

SACRAMENTO CENTRAL GROUNDWATER AUTHORITY (SCGA)
Governing Board Meeting
Final Minutes
July 9, 2008

LOCATION: 10545 Armstrong Avenue, Suite 101
Mather, CA 95655
9:15 a.m. to 10:50 a.m.

MINUTES:

1. CALL TO ORDER AND ROLL CALL

Chair Scott Fort called the meeting to order at 9:15 a.m.

The following meeting participants were in attendance:

Board Members (Primary Rep.):

Tony van Steyn, Agricultural Interests
Stuart Helfand, Agricultural-Residential
Rick Bettis, Conservation Landowners
Edd Smith, Public Agencies Self-Supplied
Ron Lowry, Omochumne-Hartnell Water District
Ed Crouse, Rancho Murieta
Scott Fort, Golden State Water Company

Board Members (Alternate Rep.):

Clarence Korhonen, City of Elk Grove
Walter Sadler, City of Folsom
Albert Stricker, City of Rancho Cordova
Dan Sherry, City of Sacramento
Herb Niederberger, Sacramento County Water Agency
Rick Bettis, Conservation Landowners
Mel Johnson, Public Agencies Self-Supplied
Andy Soulé, California-American Water
Ruben Robles, Sacramento Regional County Sanitation District

Staff Members:

Darrell Eck, Executive Director, Sacramento Central Groundwater Authority
Sharon Andrews, Clerk, Sacramento Central Groundwater Authority
Ramón Roybal, Sacramento Central Groundwater Authority
Ping Chen, Sacramento Central Groundwater Authority
Brian Gallucci, Sacramento Central Groundwater Authority

Others in Attendance:

Jonathan Goetz, MWH
Jan Lee, East Bay Municipal Utilities District
Rob Swartz, Sacramento Groundwater Authority
José Ramirez

2. PUBLIC COMMENT

None.

3. NEW BOARD MEMBERS

Mr. Eck explained that Mel Johnson is retiring and that Gary Reents has also retired. The Sacramento City Manager has appointed two new individuals to replace Mel and Gary on the Board. The primary representative is Marty Hanneman, Assistant City Manager and the alternate is Dan Sherry.

4. CONSENT CALENDAR

The action is to approve the consent calendar items for the draft meeting minutes of the May 14, 2008 Board meeting. Mr. Johnson asked for the following changes to be made to the minutes:

- Page 4 – The third paragraph under “New language – Section 2.25.010(B)”
 - “Mr. Johnson said the language would exclude a lot of properties within the City of Sacramento that may have a dual system, but that there are not many such parcels left.”
 - “Mr. Johnson added that the State City requires a connection to the City water system, if it is available, and the heavily industrial eastern part of the City had has water mains, ~~run out there~~, and there are still some parcels with a house, a well, and a few acres.”
 - “~~If they do anything,~~ the property is developed, they have to connect to the City water system.”

Motion/Second/Carried – Mr. Helfand moved, seconded by Mr. Smith, and the motion carried unanimously to approve the minutes.

5. WELL PROTECTION PROGRAM UPDATE

○ Counsel review of Ordinance

Mr. Eck reported that a draft copy of the Ordinance was sent to Counsel on June 11, 2008, and that he followed up on their progress on July 3, 2008. During the follow up Counsel indicated that the first draft of the Ordinance should be ready for distribution to the Board prior to the August 13th meeting.

○ Fee Collection

○ City of Elk Grove

Staff met with Mr. Korhonen and Cheryl Creson (City of Elk Grove, Director of Public Works) on June 6, 2008 to review the history and purpose of the WPP. During the meeting it was emphasized that success of the program is predicated on

participation by all signatories to the JPA. Staff is currently waiting for feedback from the City. Mr. Korhonen stated he had talked with Ms. Creson, who has requested that a one-page executive summary of the WPP be developed by the Authority so that City staff can distribute it to its Council members and other key staff. He added that key staff now support collection of the fee. Mr. Eck stated that the summary will be completed in a couple of weeks and will be provided to everyone on the distribution list.

o **How fee collection works**

Mr. Eck provided an overview of the proposed fee collection process and explained the remaining issues.

- The land use agency would collect the fee when it issues a building permit, based on the requirements set forth in the WPP Ordinance.
- The land use agency will transfer those fees to the Authority's WPP Trust Fund on a regular basis.
- Once in the Trust Fund, money would be available to pay for impacted wells and also for costs associated with program operations.
- Remaining issue - defining the specific requirements for the individual land use authorities.
 - o A meeting is scheduled for July 17, 2008 with County staff to talk about their process for fee collection. Staff will need to have similar discussions with each of the other land use agencies.

