consent Calendar items.*

**SACRAMENTO CENTRAL GROUNDWATER AUTHORITY (SCGA)**  
**Governing Board Meeting**  
**Draft Minutes**  
**November 4, 2015**

**LOCATION:** 10060 Goethe Road, Room 1212  
Sacramento, CA 95827  
9:00 a.m. to 11:00 a.m.

**MINUTES:**

**1. CALL TO ORDER AND ROLL CALL**

Dave Ocenosak called the meeting to order at 9:00 a.m.

The following meeting participants were in attendance:

Board Members (Primary Rep):

Richard Shepard, City of Elk Grove  
Tom Nelson, Florin Resource Conservation District/Elk Grove Water District  
Tom Mahon, Agricultural Interests  
Rick Bettis, Conservation Landowners  
Christine Thompson, Public Agencies Self Supplied  
Dave Ocenosak, Sacramento Regional County Sanitation District  
Paul Schubert, Golden State Water Company  
Carl Werder, Agricultural-Residential

Board Members (Alternate Rep):

Todd Eising, City of Folsom  
Brett Ewart, City of Sacramento  
Forrest Williams, Sacramento County  
José Ramirez, Sacramento Regional County Sanitation District  
Charlotte Mitchell, Agricultural Interests  
Brian Fragiao, City of Elk Grove  
Amittoj Thandi, City of Elk Grove

Staff Members:

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

Others in Attendance:

Hong Lin, California State Department of Water Resources  
Jonathan Goetz, GEI

Mark Madison, Florin Resource Conservation District/Elk Grove Water District  
Bruce Kamilos, Florin Resource Conservation District/Elk Grove Water District  
Cesar Montes De Oca, City of Rancho Cordova  
Mike Wackman, Omochumne-Hartnell Water District  
Jim Blanke, RMC Water and Environment  
Mark Roberson, Water Forum  
Rob Swartz, Sacramento Groundwater Authority (SGA)  
Jesse Roseman, The Nature Conservancy

*Member Agencies Absent*

*City of Rancho Cordova  
Rancho Murieta CSD  
Omochumne-Hartnell Water District  
Commercial/Industrial Self-Supplied  
California-American Water Company*

**2. PUBLIC COMMENT**

Mr. Ocenosak announced that there were speaker forms available for members of the public to fill out prior to making a comment on any of the agenda items. Mr. Ocenosak explained that the forms were intended to bring consistency to the public comment process and were not intended to inhibit anyone's opinion.

Mark Madison, FRCD/EGWD, announced that he had received a phone call from Mr. Ocenosak informing him that complaints had been received indicated that comments Mr. Madison had made at a previous SCGA Board meeting may have made some of the Board members uncomfortable. Mr. Madison stated that if he had done anything inappropriate he apologized. Mr. Madison went on to state that although he agreed that having an organized process for receiving public comments was the correct way to run a meeting he felt that he and his colleague, Bruce Kamilos, were being placed under a gag order. Mr. Madison stated that the Board needed to be aware of its actions relative to its ability to garner the public's trust as it transitioned from the SCGA to a GSA.

Mr. Madison then went on to suggest that Item #8 be removed from the agenda as it was in his opinion not ready for Board action. Mr. Madison's reasoning was that there was no proposal or scope of services attached to the item and that the item should have been amended to include an action to waive the non-competitive bid process as the current action called for sole sourcing for an amount over the executive officer's authority. Mr. Williams countered that the item in question was an existing on-call services contract and that staff was seeking to obtain the Board's authorization to increase the spending limit on that contract. Future task orders would be under the scope of assisting SCGA with SGMA compliance and would be brought to the Board before being executed.

Mr. Nelson suggested that Item #6 SGMA Subcommittee Report be switched in order with Item #7 Omochumne-Hartnell Water District. Mr. Williams expressed his opinion that the agenda order remain unchanged and that there was important information in Item #6 that would help inform the Board during Item #7. Mr. Ocenosak decided to switch the order of the two items because he felt that informational Item #7 could facilitate the Board actions called for in Item #6.

### **3. CONSENT CALENDAR**

The draft meeting minutes for the September 9, 2015 Board meeting, September 16, 2015 SGMA Sub-Committee meeting, September 29, 2015 SGMA Sub-Committee meeting, and October 16, 2015 SGMA Sub-Committee meeting were reviewed for final approval.

*Motion/Second/Carried* – Ms. Thompson moved, seconded by Mr. Bettis, the motion carried unanimously to approve the minutes.

### **4. ELECTION OF OFFICERS**

Mr. Williams nominated Brett Ewart to serve as Chair of the Board of Directors for the calendar year 2016. Mr. Schubert then nominated Mr. Williams to serve as Vice-Chair for the calendar 2016. Mr. Ocenosak then called for a vote of ayes and nays from the Board. The Board voted unanimously to elect Mr. Ewart to serve as Chair and Mr. Williams to serve as Vice-Chair for the calendar year 2016.

### **5. UPDATE ON BASIN MANAGEMENT OBJECTIVE THRESHOLD DEVELOPMENT AND RECHARGE MAPPING PROJECT**

Jim Blanke, RMC Water and Environment, provided an update on the BMO Threshold and Recharge Mapping Project (*Note: Mr. Blanke's presentation can be viewed on the Authority's website for the November 4, 2015 meeting date.*) Mr. Blanke discussed adjusting the of establishment the BMO Thresholds to incorporate all historical data within a 0-100% range while adjusting the lower thresholds to fall within the 0-75% range based on current data assuming that they satisfy appropriate current conditions so as to avoid triggering the levying of assessments. Mr. Blanke described the methodology of dividing the SCGA management area into six management zones based on similar hydrologic responses and presented the current threshold status and trends for each. Mr. Blanke explained that the a threshold percentage of 25-50% was to serve as "informational", in terms of a management response, while a 50-75% threshold would serve to initiate a requirement to collect a fee. Mr. Blanke then presented potential responses to the thresholds which included monitoring to track benefits from increased use of the Vineyard SWTP and separate drought impacts from long-term storage changes, and to develop physically-based threshold accounting for depth of private wells and historical conditions near rivers.

Mr. Nelson pointed out that there were a few gaps in the monitoring network used for determining the thresholds that needed to be filled particularly in the Lower Cosumnes area shown on Mr. Blanke's map and in other areas where SCGA may expand as a result of GSA

formation under SGMA. Mr. Eck pointed out that the current SCGA monitoring network was established in collaboration with State DWR and ultimately approval under CASGEM but that it was rumored that SGMA requirements for GSPs would likely require a more robust monitoring and reporting program and that the network would be augmented in the future to satisfy those requirements.

Mr. Eising stated the importance of setting thresholds that would support the sustainability of the basin while avoiding undue scrutiny by State regulatory agencies.

Following these statements there was a general Board discussion of the long-term declining groundwater trend that was shown in the report for the Upper Cosumnes management area. Mr. Mahon pointed out that there is a lot of variability in the topography of the region and that the representative wells in the report may not necessarily reflect an accurate behavior of groundwater levels near the Cosumnes River. Mr. Ocnosak reminded everyone that the presentation was an informational item and that other information would need to be obtained and analyzed before reaching any conclusion. If a long-term decline in any part of the basin were identified it would be important to bring the issue back to the Board for additional discussion and possible action because any decline over a long period of time and should be a priority of the Groundwater Authority as it raises questions regarding long-term sustainability.

Mr. Schubert requested that the Technical Memo be distributed to the Board once it was finalized.

## **6. OMOCHUMNE-HARTNELL WATER DISTRICT**

Mike Wackman, General Manager, Omochumne-Hartnell Water District (OHWD), reported on actions taken by the OHWD Board related to SGMA at their previous meeting. Mr. Wackman stated that the OHWD Board directed staff to put together the necessary documentation to conduct a public hearing for discussion of OHWD's application to become a GSA for the area within its boundaries. Additionally, the OHWD Board directed staff to issue a Request For Proposal (RFP) for an engineering firm look into the feasibility of a Bulletin 118 boundary adjustment such that OHWD would be entirely within the Cosumnes Subbasin. Mr. Wackman then stated that since the OHWD Board had made those decisions it had come to his attention that the Sacramento County Water Agency's Zones 40 and 41 overlaid a portion of the OHWD area and indicated that discussions had begun with the Water Agency to gather input relative to OHWD's actions to become a GSA. Mr. Wackman reported that the OHWD Board felt that it was important that OHWD be in charge of its own destiny with respect to SGMA and become its own GSA while at the same time acknowledging their responsibility in formalizing cooperative relationships with the other entities with the basin.

Mr. Nelson stated that he would like to see OHWD remain as a member of SCGA. Mr. Nelson stated that he felt that they were a valuable member of the Authority especially when considering the work that OHWD had done with groundwater recharge. Mr. Wackman responded that the OHWD Board and its constituents underlying concern with remaining a part of SCGA was the potential assessment of fees under a future GSA management

program. The feeling was that those decisions should be made by the locally elected district representatives.

Mr. Werder stated that it was important for OHWD to remain with SCGA in order to maintain the voice of the farmers on issues addressed by SCGA. Mr. Werder asked if there was any possibility to have representatives of OHWD meet with representatives of SCGA to discuss remaining a part of SCGA. Mr. Werder added that another benefit of remaining with SCGA would be the ability to take advantage of a program that was already established rather than spending a significant amount of money to establish a new program. Mr. Wackman responded that those talks needed to occur and that he would be recommending to the OHWD board that discussions with the Sacramento County Water Agency and SCGA were necessary under SGMA requiring local agencies to coordinate and resolve issues of conflicting boundaries.

Ms. Thompson asked what it would take on SCGA's part to make OHWD feel comfortable in moving forward and possibly considering remaining a part of SCGA. Mr. Wackman suggested having a two by two meeting to discuss these issues and to not have a conflict with Brown Act requirements. Mr. Wackman further added that the OHWD Board would have to be convinced that remaining with SCGA would not result in forfeiture of its rights and authority to SCGA. Ms. Thompson stated that OHWD shared the same authority as all other Board members of SCGA under the existing governance structure.

Mr. Nelson asked if OHWD had done an analysis of the administrative costs of forming a GSA split between two subbasins while implementing future GSPs and taking into consideration that much of those efforts would have to be done in coordination with SCGA regardless. Mr. Nelson stated that it may be more cost effective to remain with SCGA given those considerations. Mr. Eising added that there was strength in numbers when considering things like future funding opportunities from the State. He stated that the State typically gave more favorable consideration to grant applications when made by groups partnered together as opposed to an individual organization. Mr. Eising stated that when considering the evidence of long-term groundwater decline in the vicinity of the OHWD area it made sense to remain with SCGA in order to more effectively benefit from the programs and projects that will be funded by SCGA going forward as opposed to tackling those problems alone. Mr. Eising added that when considering those issues, OHWD's argument that it feared being assessed fees by SCGA did not make sense. Mr. Wackman responded that the modeling work that OHWD had done would indicate that groundwater declines were a basin wide issue and were the cause of the Cosumnes River losing water to the surrounding basin.

Mr. Williams pointed out that a proposed OHWD Bulletin 118 boundary adjustment would be opposed by the Sacramento County Water Agency (SCWA). Mr. Williams explained that it would result in splitting SCWA between two subbasins which ironically was one of the justifications (OHWD being entirely within one basin) for OHWD's investigation into moving the boundary in the first place.