Mr. Korhonen asked how the money transfers would occur. Mr. Eck said staff needs to discuss these details with the individual land use agencies. Mr. Niederberger suggested that a weekly reconciliation should be part of the process.

Mr. Niederberger commented on the recommendation by the WPP Subcommittee to exempt the drilling of new wells from paying some type of a per-inch fee. Mr. Niederberger indicated that the Cosumnes Community Service District (CSD) has proposed to drill a well for one of its parks and that in doing so would cause an impact to the basin. By allowing this and other wells to be drilled without collecting a fee would be creating a rob Peter to pay Paul situation. He went on to state that everyone should be charged for drilling a new well - without exception. Mr. Lowry indicated that the subcommittee's concern was the possibility that someone could be assessed twice. Mr. Lowry added that the subcommittee was looking for ways to simplify the process.

Mr. Niederberger responded that it would only take a couple of industrial wells and a CSD well to see impacts on the basin. By not charging a fee it would seem that the Authority is allowing the basin to be impacted, and not recognizing that impact. Mr. Niederberger said that originally a per-inch diameter charge had been discussed. Mr.

Eck asked if staff could investigate EMD potentially collecting the fee and report back to the Board. Mr. Fort said that would be his recommendation, and Mr. van Steyn agreed.

In a situation where there is a building permit and a well permit on the same parcel there needs to be a process to ensure that a person is not charged twice. Mr. Lowry suggested the way to address it is do it on well permits; because the County issues all well permits, let the County confirm whether there was a building permit issued on a parcel and then waive the well protection fee if necessary. Mr. Niederberger said the recommendation is to allow staff to go back and reinvestigate EMDs ability to collect a fee and report back within the next month. The Board members agreed, and Mr. Fort directed staff to investigate and report back to the Board.

o **Relationship of North Vineyard WPP to Central Basin WPP**

At its April 9 meeting the Board voted to include the North Vineyard WPP Benefit Area as part of the Benefit Area for the Central Basin WPP. The decision was based on a discussion of the payment of benefits. At the time of the discussion, the maximum benefit paid by the North Vineyard program was somewhat less than that proposed to be paid by the Central Basin program. Based on that discussion, it was agreed that the residents in the North Vineyard program area would be paid the difference or delta between what the two programs paid out as a maximum benefit.

It was also recommended, and unanimously approved, that the maximum benefits for both programs be the same. That decision effectively negated the premise of paying the delta that existed between the two programs.

These conflicting decisions were discussed at the May 1 Well Protection Program Subcommittee meeting. Members questioned whether the Central Basin program would or should be paying for double coverage if a parcel is already covered by the North Vineyard program and the two programs paid the same benefit. If this were the case, would parcels conditioned to pay the North Vineyard program fee also be expected to pay the Central Basin program fee, or would the Central Basin program fee be increased sufficiently to provide double coverage?

The Subcommittee's recommendation was that the North Vineyard WPP Benefit Area should be removed from the Central Basin WPP Benefit Area and that the programs should be considered to be separate and distinct. It would be unfair to double-charge the residents of Rancho Cordova in those areas where they already pay the North Vineyard program fee or to increase the Central Basin program fee to cover the additional cost. The two programs now pay the same benefit, and there is no reason for them to be combined. The recommendation was discussed at the May 14 Board meeting, and it was decided to discuss the issue further at the next Board meeting prior to making any decision.

After discussion by the Board it was agreed that the North Vineyard WPP and the Central Basin WPP should be considered separate and distinct programs.

o **Discussion of Maps of the Fee and Benefit Areas**

Mr. Niederberger asked if staff proposes that fees collected for any development occurring in the Central Basin WPP Fee Area (Fee Area) would pay for benefits in Central Basin WPP Benefit Area (Benefit Area). For example, if someone were to lose a well along Grantline Road, they would naturally not be in the Benefit Area. They would not be able to pursue a claim against the insurance program. But someone who is in downtown Elk Grove could if they had a well. Everybody, including all the water purveyors and all unincorporated lands in the Fee Area, and any incorporated and unincorporated, would be paying to offset any damages in the Benefit Area. Mr. Eck responded that Mr. Niederberger's understanding is correct. The exception being a provision in the Ordinance that says if someone lost a well and they believe that they were impacted as a result of pumping within the basin, they can come and make their case to the Board, and the Board can decide as to whether or not they will pay a benefit (*Note: Chapter 2.25 establishes the qualification and registration requirements for the WPP. Section 2.25.010(A) states that the owner of land who owns and operates a well or wells on a parcel that lies within the Central Basin Well Protection Program Area (or the "Benefit Area") shall be eligible for benefits under the WPP, provided the owner registers the well. Section 2.25.020(A) states that failure to register the well will disqualify any owner from receiving benefits unless specifically approved by the Board. The draft Ordinance is currently silent on the issue of wells outside the Benefit Area.*).