Mr. Nelson stated that another reason he wanted OHWD to remain with SCGA was OHWD's unique position between the South American and Cosumnes Subbasins and its integral role in coordination between the two basins.

Mr. Madison asked for clarification on if OHWD was proposing a GSA within its boundary or was additionally seeking a basin boundary change. Mr. Wackman responded that OHWD was planning to apply as a GSA for their jurisdictional area and was planning to issue an RFP to look into the feasibility of a boundary change that would result in adjusting the Cosumnes Subbasin to match the northern boundary of OHWD.

Mr. Ewart inquired if given the basin boundaries remained unchanged, and if OHWD became its own GSA, did OHWD propose to participate in a single GSP within the South American Subbasin or would OHWD want to develop its own GSP resulting in two GSPs within the South American Subbasin. Mr. Wackman responded that the OHWD Board had not discussed that issue but that his recommendation to the OHWD board would be for a single GSP.

Mr. Ocenosak stated that he agreed with the sentiment of the SCGA Board that it would be advantageous for OHWD to remain with the larger group represented by SCGA. Mr. Ocenosak then stated that he personally feared that OHWD was setting itself up to be dominated by a narrow interest group that may advocate for allowing increased groundwater pumping and may be enabled to do so with lesser opposition on a smaller board. Mr. Ocenosak stated that The Nature Conservancy had a strong interest in the Cosumnes River and would presumably have an opinion about the long-term decline of groundwater in that region. Mr. Ocenosak then made the point that increased monitoring points will likely support those observations and that the closer the monitoring points are to the river the more they indicate stream flow and are less indicative of groundwater. Mr. Wackman responded that OHWD has had past discussions with The Nature Conservancy regarding the Cosumnes River and expected to continue to have discussions in the future. Jesse Roseman from The Nature Conservancy commented that they would support any process that would lead to the resolution of the issues facing the Cosumnes River.

Mr. Nelson and Ms. Thompson agreed to be the SCGA's representatives to meet with OHWD in the proposed two by two meeting.

## **7. SCGA SUBCOMMITTEE REPORT**

Mr. Eck provided a review of the activities of the SGMA subcommittee reporting that the committee had met three times since the previous SCGA Board meeting. The meeting dates were September 16<sup>th</sup>, September 29<sup>th</sup>, and October 16<sup>th</sup>. Those meetings focused on potential JPA revisions, GSA boundary adjustments, Bulletin 118 boundary adjustments, continued interested party identification, and development of stakeholder outreach materials. Mr. Eck then stated that legal counsel indicated that no immediate amendments to the JPA were necessary to file for GSA formation with the State. However, in order to file for a GSA that would be coextensive with the South American Subbasin as described in Bulletin 118, it would be necessary to partner with an entity whose jurisdiction included the portions of the Bulletin 118 boundary not currently encompassed by the Groundwater Authority. Filing to become a GSA would then be done jointly between SCGA and said entity under an MOU which would include a statement that SCGA would act to amend its JPA, after GSA acceptance by the State, to be coextensive with the Bulletin 118 boundary. Mr. Eck reported

that relative to additional revisions to the JPA, the subcommittee requested that legal counsel conduct an analysis that would compare the currently held police powers of the land-use authorities under the existing JPA structure with those powers that would be granted through SGMA but under a structure that included signatories without police powers. Mr. Eck reported that the first recommendation of the subcommittee to the SCGA Board was to support counsel's opinion regarding the process to file to become a GSA. Additionally, the subcommittee requested that staff develop a timeline of critical dates and Board actions necessary for SGMA compliance. Mr. Eck presented the timeline to the Board.

Mr. Schubert asked for clarification on whether it was absolutely necessary to amend the JPA in order to form a GSA or if it was possible to form the GSA and keep an MOU in place for those areas outside of the current JPA boundary. Ms. Britton confirmed that it was possible to form the GSA without amending the JPA as Mr. Schubert described. Mr. Eck clarified that the area in question was the portion of the South American Subbasin lying to the west of Interstate 5 and the current SCGA boundary. Mr. Eck also clarified that the current plan was for the SCGA GSA to exclude the OHWD area.

Mr. Werder asked who the interest groups or individuals were in the area west of Interstate 5. Mr. Eck responded that there was a Federal agency operating in that area, along with the North Delta Water Agency, and Reclamation Districts. Mr. Eck reported that no one in the area had expressed a desire as yet to form a separate GSA. Mr. Nelson pointed out that the Lower Cosumnes RCD was in that area as well.

Mr. Madison commented that there was significant discussion during the subcommittee meetings of reversing the recommendation to exclude OHWD from the SCGA GSA due to the hydrologic importance of Cosumnes River to the South American Subbasin and future management activities that may be undertaken by SCGA. Mr. Eck added that a part of that discussion was the identification of the potential risks of a multiple GSA subbasin in the event that one of the GSA's did not fulfill its responsibilities under SGMA. Mr. Eck stated that there were clear risks particularly with specific triggers of State intervention for non-compliance with SGMA, inadequacy of a GSP, or determination of a basin being in a state of long-term overdraft. Mr. Eck stated that a strategy for how to address those potential risks would be needed. Mr. Eck mentioned that one such strategy was through mutual coordination with OHWD prior to GSA formation while another strategy could be through forced negotiations that would result from competing GSA applications in which the State would deny both applications until the conflict was resolved.

Jon Goetz with GEI then gave a presentation on the importance of the Cosumnes River as a hydrologic boundary between the South American and Cosumnes Subbasins in order to facilitate the Board's decision in supporting recommended action number two to direct staff to oppose any relocation of the hydrogeologic boundary between the South American Subbasin and the Cosumnes Subbasin as defined by Bulletin 118. Ms. Thompson expressed a concern that the action was in direct conflict to OHWD's stated intentions and suggested that a conversation with OHWD should occur prior to taking the action. Mr. Schubert stated that the action was a separate issue from OHWD's wish to form its own GSA and that OHWD had only indicated that it planned to look into a basin boundary change and that by taking the

proposed action the SCGA Board would actually be helping OHWD by indicating its position on the subject.

Mr. Eck then presented a draft SCGA SGMA Fact Sheet to the Board for its consideration. Mr. Eck asked for input from the board on the content of the Fact Sheet while keeping in mind that it was designed to be concise. Ms. Thompson requested additional copies as she intended to outreach to Tokay Park, Fruitridge Vista, and Florin County water districts. The Board decided to forgo the proposed action to approve the Fact Sheet and moved to carry the approval of the fact sheet to the next board meeting so as to give Board members time to review and comment.

***Motion/Second/Carried*** – Mr. Schubert moved, seconded by Mr. Williams, the motion carried unanimously to direct staff to coordinate with Counsel to develop an MOU in conjunction with the County of Sacramento to cover that portion of the South American Subbasin that is not currently within the jurisdiction of the Groundwater Authority. Mr. Ewart moved, seconded by Mr. Schubert, the motion carried unanimously to direct staff to oppose any relocation of the hydrologic boundary between the South American Subbasin and the Cosumnes Subbasin as defined by Bulletin 118. Mr. Williams moved, seconded by Ms. Thompson, the motion carried unanimously to carry the action to approve the SGMA Fact Sheet developed for the GSA outreach program to the next regular board meeting.

#### **8. ON-CALL SERVICE CONTRACT EXTENTION WITH GEI FOR SUPPORT RELATED TO SGMA COMPLIANCE**

Ms. Britton made a recommendation to amend the proposed action to include language addressing SCGA Policy Number 300.2 which described the procedure for waiving the competitive bid process.

Mr. Madison commented that the Authority needed to be sure to follow the correct legal procedures related to amending the existing service contract and waiving the competitive bidding process. The board discussed the issue and agreed that since it was an on-call service contract the proposed authorization was legal. Mr. Nelson requested more information on similar items in the future. Mr. Eck stated that as the various Task Orders were developed they would be presented to the Board for its consideration prior to being executed.

***Motion/Second/Carried*** – Mr. Ocenosak moved, seconded by Mr. Williams, the motion carried unanimously to authorize the Executive Director to extend the current service contract with GEI (Contract No. 94167) with an additional budget of \$180,000 in accordance with SCGA Policy 300.2.

#### **9. MEETINGS OF THE BOARD**

Mr. Eck referred to Section 3.09(b) of the Rules of Procedure which set the schedule of Board meetings. Mr. Eck stated that because of issues related to SGMA and preparations for

filing as a GSA, the Groundwater Authority Board may need to meet in December. If the meeting was not deemed to be necessary it would be cancelled.

*Motion/Second/Carried* – Mr. Ewart moved, seconded by Ms. Thompson, the motion carried unanimously to approve a deviation from Section 3.09(b) of the Rules of Procedure and set the date of December 9, 2015 as the next meeting date. If this meeting is found to be unnecessary staff is authorized to provide a notification canceling said meeting.

## **10. EXECUTIVE DIRECTOR'S REPORT**

- a) Government Affairs Update – Mr. Eck reported that there were numerous bills that had been introduced in the legislature that would amend the Sustainable Groundwater Management Act or otherwise change water law. Mr. Eck reported that the Regional Water Authority was tracking bills that related to local and regional issues. A summary of tracked bills (groundwater and otherwise) was attached and could be found at [rwah2o.org](http://rwah2o.org).
- b) Mr. Eck stated that the financial report for the period ending on September 30, 2015 was attached to the Board package.

## **11. DIRECTORS' COMMENTS**

Mr. Williams announced that on November 10, 2015 the County of Sacramento Board of Supervisors would be considering an item to approve County Groundwater Management Principles. Mr. Williams reported that there were three proposed principles including, an endorsement of a single GSA within a subbasin or portion of a subbasin located within the County as the most efficient governance structure to manage resources and for coordination between land-use agencies for accountability under all aspects of SGMA compliance, the County would support current Bulletin 118 boundary definitions within the County and would not endorse any Bulletin 118 boundary revisions that would result in increased burden on the County as related to SGMA compliance, and the County would consider becoming a member or pursuing a leadership position within any future GSAs formed within the County.

## **ADJOURNMENT**

### **Upcoming Meetings –**

**Next SCGA Board of Directors Meeting** – Wednesday, December 9, 2015, 9 am;  
10060 Goethe Road, South Conference Room No. 1212 (Sunset Maple).

By:

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Chairperson

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Date

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Date

**SACRAMENTO CENTRAL GROUNDWATER AUTHORITY (SCGA)  
Sustainable Groundwater Management Act Sub-Committee  
Meeting  
Draft Minutes  
December 16, 2015**

**LOCATION:** 10060 Goethe Road, Room 1213  
Sacramento, CA 95827  
1:30 p.m. to 3:30 p.m.

**MINUTES:**

**1. Call to Order and Roll Call**

Paul Schubert called the meeting to order at 1:30 p.m.

The following meeting participants were in attendance:

Board Members:

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

Staff Members:

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

Others in Attendance:

Mark Madison, FRCD/EGWD  
Bruce Kamilos, FRCD/EGWD  
Jonathan Goetz, GEI  
Jay Schneider, Sloughhouse RCD

**2. Public Comment**

None

**3. Status Report**

Mr. Eck informed the subcommittee of the County of Sacramento's continuance of its item to adopt groundwater management principles to ensure local compliance with the Sustainable Groundwater Management Act to March 8, 2016.

Mr. Eck then gave a regional groundwater update beginning with the Delta which included activities related to the North Delta Water Agency and a separate proposal by an organization called Local Agencies of the North Delta (LAND) which proposed an MOU including all of the reclamation districts in the "Delta" area and potentially requesting a basin boundary line that would include the portion of the South American Subbasin east of Interstate 5. Mr. Madison stated that SCGA needed to be careful in staying consistent with its positions regarding boundary line adjustments that would directly affect the South American Subbasin. Mr. Schubert expressed concern over negotiating the issue of GSA formation with the number of reclamation districts present in that area.

Mr. Eck then addressed the Cosumnes Subbasin summarizing activities of OHWD, Sloughhouse RCD, and the South Sacramento County Agricultural Water Authority.

Jay Schneider from the Sloughhouse RCD commented on the activities of the OHWD Board meeting from December 3, 2015 reporting that they had appointed a committee to assist Mike Wackman in the selection of an engineering consultant to look into applying for adjustment of the Bulletin 118 boundary to OHWD's northern jurisdictional boundary. Mr. Schneider also reported that OHWD decided to delay notice of GSA application pending the outcome of the two by two meeting with SCGA in consideration of Sloughhouse RCD's actions for GSA application. OHWD had planned on noticing its GSA application for January 2016 but did not determine an updated timeline. Mr. Schneider reported that the members of the OHWD board reaffirmed their position that felt strongly about applying to become a GSA.

The subcommittee then discussed the requirements and timing needed for SCGA to file a GSA notification in response to OHWD's filing. Members of the subcommittee expressed concerns that a GSA filing within the South American Subbasin by any interest absent negotiations between the filing entity and SCGA would be detrimental to the interests of SCGA and its members. The subcommittee discussed the filing of a competing or overlapping GSA notification in response to such an action as a tactic to trigger State mandated negotiations and an opportunity to reconcile any unresolved issues. The subcommittee members directed staff to place the issue on the agenda for discussion at the next regular board meeting.

Mr. Schneider announced that the Sloughhouse RCD would be holding a public hearing on January 13, 2016 to notice its intention to file as a GSA for its jurisdictional area within the Cosumnes Subbasin excluding OHWD and the Galt Irrigation District. Mr. Schneider stated that discussion on whether or not to file as a GSA for its area within the South American Subbasin would occur during the aforementioned public hearing.

Discussion followed regarding the legal opinion provided by Sarah Britton, SCGA's counsel, (*attached to the subcommittee agenda package*) concerning revising SCGA's

current JPA to address a request by Florin Resource Conservation District/Elk Grove Water District (FRCD) to expand the signatories to the JPA. The opinion offered by Ms. Britton addressed the powers that the SCGA Joint Powers Authority would lose if the JPA was revised to include as signatories, all SCGA board members that qualified as “local agencies” pursuant to SGMA. Ms. Britton’s conclusion stated that SCGA would “lose the immediate use of a broad range of police, corporate, and taxation powers to accomplish the management and regulation of groundwater within its jurisdiction...This range of functions would not be available to SCGA as a GSA until SCGA adopted and submitted a groundwater sustainability plan or similar alternative document.”

Mr. Nelson presented a legal opinion by FRCD’s legal counsel, David Aladjem, Downey Brand, in response to Ms. Britton’s opinion. Mr. Madison stated that Mr. Aladjem was one of the architects of the SGMA legislation and had offered a differing opinion in response to Ms. Britton’s opinion. Ms. Britton disagreed with Mr. Madison and stated that she felt that Mr. Aladjem’s opinions concurred with hers and that the main differences between the two opinions was that Mr. Aladjem expanded on the subject whereas Ms. Britton’s opinion was kept more narrowly focused on the question that she had been asked to answer. Mr. Madison pointed out that SCGA’s powers would not be diluted by expanding the JPA signatories due to the powers that would be granted under SGMA. Ms. Britton interjected that her opinion also discussed the timing of when the full powers under SGMA became effective which was when the GSA’s GSP or alternative document was approved by the State and until that time, the GSA would maintain the existing powers of the entity which formed the GSA.

Mr. Schubert asked what exactly it was the FRCD was asking for relative to the discussion of amending the JPA. Mr. Madison responded that FRCD wanted to be a signatory to the JPA. Mr. Schubert asked what the purpose of their desire to be a JPA signatory was. Mr. Madison responded that as one of the largest independent jurisdictional agencies in the basin they felt the need to have equal standing with the other agencies on the SCGA board. Mr. Schubert asked what would be the purpose of changing the JPA structure prior to adoption of the GSP when there would be no loss in powers of the SCGA. Mr. Madison responded by asking why not do it. Mr. Nelson stated that it would give FRCD a feeling of equality on the SCGA board and stated that he felt that SCGA would not be risking the loss of power since they had not exercised nor could it be foreseen that it would exercise many of its available powers. Mr. Williams stated that he did not see why a change in the JPA structure needed to be made currently. He stated that FRCD was a voting member of the Authority and that they were working towards GSP adoption and that what they were asking for was a timing issue that could eventually be attained but was not necessary at this time. Mr. Ewart asked what FRCD had not been able to accomplish under the current structure. Mr. Madison responded that there was nothing they had not been able to accomplish. Mr. Madison went on to state that the powers of a governing board member were not the same as a JPA signatory. Mr. Madison then stated that as a public agency, FRCD served at the pleasure of another public agency, the City of Elk Grove, and that it was fundamentally wrong for it to do so. Mr. Madison stated that FRCD’s interest was to correct the structure of SCGA to better

equip it to function in its role as a GSA far into the future. Mr. Madison further stated that it was not a matter of timing in his opinion and that FRCD would draft the changes as needed to alleviate the burden on the Authority. Mr. Ewart asked if FRCD's concerns were centered entirely on an apprehension of the potential for their relationship with the City of Elk Grove to become adversarial and thus the appointment of a particular individual on the SCGA board would be endangered. Mr. Madison responded that although the relationship between FRCD and the City of Elk Grove was positive, the political condition of the entire region may alter over time with developing compliance under SGMA and that FRCD was seeking to fundamentally protect and strengthen itself. Members of the subcommittee asked if FRCD would be open to addressing the issue after SCGA's GSP was adopted possibly as late as 2022. Mr. Madison stated that FRCD believed that the time to make the changes was now and that if the decision was delayed it would never happen. He added that he was concerned that their request was not being moved forward and was questioning why. Mr. Schubert responded that the reason why was due to the fact that there was a myriad of other issues that required their attention in order to move the SGMA process forward and that FRCD's request was not one of them especially when considering that it could be fully addressed to their satisfaction in the future. He further stated that he was not comfortable with potentially diluting the powers of SCGA prior to the powers given under SGMA with the approval of the GSP. Mr. Nelson stated that a structural change to the JPA would be necessary prior to development and adoption of a GSP and that that would be an appropriate time to make fundamental changes to the JPA. It was suggested that the issue be put on hold at least until the draft GSP regulations were published.

**4. SCGA Funding**

No discussion.

**5. Action Items/Next Steps/Assignments**

No discussion.

**ADJOURNMENT**

**Upcoming meetings –**

**Next SCGA Board of Directors Meeting –** Wednesday, January 13, 2016, 9:00 am;  
SASD South Conference Room 1205, Valley Oak.

By:

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Chairperson

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Date

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Date

**COUNTY OF SACRAMENTO**  
**OFFICE OF THE COUNTY COUNSEL**

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December 11, 2015

**To:** SGMA Subcommittee,  
Sacramento Central Groundwater Authority

**From:** Sarah A. Britton  
Deputy County Counsel

**Subject:** Sacramento Central Groundwater Authority Joint Powers Agreement  
Revision

**ISSUE**

You requested our advice as to what powers the Sacramento Central Groundwater Authority Joint Powers Authority (SCGA) would lose if the current Joint Powers Agreement (JPA)<sup>1</sup> was revised to include, as signatories, the SCGA governing board entities that qualify as "local agencies" pursuant to the California Sustainable Groundwater Management Act (SGMA).

**ANSWER**

SCGA would lose the immediate use of a broad range of police, corporate, and taxation powers to accomplish the management and regulation of groundwater within its jurisdiction, including the broadest powers to cause taxes, assessments, fees or charges to be levied; require the permitting of groundwater extraction facilities; require the metering of such facilities; and to fix rates for services and set conditions for such services, if the current JPA was revised for its signatories to include the eligible SCGA governing board entities that qualify as "local agencies" pursuant to SGMA.

**DISCUSSION**

A joint powers authority is a separate, legally independent government organization established by two or more public agencies by agreement to jointly exercise any power common to the member agencies<sup>2</sup>. California law establishes that the power exercised by a joint powers authority "can be no greater than the powers shared by each of the agency's constituent members." (*Robings v. Santa Monica Mountains Conservancy*, 188 Cal. App. 4th 952, 962 (2010) (describing the "common powers' rule" applicable to joint power authorities); see Cal. Gov. Code § 6502 ("two or

<sup>1</sup> Joint Powers Agreement Between the City of Elk Grove, the City of Folsom, the City of Rancho Cordova, the City of Sacramento, and the County of Sacramento Creating the Sacramento Central Groundwater Authority, dated August 29, 2006.

<sup>2</sup> Cal. Gov. Code § 6500 et. seq "The Joint Exercise of Powers Act". Unless otherwise specified, all code section references shall be to the California Government Code.

more public agencies by agreement may jointly exercise any power common to the contracting parties”)). Put a different way, each of the joint powers agency’s constituent members must have the power to unilaterally perform what the agency performs.

The signatories to the current SCGA JPA are four cities and Sacramento County. The California Constitution grants cities and counties broad powers to make and enforce within its limits all local, police, sanitary, and other ordinances and regulations not in conflict with general state laws<sup>3</sup>. This power is commonly referred to as the police power and allows cities and counties the authority to regulate private behavior to accomplish a public goal, including the management and regulation of groundwater. By contrast, special districts are created by state law. Special districts get their authority from an enabling statute that authorizes the district’s creation. Special districts have only those powers given to them by the Legislature, and typically do not have any police power. The SCGA may currently exercise broad police powers to fulfill its purposes as they are stated in the JPA. Revising the SCGA JPA to include special districts as signatories will reduce the common powers of SCGA to only those shared by the different special districts in their enabling statutes.

*A. A JPA may be established by public agencies, not private.*

The current members of the SCGA governing body are comprised of both public and private entities. A joint powers authority may only be established by public agencies, defined to include cities, counties, public corporations, and public districts<sup>4</sup>. Current SCGA representative interest groups<sup>5</sup> and the two investor-owned utility water companies<sup>6</sup> that comprise part of the SCGA governing board are not public agencies; thus these entities are not eligible to establish a joint powers authority.

*B. SCGA governing board public agencies share limited common powers.*

Remaining public agency members of the SCGA governing board possess a variety of statutory powers:

1. The Florin Resource Conservation District (FRCD) is granted the powers to control runoff, prevent or control soil erosion, develop and distribute water, and improve land capabilities<sup>7</sup>.

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<sup>3</sup> Cal. Const., art. XI, § 7

<sup>4</sup> Cal. Gov. Code § 6500

<sup>5</sup> Agricultural interest, agricultural-residential groundwater users, commercial/industrial self-supplied groundwater users, and conservation landowners are representative interest groups current holding membership on the SCGA governing board.