Mr. Helfand said he was under the impression that the Benefit Area was where the notices would be sent. Mr. Helfand added that everyone else has the option of applying for benefits if their wells go bad. They would just have to send in the documentation and say it has been done, and then the Board has to approve it pretty much as a rubber stamp rather than going through an appeal process.

Mr. Niederberger said if we are registering wells for potential benefits in the Benefit Area, and then we are going to allow some type of mechanism for those outside the benefit area to receive a benefit isn't the Authority just shooting itself in the foot because it is not registering all wells. Mr. Niederberger went on to say that it was his understanding that only those people who register would be entitled to receive a benefit, but the people that didn't register would not be allowed to collect benefits.

Mr. Fort said his recollection is that the Board was trying to cut program administrative costs and went with the best available science. So the answer to those people outside of the benefit area is that if we tried to include all of you we would have spent an additional \$150,000 in administrative costs and had to jack up the fees in order to do it. Based on this the Board came to consensus to use WRIME's best available science (the Refined Impact Analysis) and establish the benefit area.

Mr. Soulé stated that the burden of proof is on that person to provide compelling reasons for compensation. If the Board determines his claim is fair and reasonable, then that person should be included.

Mr. Niederberger suggested that if the Board moved forward with this type of proposal it would be incumbent on staff to come up with a strict policy to follow when considering special claims as opposed to a standard claim. We will need to have really tight guidelines on how impact is proved. Staff should propose what constitutes minimum proof in order to prove a claim outside the Benefit Area.

The question then becomes what kind of proof is required? What kind of hearing are you going to hold? Mr. Niederberger said, at a minimum, the claimant would have to have some type of historical documentation on water levels, condition of the well, etc. The Board may also want to add a 10-percent “fudge factor” because we may have to pay for 55 wells instead of the original 50 wells – that additional 10-percent would be charged to cover the probable cost of wells located outside the benefit area.

Mr. Fort asked for an informal vote for the matter to be referred to the WPP Subcommittee.

Motion/Second/Carried – Mr. Niederberger moved, seconded by Mr. Crouse, the motion carried unanimously to refer the matter to the WPP Subcommittee for its recommendations and to direct staff to develop criteria for proving a claim outside the impact area.

o **Revision to the Work Plan**

The Work Plan shows that the first draft of the Ordinance has slipped to August. Staff is currently working on resolution of the fee issues and future outreach to the BIA. Included in October is development of the business agreement between SCGA and the land use authorities. Added in January 2009 is approval of the business agreements. Depending on how things are resolved with the City of Elk Grove and with Counsel review of the draft Ordinance, staff should be able to move forward.

6. 2008-09 BUDGET APPROPRIATION ADJUSTMENT

• **Review Budget Appropriation Adjustment for AB 303 Local Groundwater Assistance Grant.**

The Appropriation Adjustment is an adjustment to the budget that the Board approved for fiscal year 2008-09. At that time the Board approved the budget information was not available as to whether or not the Authority would actually receive the AB 303 Grant it applied for. On June 30th notification was received that Authority was awarded the grant. Administrative staff has indicated that it needs this budget appropriation adjustment to receive the grant funds and to provide authorization to expend those funds within this fiscal year’s budget. No resolution is necessary.

Motion/Second/Carried – Mr. Sadler moved, seconded by Mr. Soulé, the motion carried unanimously to approve the Budget Appropriation Adjustment.