<sup>6</sup> The Golden State Water Company and the California-American Water Company are investor-owned utilities that currently hold membership on the SCGA governing board.

<sup>7</sup> Cal. Pub. Res. Code § 9151

2. The Omochumne-Hartnell Water District (OHWD) is granted the powers to acquire, plan, construct, maintain, improve, operate, and keep in repair the necessary works for the production, storage, transmission, and distribution of water for irrigation, domestic, industrial, and municipal purposes, and any related drainage or reclamation works<sup>8</sup>.
3. The Rancho Murieta Community Services District (RMCS D) is granted the powers to supply water for any beneficial uses in the same manner as a municipal water district; collect, treat, or dispose of sewage, wastewater, recycled water, and storm water in the same manner as a sanitary district; plan, design, construct, improve, maintain, and operate flood protection facilities with specified consent; and various other municipal service functions<sup>9</sup>.
4. The Sacramento Regional County Sanitation District (SRCSD) is granted the powers to own, operate, control, manage, maintain, and construct a sewerage system and sewage disposal or treatment plan, or refuse transfer or disposal system, or both<sup>10</sup>.
5. The four cities and County possess broad corporate, tax, and police powers to build public works, run public service programs, raise money to pay for such works and service, and regulate the private behavior of their constituents to accomplish a public goal<sup>11</sup>.

Thus, each of the public agencies above, except SCRSD, share a common power to develop and distribute water that could include groundwater supplies.

However, the current SCGA JPA's purpose is to jointly exercise powers necessary and appropriate to regulate groundwater within the boundaries of SCGA. To effect this purpose, the SCGA JPA states it may, in part, cause taxes, assessments, fees or charges to be levied; require the permitting of groundwater extraction facilities; require the metering of such facilities; and to fix rates for services and set conditions for such services. These powers are not all shared by FRCD, OHWD, RMCS D, and the cities and County, and would not be available as common powers if the SCGA JPA were revised to include FRCD, OHWD and RMCS D as signatories.

*C. SCGA public agencies' latent power to become a GSA does not immediately authorize full use of SGMA authorities.*

Each of the aforementioned public agencies is also a "local agency" as defined in SGMA, and eligible therein to form a groundwater sustainability agency (GSA) overlying

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<sup>8</sup> Cal. Water Code § 35401

<sup>9</sup> Cal. Gov. Code § 61100

<sup>10</sup> Cal. Health & Safety Code § 4740

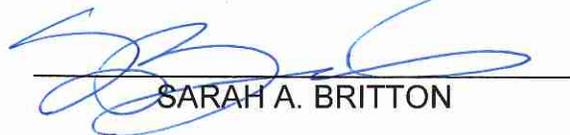
<sup>11</sup> Cal. Const., art XI

the groundwater basin of their service area<sup>12</sup>. A combination of local agencies may form a GSA by using a joint powers agreement, or a memorandum of agreement or other legal agreement. Water corporations or mutual water companies, like Golden State Water Company and California-American Water Company, will be able to participate in GSAs pursuant to memorandum of agreements or other legal agreements<sup>13</sup>; however, as discussed above, such privately owned utilities are not 'public agencies' that may form joint powers authorities.

SGMA grants GSAs powers to implement the substantive requirements of the act, in addition to the existing authorities of the local agency. However, a GSA may only exercise certain powers authorized by SGMA once the GSA has adopted and submitted a groundwater sustainability plan or similar alternative document.<sup>14</sup> Thus, while the above-listed public agencies each have the latent power to become a groundwater sustainability agency to implement SGMA, they do not each possess the full powers granted by SGMA until they 1) become a GSA, and 2) adopt and submit a groundwater sustainability plan or similar alternative document.

## CONCLUSION

SCGA would lose the immediate use of a broad range of police, corporate, and taxation powers to regulate private behavior to accomplish the management and regulation of groundwater within its jurisdiction, including the broadest powers to cause taxes, assessments, fees or charges to be levied; require the permitting of groundwater extraction facilities; require the metering of such facilities; and to fix rates for services and set conditions for such services, if the current JPA was revised to include as signatories the eligible SCGA governing board entities that qualify as "local agencies" pursuant to SGMA. This range of functions would not be available to SCGA as a GSA until SCGA adopted and submitted a groundwater sustainability plan or similar alternative document. Further, the private representative interest groups and investor-owned utility water companies that participate in SCGA are not eligible JPA signatories.



SARAH A. BRITTON

cc: Darrell Eck, Executive Director  
Sacramento Central Groundwater Authority

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<sup>12</sup> Cal. Water Code § 10721, 10723

<sup>13</sup> Cal. Water Code § 10723.6

<sup>14</sup> Cal. Water Code § 10725

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DEC 17 2015

December 15, 2015

VIA ELECTRONIC AND U.S. MAIL  
[eckd@saccounty.net](mailto:eckd@saccounty.net)

USA/WATER RESOURCES

Darrell Eck, Executive Director  
Sacramento Central Groundwater Authority  
827 7th Street, Rm 301  
Sacramento, California 95814

Re: Counsel Report – SCGA SGMA Subcommittee Meeting – December 16, 2015

Dear Mr. Eck:

Our firm represents Elk Grove Water District (the “District”) in connection with the implementation of the Sustainable Groundwater Management Act (“SGMA”). The District requested that we review the Counsel Report contained in the agenda packet for tomorrow’s meeting of the SGMA Subcommittee and provide you with our comments on that report. Specifically, the Counsel Report concludes that SCGA would lose “the immediate use of a broad range of police, corporate, and taxation powers to accomplish the management and regulation of groundwater within its jurisdiction.” The implication of this report – which is not stated explicitly – is that SCGA would be ill-advised to consider a change in its signatories to include agencies like the District which lack the police power.

Assuming, for the sake of discussion, that the legal analysis contained in the Counsel Report is correct, nonetheless, it avoids the central issue at hand.<sup>1</sup> It is quite clear, as pointed out in the Counsel Report, that the member agencies of SCGA that possess the police power *presently* have ample authority to permit groundwater extraction facilities, require the metering of such facilities and to charge the reasonable costs of such actions. SCGA has not taken those actions, however, and it seems unlikely to the District that SCGA would take those actions until the completion of a groundwater sustainability plan (“GSP”). To do otherwise would open SCGA to the charge that it is in some way “jumping the gun” and prejudging the results of the GSP process. The District would be pleased to learn that our evaluation of SCGA’s plans is incorrect; but, as a longtime member of SCGA, we have seen nothing to the contrary.

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<sup>1</sup> It is the District’s intent to work with SCGA to ensure that all interested parties can participate in the development of a GSP. Thus, at this point in time, the District believes it would not be useful to argue about the proper interpretation of SGMA. The District reserves all rights to raise those issues in the future if it becomes necessary.

If it is the case that no action will be taken until the completion of a GSP, there are three important consequences for SCGA and all of the public and private agencies that share this groundwater basin. First, in Water Code section 10730, SGMA authorizes any GSA to levy fees or charges to fund the costs associated with the development of a GSP. Thus, if SCGA were to include as signatories agencies that lack the police power, SCGA could still fund the development of a GSP. Second, recent legislation makes it clear that other parties can participate in a joint powers authority like SCGA if the public agencies consent. Third, upon completion of the GSP, as indicated in the Counsel Report, each GSA (and thus SCGA) would have the full panoply of authority granted by SGMA. The Counsel Report does not identify any practical actions for the management of groundwater that could not be undertaken through the use of these authorities. Indeed, the Counsel Report's general invocation of the loss of the "broadest powers" to manage groundwater and/or raise fees suggests that the Counsel Report acknowledges that there is no practical limit on how SCGA could regulate the groundwater basin using SGMA rather than the police power.

Please feel free to contact Mark Madison, the District's General Manager, at (916) 685-3556 if you have any questions.

Very truly yours,



David R.E. Aladjem

cc: Mark Madison, Elk Grove Water District  
Sarah Britton, County of Sacramento  
[brittons@saccounty.net](mailto:brittons@saccounty.net)

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DEC 17 2015

MSA/WATER RESOURCES

**SACRAMENTO CENTRAL GROUNDWATER AUTHORITY (SCGA)  
Sustainable Groundwater Management Act Sub-Committee  
Meeting  
Draft Minutes  
December 22, 2015**

**LOCATION:** 10060 Goethe Road, Room 1213  
Sacramento, CA 95827  
1:30 p.m. to 3:30 p.m.

**MINUTES:**

**1. Call to Order and Roll Call**

Paul Schubert called the meeting to order at 1:30 p.m.

The following meeting participants were in attendance:

Board Members:

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

Staff Members:

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

Others in Attendance:

Mark Madison, FRCD/EGWD  
Bruce Kamilos, FRCD/EGWD  
Jonathan Goetz, GEI

**2. Public Comment**

None

**3. SCGA Funding**

Mr. Eck provided an overview of the current financial language in the JPA which mainly addressed how budget contributions were calculated.

Mr. Schubert commented that with the increasing movement of water between agencies that it would be important to maintain language that distinguished between ‘surface water users’ and ‘surface water producers’.

Mr. Eck then reviewed the Fiscal Year 2015/2016 contributions by member agency and the budgeted operating expenses. For the current Fiscal Year there was a negative balance between the two of \$420,377. Mr. Eck explained that budget reserves and closing out of the existing AB303 grant project make up the difference.

Mr. Goetz then reviewed the Sacramento Groundwater Authority’s (SGA) contribution structure followed by an analysis of what SCGA’s contributions might be utilizing a method similar to SGA.

Mr. Schubert pointed out that remediated water, such as that being produced by Aerojet, should be factored into new budget contribution model.

Mr. Goetz described a plan in which the SGMA subcommittee would determine a general methodology for future funding of the Authority followed by a recommendation to the Board to pursue the methodology with the idea of aligning the process for utilization by the Authority’s annual budget subcommittee by March 2016.

Mr. Ewart asked how the Base Fee in the proposed funding model would be determined. Mr. Eck replied that staff would need to get the details of how SGA determined the figure for its budget but that for SCGA’s purposes such an item would be open for analysis and discussion.

The subcommittee discussed incorporating water purveyors that had not previously shown an interest to participate in basin-wide groundwater management. Ms. Britton pointed out that the current discussion was contemplating how to fund the governance structure and ongoing SGMA implementation issues not necessarily how to ultimately fund implementation of the GSP. Mr. Madison asked if it what was being discussed was more of an interim funding structure and that long-term funding under SGMA might change to something based on a parcel fee. Mr. Eck replied that as mentioned in a previous Board meeting the funding structure to be discussed was assumed to be of an interim nature with the presumption that at some point in the future of GSP implementation it would become obvious that another change might be necessary.

Mr. Nelson asked if the current JPA would need to be amended to accommodate a change in the Authority’s funding structure. Ms. Britton replied that the JPA would not need to altered rather it would require a vote as currently prescribed by the JPA.

Mr. Goetz presented a list of near-term 2016 SGMA related costs as follows:

- SGMA/Finance Subcommittee Meetings
- Proposed Monthly Board Meeting
- SGMA Items

- Boundary Line Adjustments
- GSP Regulations
- GSA Formation
- Coordination Agreements
- Prop 1 Grant Preparation
- SGMA Related Counsel Costs
- Develop GSP – Initial Review and Scope for SCGA
- Additional Operations, Staffing, Legal Counsel, Consultants

MR. Goetz then presented a list of potential SGMA related costs for 2017-2022:

- GSP Development
  - Stakeholder process
  - Review of All Data
  - Revisit Sustainable Yield
  - Assess Undesirable Results
  - Set Goals and Thresholds
- Update Monitoring and Reporting Program
- Installation of Monitoring Wells
- Update and Provide On-Going Support of Model

Mr. Goetz then identified the next steps as:

- Input from Subcommittee on actions necessary to approve changes in finance.
- Counsel review of proposed changes.
- Look for approvals between January 13<sup>th</sup> and February 26<sup>th</sup> (need to outreach to the City of Elk Grove and Rancho Cordova).

General discussion ensued related to general funding of the governance structure. Mr. Madison proposed the idea of a ‘cover charge’ that would be some baseline fee charged ‘for a seat at the table.’ The subcommittee generally concurred with the idea and discussed the issue of how that fee would be paid by specific organizations such as agriculture who currently has its contribution paid by SCWA’s Zone 13. Issues of equitability related to the actual source of the fee were discussed.

Mr. Ewart stated that he generally approved of the direction of the proposed funding methodology but sought to gain a better idea of how to reconcile the volumetric versus total water connection fee calculation strategy. He added that the SGA funding model had worked for the City of Sacramento to date.

In relation to the ‘cover charge’ concept, Ms. Britton pointed out that the Sacramento County Water Agency (SCWA) did not currently have a seat on SCGA. Mr. Schubert asked why it did not. Mr. Eck explained that at the time the governance structure for SCGA was negotiated it was felt that having an SCWA position on the Board would effectively give the County of Sacramento two votes.

Mr. Ewart added that the overall proposed funding model was good but that detailed discussion on the exact per dollar amounts would need to be discussed and negotiated.

Mr. Schubert agreed adding that as a better idea of the overall cost of the governance structure became clear, those details could be sorted out.

Mr. Mahon stated that he felt that the methodology was good. Mr. Bettis concurred.

Mr. Nelson stated that he felt the model would serve as a solid interim funding strategy but that a different model would be needed in the future as the cost of GSP implementation expanded. Mr. Madison commented it would be easier to get his board's buyoff on the methodology if it can be shown that every participant contributes a fee.

Mr. Mahon asked if the Conservation Landowner group would be expected to contribute. The subcommittee decided to add Public Agencies Self-supplied, Conservation Landowners, and Commercial/Industrial Self-supplied as potential future contributors.

Subcommittee discussed the differentiation between base costs and associated base fees and annual program costs which would be presumed to be variable and would thus require a separate variable fee.

#### **4. Action Items/Next Steps/Assignments**

Mr. Goetz stated that staff would determine more specific operating costs for 2016 and a five-year planning horizon to facilitate further development of the proposed funding model at the next subcommittee meeting. Mr. Madison requested that the analysis incorporate base and variable fee structures.

## **ADJOURNMENT**

### **Upcoming meetings –**

**Next SCGA Board of Directors Meeting** – Wednesday, January 13, 2016, 9:00 am;  
SASD South Conference Room 1205, Valley Oak.

By:

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Chairperson

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Date

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Date

**AGENDA ITEM 4: REPORT BACK ON 2X2 MEETING WITH OMOCHUMNE-HARTNELL WATER DISTRICT**

**BACKGROUND:**

Christine Thompson and Tom Nelson of the SCGA Board met with Leland Schneider and Kurt Kautz of the Omochumne-Hartnell Water District Board as agreed to in the November 4, 2015 Board meeting.

**STAFF RECOMMENDATION:**

*Action: Information update.*

## **AGENDA ITEM 5: UPDATE ON BASIN MANAGEMENT OBJECTIVE THRESHOLD DEVELOPMENT AND RECHARGE MAPPING PROJECT**

### **BACKGROUND:**

At the July 8, 2015 Board meeting the SGMA subcommittee was established to assist in a process to fully develop and complete the various tasks necessary to become a groundwater sustainability agency and be part of the development of a groundwater sustainability plan. The first tasks identified were reaching out to potential interested parties, strategizing on boundary adjustment issues, discussion of various coordination issues and criteria, and to make recommendations on potential changes to the governing JPA. The subcommittee was then charged to report back to the Board on a regular basis with status reports, recommendations, and for additional direction.

The SGMA subcommittee has met two times since the November 4, 2015 Board meeting, on December 16, 2015 and December 22, 2015. This series of subcommittee meetings focused on the following topics: 1) on-going coordination efforts, 2) JPA revisions, and 3) SCGA financial model.

### **On-going Coordination Efforts**

SGMA activities involving the North Delta Water Agency, Local Agencies of the North Delta (LAND), OHWD, Sloughhouse RCD, and the South Sacramento Agricultural Water Authority were discussed.

Subcommittee members expressed concerns that a GSA filing within the South American Subbasin by any interest absent negotiations between the filing entity and SCGA would be detrimental to the interests of SCGA and its members. Absent negotiations the subcommittee felt that the filing of a competing or overlapping GSA notification would be an appropriate response and provide an opportunity for negotiations and an opportunity to reconcile any unresolved issues in accordance with SGMA.

*Subcommittee recommendation: The subcommittee recommended that the Board discuss the prospect of filing a competing or overlapping GSA notification in the event that significant unresolved issues exist between SCGA and any other interest who intends to file for a GSA in the South American Subbasin.*

### **Potential JPA Revisions**

At the last subcommittee meeting committee members requested that counsel conduct an analysis of relative JPA powers by comparing the current signatory structure that is limited to entities with police powers verses an alternate structure that would rely more on powers granted through SGMA. Counsel's opinion is attached as part of the minutes

of the December 16, 2015 subcommittee meeting. FRCD's counsel has also offered an opinion on this topic which is attached to the same subcommittee minutes.

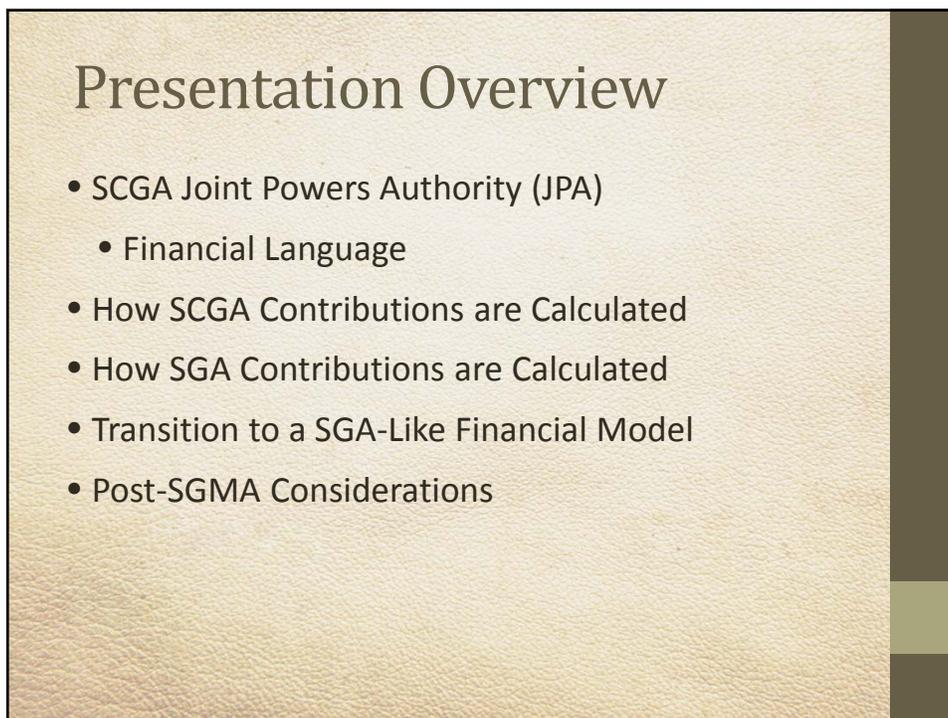
*Subcommittee recommendation: It was suggested that this issue be put on hold at least until the draft GSP regulations are published.*

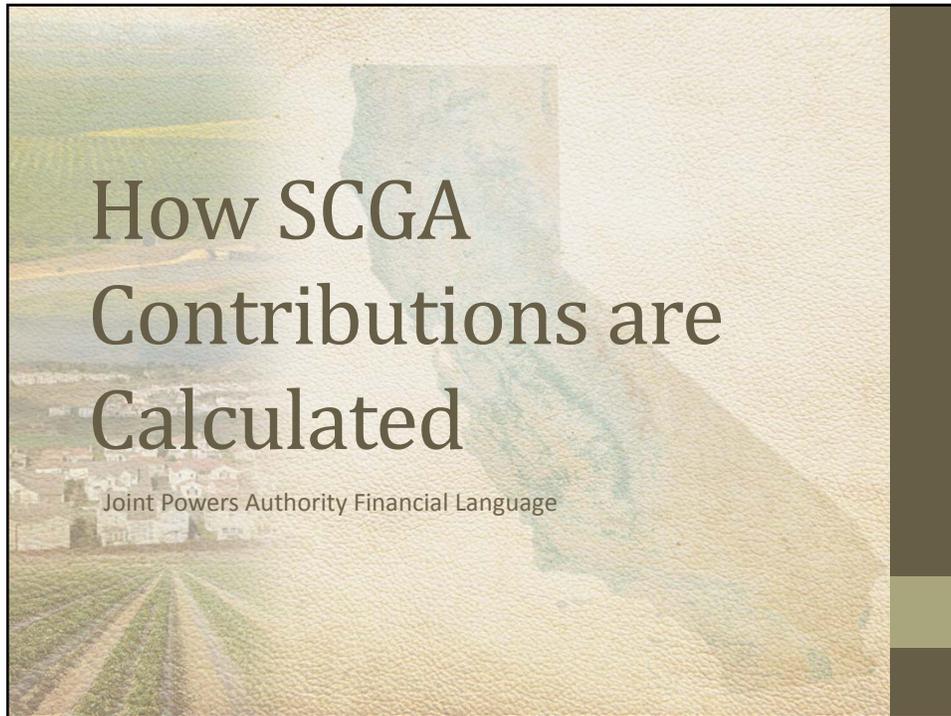
### **Finance Model**

The subcommittee reviewed the current methodology used by SCGA to assess contributions; this was then compared with the methodology utilized by the Sacramento Groundwater Authority (SGA). A hybrid of the SGA model was then used to illustrate how SCGA's financial model could be updated in a way that was more responsive to various financial needs going forward. It was understood that ultimately this would be an interim step to what may ultimately be required to fund the program going into the future. Subcommittee members approved the general methodology but also recognized that additional work was required. The subcommittee will resume discussion on the finance model at their January 25, 2016 meeting.

### **STAFF RECOMMENDATIONS:**

*Action: The SGMA Subcommittee recommends the Board consider conducting the public outreach, notice and hearing required to file a Notice of GSA Formation for SCGA service area if a separate local agency files for GSA formation within SCGA jurisdictional boundaries without outreach and engagement with SCGA.*





Section 8 (d)(i)

(i) An annual contribution by the Cities of Elk Grove, Folsom, Rancho Cordova and Sacramento and the County of Sacramento in the amount of ten thousand dollars (\$10,000.00) each. (These entities shall not be required to pay any additional fee or assessment, such as that described in subsection (d)(ii) below.)

Plain Language:

Annual contributions by JPA Signatories shall be **\$10,000** each. (not required to pay any additional fee or assessment)

## Section 8 (d)(ii)

(ii) An annual contribution by each of those water purveyors represented on the Governing Board, other than the entities listed in subsection (d)(i) above, that purvey surface water in the amount of six thousand dollars (\$6,000.00).

### Plain Language:

Annual contributions by Non-Signatory Governing Board Members who Purvey Surface Water shall be **\$6,000** each.

### Notes:

Represents amount established to sit on the Board. No Escalation of Fee Amount.

## Section 8 (d)(iii)

(iii) An annual contribution by each of those water purveyors represented on the Governing Board, other than the entities listed in subsection (d)(i) above, that utilize groundwater, calculated at the rate of two dollars and seven cents (\$2.07) per acre foot of groundwater pumped from the basin, averaged over the three previous years and excluding the first five thousand (5,000) acre feet pumped in each of those years.

### Plain Language:

Annual contributions by Non-Signatory Governing Board Members who use Groundwater shall be **\$2.07 per AF/Year** excluding the first 5,000 AF/year.

### Notes:

Groundwater volume is average over last 3 years. No Escalation of Fee Amount.

## Section 8 (d)(iv)

(iv) An annual contribution by agriculture computed at twenty five percent (25%) of the estimated annual pumping (as determined by the Sacramento County Water Agency) at the rate of two dollars and seven cents

### Plain Language:

Annual contributions by Agriculture shall be \$2.07 per AF/Year using 25% of their estimated annual pumping.

### Notes:

Annual agriculture pumping based on latest unit demand studies. No Escalation of Fee Amount. SCWA pays through Zone 13.

## Section 8 (d)(v)

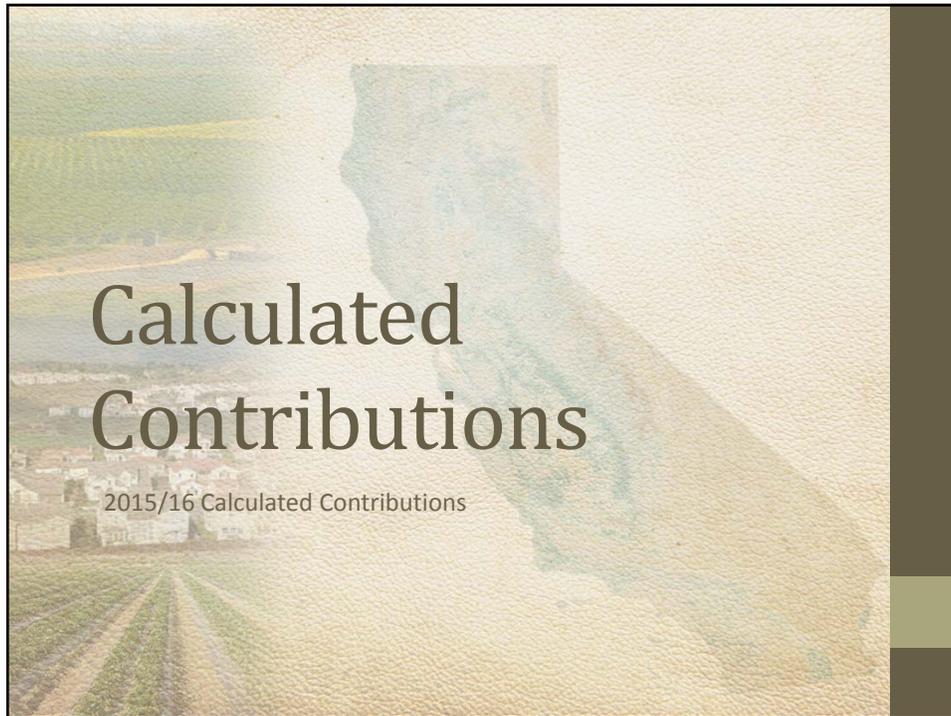
(v) An annual contribution by agriculture/residential groundwater users computed at twenty five percent (25%) of the estimated annual pumping (as determined by the Sacramento County Water Agency) at the rate of two dollars and seven cents (\$2.07) per acre foot and paid out of SCWA Zone 13 funds.

### Plain Language:

Annual contributions by Ag-Res shall be \$2.07 per AF/Year using 25% of their estimated annual pumping.

### Notes:

Annual Ag-Res pumping based on latest unit demand studies. No Escalation of Fee Amount. SCWA pays through Zone 13.



## Signatory Contributions

SCGA Member	Signatory Contribution
City of Folsom	\$10,000
City of Rancho Cordova	\$10,000
City of Sacramento	\$10,000
City of Elk Grove	\$10,000
County of Sacramento	\$10,000

**Note:**

Signatories are exempt from additional fees

## SW Purveyor Contributions

SCGA Member	SW Purveyor Contribution
Rancho Murieta CSD	\$6,000
Golden State Water Company	\$6,000
SCWA	\$6,000

**Note:**

Some members also pay GW contribution, if applicable

## Non-Ag/Ag-Res GW User Contributions

SCGA Member	Average (3 Year) Groundwater Pumping (AF/Year)	GW Contribution
Elk Grove Water District	4,958	\$0
Cal-Am Water Company	18,211	\$27,347
Golden State WC	6,356	\$2,807
SCWA Zone 41	22,773	\$36,791

**Note:**

\$2.07 per AF/Year over 5,000 AF/Year

## Ag/Ag-Res GW Use Contributions

SCGA Member	Estimated Average Groundwater Pumping (AF/Year)	GW Contribution
Ag Interests	125,550	\$64,973
Ag-Res	20,300	\$10,505

**Note:**

\$2.07 per AF/Year based on 25% of Estimated Pumping Amount

## Non-Contributions

SCGA Member
Omochumne-Hartnell
Commercial and Self Supplied
Conservation Land Owners
SRCSD

**Note:**

Entities with less than 5,000 AF/Year of Pumping

## SCGA Member Contributions

SCGA Member	Contribution
City of Folsom	\$ 10,000
City of Rancho Cordova	\$ 10,000
City of Sacramento	\$ 10,000
City of Elk Grove	\$ 10,000
County of Sacramento	\$ 10,000
Elk Grove Water District	\$ -
Rancho Murieta CSD	\$ 6,000
Cal-Am Water Company	\$ 27,347
Golden State Water Company	\$ 8,807
SCWA	\$ 42,791
Ag Interests	\$ 64,973
Ag-Res Interests	\$ 10,505
<b>Total</b>	<b>\$210,423</b>

## Estimated Annual Operations Cost (FY15/16)

Cost Item	Operating Expense
Staff	\$291,500
Consultant	\$333,000
Office	\$6,300
<b>Total</b>	<b>\$630,800</b>
Membership Contributions	<b>\$210,423</b>
Difference (Reserves and Grants)	<b>\$(420,377)</b>

# How SGA Contributions are Calculated and Example Comparison

SGA Basis and Example Using SCGA Members

## SGA Contribution Calculation

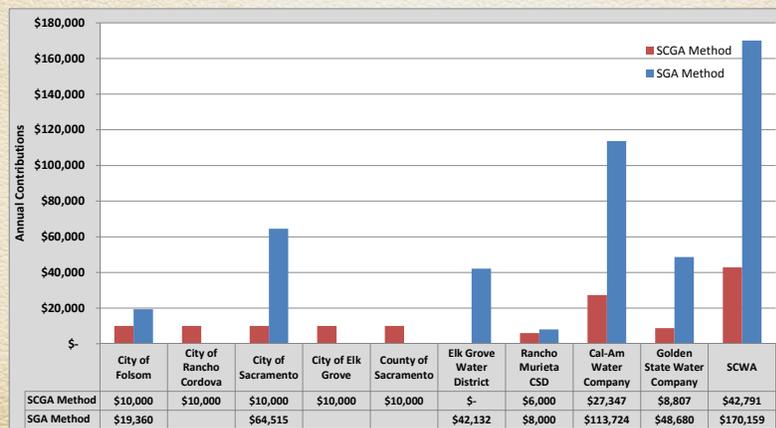
- Base Fee of **\$8,000** regardless of Number Retail Connections
- Minimum Number of **6,000** Connections
- Amount Over **6,000** connections Assessed **\$1.05** per connection
- Average (5 year) Groundwater Use Assessed **\$4.85** per AF/Year with Escalator
- Self-Supplied/Ag/Ag-Res No Charge
- Base fees may need adjusting from time to time to achieve or target **40%** fees supported by base fees.

**Note: \$604,500** Annual Contributions vs. **\$852,000** Operating Expenses (FY15/16)

## Change in SCGA Contributions Using a Modified Form of SGA Calculation

- Base Fee of **\$8,000** regardless of Number Retail Connections
- Minimum Number of **6,000** Connections
- Amount Over **6,000** connections Assessed **\$1.05** per connection
- Average (**3** year) Purveyor Groundwater Use Assessed **\$4.85** per AF/Year with Escalator
- Ag/Ag-Res/Self-Supplied assessed **25%** of GW Use at **\$4.85** per AF/Year with Escalator
- Base Fees Support **40%** of Total Contribution

## Cost Difference by Member



**Note:**

Ag/Ag-Res Not Shown

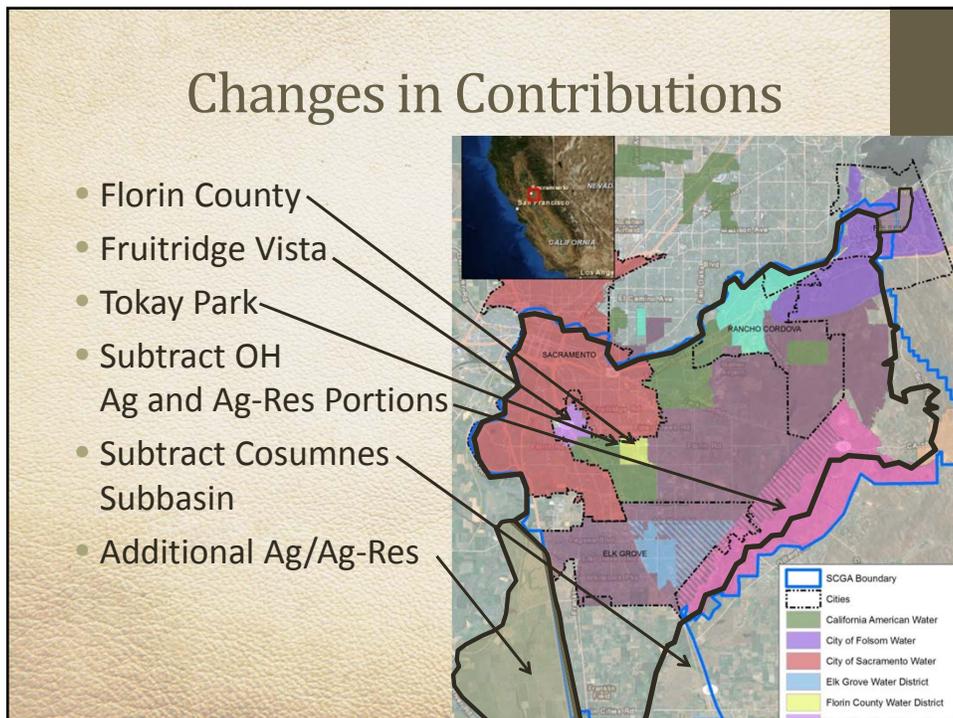
## Contributions Using SGA Basis

SCGA Member	Annual Contribution	% Increase
City of Folsom	\$ 19,360	94%
City of Rancho Cordova		
City of Sacramento	\$ 64,515	545%
City of Elk Grove		
County of Sacramento		
Elk Grove Water Service	\$ 42,132	
Rancho Murieta CSD	\$ 8,000	33%
Cal-Am Water Company	\$ 113,724	316%
Golden State Water Company	\$ 48,680	453%
SCWA	\$ 170,159	298%
Ag Interests (OH Removed)	\$ 104,942	62%
Ag-Res Interests	\$ 24,614	134%
<b>Total</b>	<b>\$ 596,126</b>	

## Contribution Base Fee Split

Base Fee represents the basic fundamental staff /overhead costs (i.e., no projects, studies, etc.)

- Base Fee **\$207,083**
- Supplemental GW Usage Fee **\$389,040**
- Total Fee **\$596,126**
- Base Fee as Percent of Total = **35%**
- Spreadsheet...if needed



## SGMA-Related and 2016 Cost Program

- SGMA/Finance Subcommittee Meetings
- Proposed Monthly Board Meetings
- SGMA Items
  - Boundary Line Adjustments
  - GSP Regulations
  - GSA Formation
  - Coordination Agreements
- Prop 1 Grant Preparation
- SGMA Related Counsel Costs
- Develop GSP – Initial Review and Scope for SCGA
- Additional Operations, Staffing, Legal Counsel, Consultants

## SGMA-Related and 2017-2022 Cost Program

- GSP Development
  - Stakeholder Process
  - Review of All Data
  - Revisit Sustainable Yield
  - Assess Undesirable Results
  - Set Goals and Thresholds
- Update Monitoring and Reporting Program
- Installation of Monitoring Wells
- Update and Provide On-going Support for Model

## Next Steps

- Input from Subcommittee on actions necessary to approve changes in finances
- Counsel review of proposed changes
- Looking for signatory member approvals between January 13<sup>th</sup> and February 26<sup>th</sup> – Need to reach out to City of Elk Grove and Rancho Cordova

End of Presentation

## SCGA Financial Analysis Using SGA Contribution Basis (DRAFT for Purposes of Discussion Only)

### 2015/16 Base Assumptions for SGA Model of SCGA

			Source			
Ag/Ag-Res Pumping Discount		21%	Keep SCGA % of Total Estimated Pumping	\$ 20,000	Signatory Agencies	
Minimum Number of Connections		6,000	SGA	\$ 10,000	Non-Signatory with a Seat at the Board	
Minimum Base Fee Added to Connection-Based Fee		\$ 8,000	SGA	FALSE	non purveyors included to pay base fee	
Connection-Based Fee	\$/Conn	\$ 1.05	SGA	1.00	percent of SGA	
Purveyor GW Extraction-Based Fee	per AF	\$ 4.85	SGA	6	Reserve Amount	
Agricultural/Ag-Res GW Extraction Fee	per AF	\$ 4.85	SCGA Ag/Ag-Res GW Extraction Fee		Months	

### Modified SCGA Membership Cost

Agency	Board Member "Seat" and "Signatory" Contribution	Retail Water Connections (see below)	Base Fee	Groundwater Average (3 Yrs) Extraction, Acre Feet	Supplemental Groundwater Usage Fees	Proposed FY Total Estimated Fees
City of Folsom	\$ 20,000	16,819	\$ 19,359.69	-	\$ -	\$ 39,360
City of Rancho Cordova	\$ 20,000		\$ -			\$ 20,000
City of Sacramento	\$ 20,000	57,052	\$ 61,604.60	600	\$ 2,910	\$ 84,515
City of Elk Grove	\$ 20,000		\$ -			\$ 20,000
County of Sacramento	\$ 20,000		\$ -			\$ 20,000
Elk Grove Water District	\$ 10,000	12,815	\$ 15,155.75	5,562	\$ 26,976	\$ 52,132
Rancho Murieta CSD	\$ 10,000	2,033	\$ 8,000.00	-	\$ -	\$ 18,000
Cal-Am Water Company	\$ 10,000	22,571	\$ 25,400.01	18,211	\$ 88,323	\$ 123,724
Golden State Water Company	\$ 10,000	15,384	\$ 17,853.20	6,356	\$ 30,827	\$ 58,680
SCWA		55,247	\$ 59,709.35	22,773	\$ 110,449	\$ 170,159
Omochumne-Hartnell Water District	not a member of SCGA in the future					
SRCS D	\$ 10,000		\$ -	-	\$ -	\$ 10,000
Ag Interests	\$ 10,000		\$ -	17,846	\$ 86,551	\$ 96,552
Ag-Res Interests	\$ 10,000		\$ -	4,186	\$ 20,300	\$ 30,301
Comm/Industrial Self Supplied	\$ 10,000		\$ -	-	\$ -	\$ 10,000
Public Agency Self Supplied	\$ 10,000		\$ -	-	\$ -	\$ 10,000
Conservation Land Owners	\$ 10,000		\$ -	-	\$ -	\$ 10,000
<b>TOTALS</b>	<b>\$ 200,000</b>	<b>181,921</b>	<b>\$ 207,083</b>	<b>75,534</b>	<b>\$ 366,337</b>	<b>\$ 773,423</b>

<b>Total Base Fee + Seat</b>	<b>\$ 407,083</b>	<b>Percent Base Fee</b>	<b>53%</b>	<b>36%</b>
			<b>w/Seat Included</b>	<b>w/o Seat Included</b>

## **AGENDA ITEM 6: SGMA IMPLEMENTATION UPDATE**

### **BACKGROUND:**

At the November 4, 2015 Board meeting staff were directed to work with the County on an MOU that would address representation for that portion of the South American Subbasin that generally lies west of Interstate 5. Since that time staff has engaged in conversations with the North Delta Water Agency and LAND. Both of these entities have expressed an interest in this portion of the South American Subbasin. Staff proposes to continue working with these entities further prior to pursuing an MOU with the County.

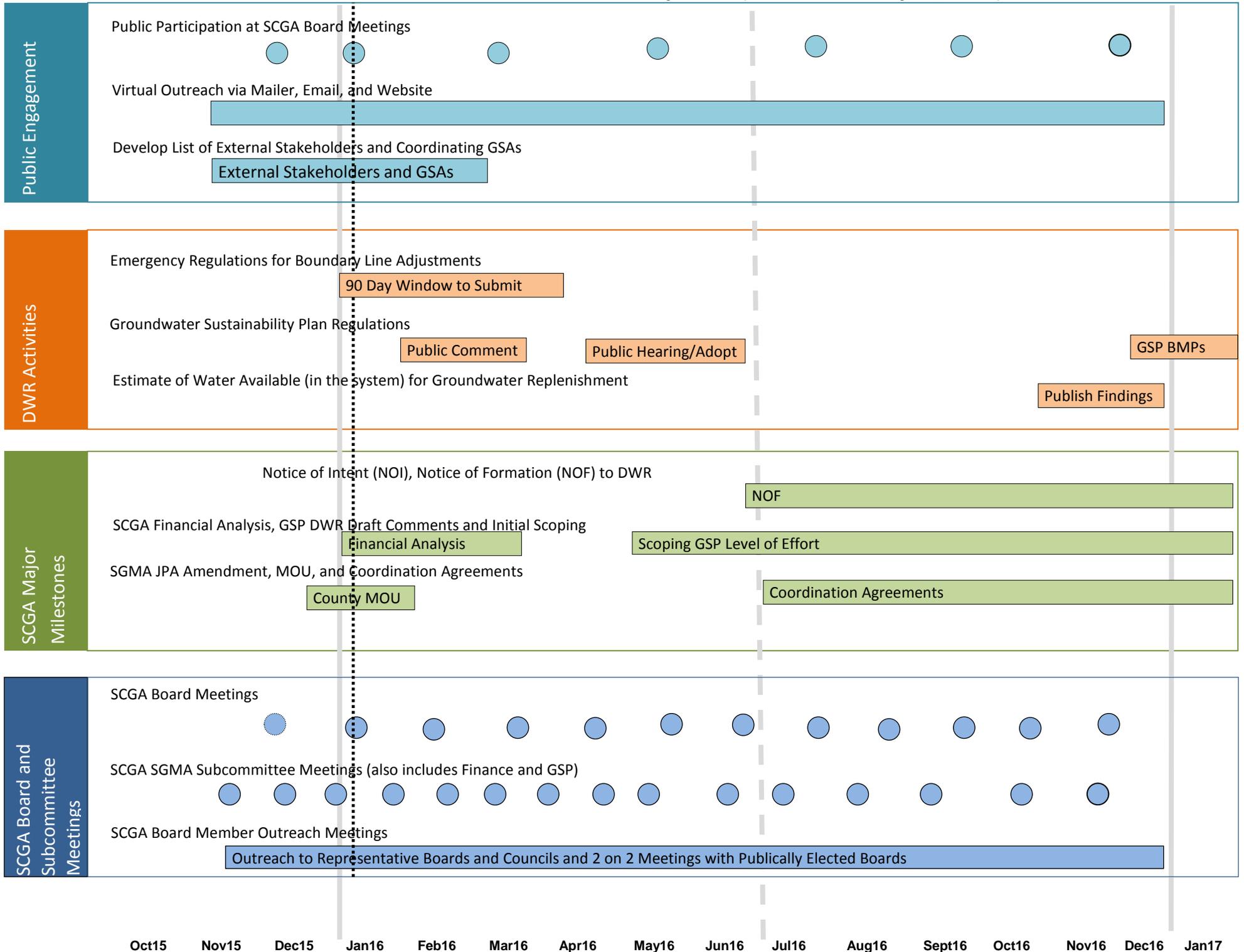
SGMA contain provisions for recognizing existing groundwater management organizations that appear to allow a more advantageous approach to SGMA compliance. It appears that additional clarification on this approach will be part of the draft regulations to be released in February. Staff would like to have the opportunity to consult with DWR regarding this approach in the January/February timeframe and if necessary assess feasibility, timing, and potential cost implications.

Omochumne-Hartnell Water District in partnership with Sloughhouse Resource Conservation District released a Request for Proposal to determine the feasibility to relocate the Bulletin 118 boundary from the Cosumnes River to a point north where it would be inclusive of their GSA formation proposals. This consultant should be under contract within the next few weeks.

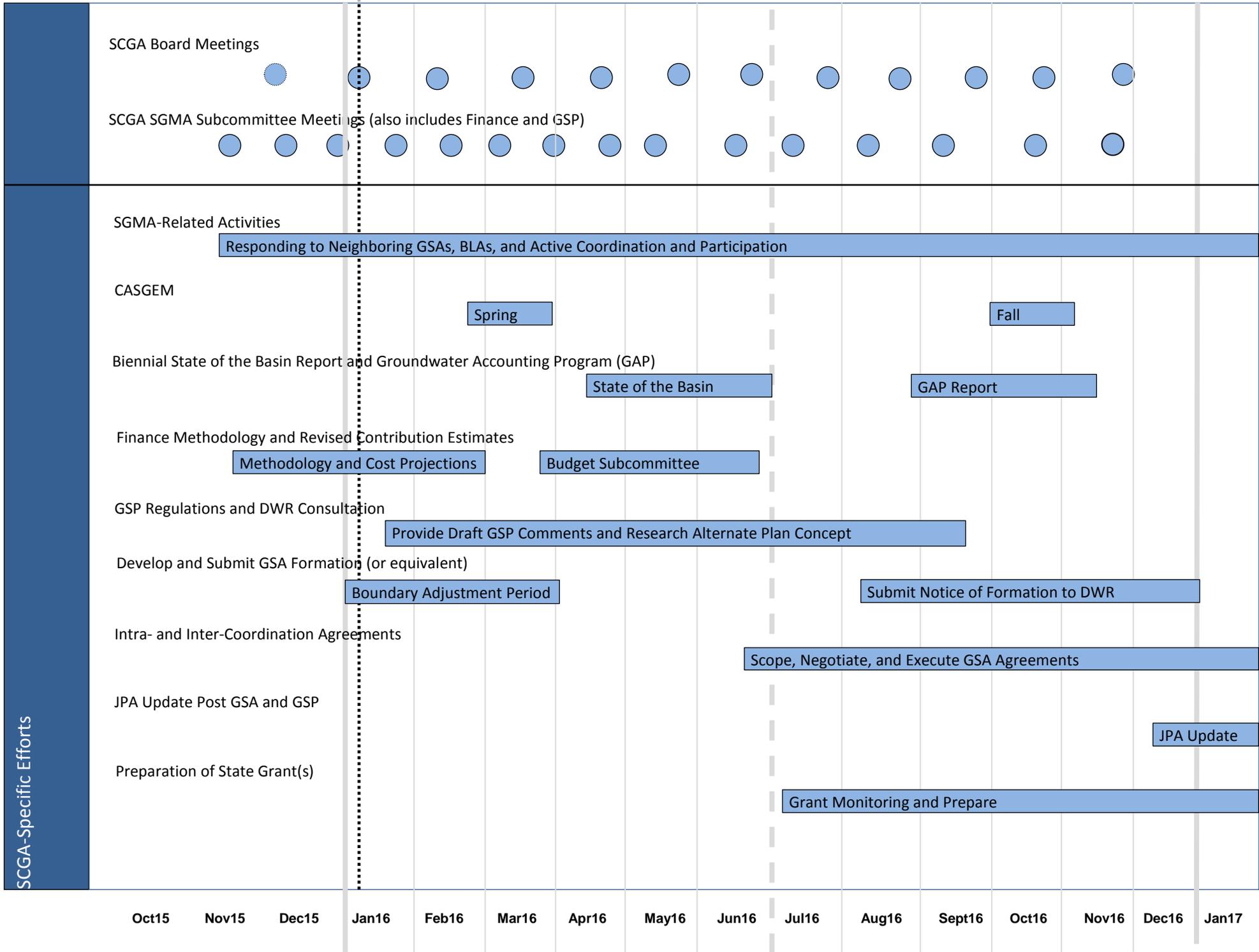
### **STAFF RECOMMENDATION:**

***Action: Direct staff to consult with DWR regarding the feasibility of an alternate approach to SGMA compliance.***

# SCGA's Near Term Timeline for SGMA Compliance (DRAFT – January 13, 2016)



# SCGA's Near Term Timeline for SGMA Compliance (DRAFT – January 13, 2016)



SCGA-Specific Efforts

**AGENDA ITEM 7: INTRODUCTION OF PRE-DRAFT GSP REGULATION CONCEPTS**

**BACKGROUND:**

Overview of the proposed GSP regulations scheduled for release in February 2016.

**STAFF RECOMMENDATION:**

*Action: Information update by Jon Goetz, GEI.*

**AGENDA ITEM 8: SLOUGHHOUSE RESOURCE CONSERVATION DISTRICT  
GSA**

**BACKGROUND:**

Sloughhouse Resource Conservation District has scheduled a public hearing on January 13, 2016 at 6:30 pm at the Wilton Fire House to determine to elect whether to become a groundwater sustainability agency. Part of Sloughhouse RCD's proposal includes portions of the South American Subbasin as represented by Area 4 on the attached map.

**STAFF RECOMMENDATION:**

*Action: Approve the proposed comment letter, authorize the Executive Director to execute the comment letter on behalf of SCGA, and direct the Executive Director to attend the Sloughhouse RCD public hearing on January 13, 2016, lodge the comment letter, and provide public comment on SCGA's statements articulated therein.*



# Sloughhouse Resource Conservation District

8698 Elk Grove Blvd. Suite 1-207, Elk Grove, CA 95624

Phone: (916)612-5163 Fax: (916) 647-0520

[SloughhouseRCD@gmail.com](mailto:SloughhouseRCD@gmail.com)

Secretary contact: [amanda-platt@carcd.org](mailto:amanda-platt@carcd.org)

## PUBLIC NOTICE

### **Meeting Of The Board Of Directors Of The Sloughhouse Resource Conservation District To Discuss Potential Election To Become Groundwater Sustainability Agency**

When: Wednesday, January 13, 2016

Where: Wilton Fire House, 9800 Dillard Road, Wilton, CA 95693

Time: 6:30 pm

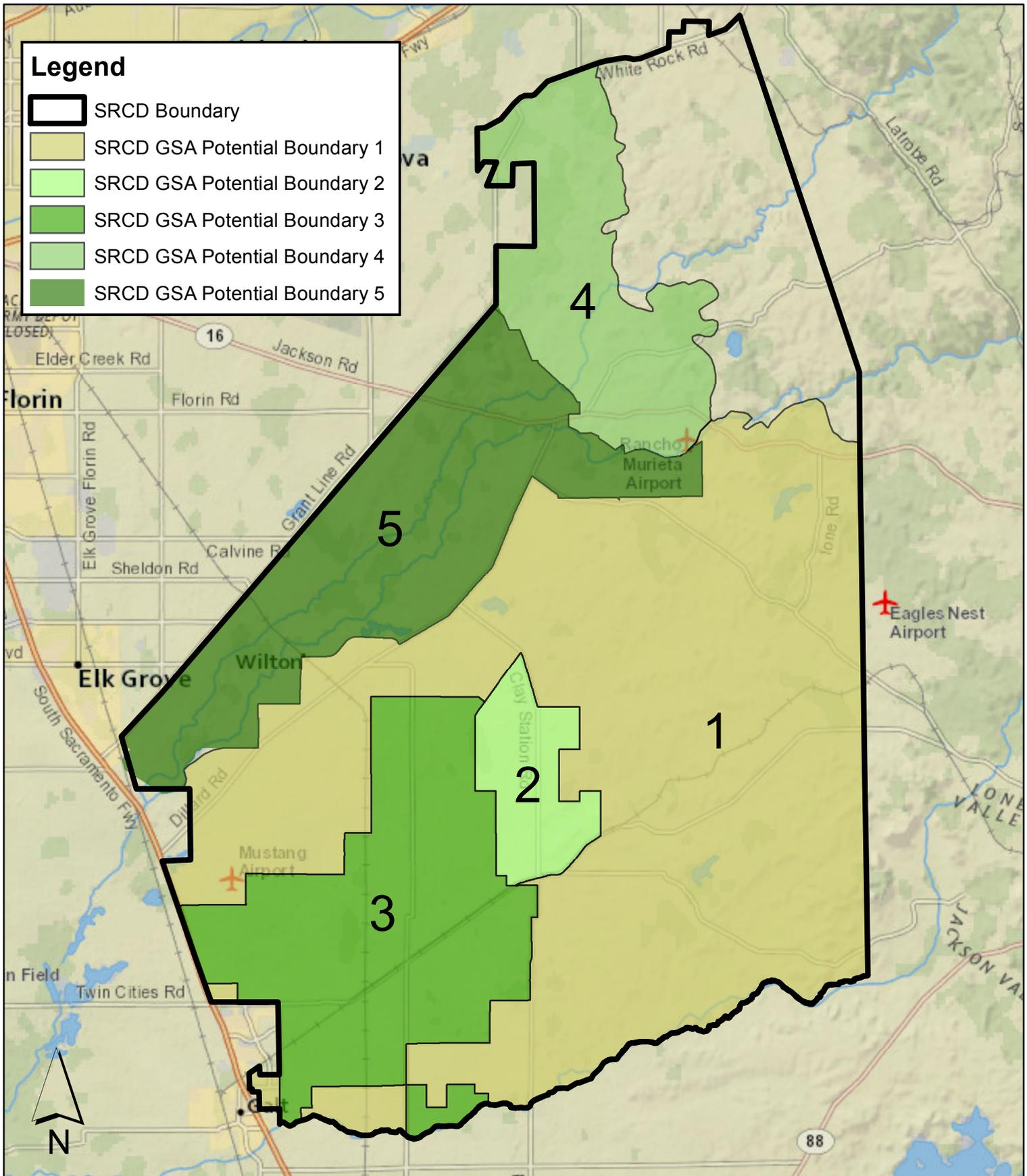
#### Agenda

1. Call to Order of board meeting of the Sloughhouse Resource Conservation District (RCD)
2. Approval of minutes of December meeting.\*
3. Staff report on Sustainable Groundwater Management Act (SGMA) and formation of Groundwater Sustainability Agencies (GSA) and potential options for the RCD to elect to become GSA for all or certain areas within its jurisdictional boundaries including, but not limited to:
  - i. That portion of the Cosumnes subbasin of the San Joaquin Valley groundwater basin that is within the RCD's jurisdictional boundary, but excluding those areas that are within the territories of the Clay Water District, Galt Irrigation District, and Omochumne-Hartnell Water District.
  - ii. That portion of the Cosumnes subbasin of the San Joaquin Valley groundwater basin within both the RCD's jurisdictional boundary and the territory of Clay Water District.
  - iii. That portion of the Cosumnes subbasin of the San Joaquin Valley groundwater basin within both the RCD's jurisdictional boundary and the territory of Galt Irrigation District.
  - iv. That portion of the South American subbasin of the Sacramento Valley groundwater basin within the RCD's jurisdictional boundary, but excluding the area that is within the territory of the Omochumne-Hartnell Water District.
  - v. That portion of the South American subbasin of the Sacramento Valley groundwater basin and the Cosumnes subbasin of the San Joaquin Valley groundwater basin that is within both the RCD's jurisdictional boundary and the territory of the Omochumne-Hartnell Water District.
4. Public Comments.
5. Adjourn.

\* Denotes action item.

Secretary: Amanda Platt  
Date Prepared:1/6/2016

# Sloughouse Resource Conservation District Proposed Groundwater Sustainability Agency Boundaries



## **AGENDA ITEM 9: MEETINGS OF THE BOARD**

### **BACKGROUND:**

Section 3.09(b) of the Rules of Procedure set the schedule of Board meetings. According to this Section Board meetings will be held on the second Wednesday of odd numbered months. Because of issues related to SGMA compliance and associated coordination efforts the Board may need to meet during even numbered months through 2016.

### **STAFF RECOMMENDATION:**

*Action: Approve a deviation from Section 3.09(b) of the Rules of Procedure and set meeting dates for even numbered months through 2016. If a meeting is found to be unnecessary staff is authorized to provide a notification canceling said meeting.*