7. PRESENTATION ON FREEPORT REGIONAL WATER PROJECT

- **Presentation by Herb Niederberger**

The Freeport Regional Water project is almost a half billion dollar project, consisting of four pipe segments, an intake structure and the Vineyard Surface Water Treatment Plant (Vineyard SWTP). Notice to Proceed was given on the intake in December 2006 and is scheduled to be complete by the end of this year. Segment 1 of the pipeline runs from I-5 to Highway 99. Notice to Proceed was issued in July 2007 and completion is expected by the end of this year. Segment 2 runs from Highway 99 to the bifurcation to the Vineyard SWTP at Gerber and Vineyard Roads. Notice to Proceed was issued in May 2007 and substantial completion is expected by July 2009. Segment 3, the East Bay Municipal Utility District (EBMUD) segment, runs from the bifurcation to the Folsom South Canal. Notice to Proceed was issued August 2007 and they expect it will be completed by the end of this year. The last segment, Segment 4, runs from Gerber and Vineyard Roads north to the Vineyard SWTP site. Notice to Proceed was given in November 2007 with completion by the end of 2009. For those who did not attend the groundbreaking ceremony for the Vineyard SWTP, notice to proceed was given earlier this year, and the facility is scheduled to be completed in 2011. The pipeline from the intake to the bifurcation is 84-inch, and EBMUD's pipeline from the bifurcation to the Folsom South Canal is 66-inch. The capacity of the intake is 185 million gallons a day (mgd). SCWA has 85 mgd, and EBMUD has 100 mgd.

At one time SCWA was talking about taking remediated water from Aerojet down river, but that agreement has been terminated. SCWA continues to negotiate with Aerojet for a new remediated water agreement.

A remaining component is a pipeline that conveys surface water from the Vineyard SWTP to Rancho Cordova, called the North Service Area Pipeline (NSA pipeline). The cost of this pipeline is approximately \$66 million. The plan is to commence construction of the NSA pipeline around 2013 unless new development or a change in conditions requires the schedule to be expedited. Right now, bond financing is all premised upon the existing plant, the existing pipelines distributing water, and the future pipeline.

Mr. Helfand inquired whether it would make sense to get surface water to Rancho Cordova as soon as possible because of contamination. Mr. Niederberger explained that the problem is financing. The Water Agency floated a \$414 million bond issue to pay for its part of the Freeport project, and its customers can only pay for so much. It has to be stretched out so that the impact on the customers is not so great. Unless the money to pay for the NSA pipeline is advanced by developers, the Water Agency will not be able to pay for it. He stated that staff has determined that it will be six or seven more years before we need more water supply in Rancho Cordova to meet development needs. If something happens in the future to change those projections, the Water Agency would have the developers advance the project, and that the Water Agency would ultimately refund them.

8. EVALUATION OF EXECUTIVE DIRECTOR

- **Report back on progress on evaluation of the Executive Director.**

There was an extended discussion among the Directors on how to conduct the evaluation, after which Mr. Fort said that he and Mr. Crouse will put together a format and then submit it by email and ask for the Board's comments. Then they will compile it at an agenda meeting, and later meet with Mr. Eck.

9. EXECUTIVE DIRECTOR'S REPORT

- **South Area Water Council**
 - **Presentation on SCGA at the June 16, 2008 meeting.**

Mr. Eck made a presentation covering the development of the Central Basin Groundwater Management Program.

- **Status of AB 303 grant application.**

The Authority received notification of a grant award on June 30, 2008. There is a grant kickoff meeting on August 8, 2008, where the State will provide details on the agreement and determine when the money will be dispersed.

- **Expiration of County Appointed Board Members' Terms.**

Terms for Board members appointed by expire on August 8, 2008. E-mail notifications to those affected by this were sent out on July 2, 2008. Some individuals have Boards to go through to get the nomination; Counsel advised the August 8th date is fixed, but it does not pose a problem provided the process is completed in a timely manner.

- **East Bay MUD published Notice of Preparation of Draft EIR (Not on Meeting Agenda).**

East Bay MUD published the notice for its Water Supply Management Program for 2040. As part of that program, East Bay MUD identified a program component that includes in lieu or artificial groundwater recharge in the Sacramento County area. Looking at the NOP and the map the proposed project is clearly within the Central Basin. East Bay MUD indicated that the primary goal of their program is to provide additional dry year supply and is designed to work in conjunction with the Freeport Project. Comments include: project proponent to coordinate with SCGA, describe the extent of the proposed project and identify any partners that they might have in association with that potential project, and look at potential impacts as they relate to implementation of the Groundwater Management Plan, Associated Basin Management Objectives, and whether or not there would be any impacts to the WPP.

- **Departure of Ramón Roybal effective August 4, 2008.**

The Board was informed that Mr. Roybal will rotate to a new assignment in the County's Department of Transportation on August 4 and will no longer be providing support to SCGA. Brian Gallucci, Assistant Engineer, was introduced as replacing Ramon.

10. DIRECTORS' COMMENTS.

Mr. Bettis asked staff to provide the one-page overview, as discussed earlier, to all Board members and asked about availability of the maps used during Mr. Niederberger's presentation. Mr. Eck said the maps will be posted on the Authority's website.

Mr. Helfand expressed concern that there would be two different Sunset Clauses for the two WPPs, one for the North Vineyard WPP and one for the Central Basin WPP because the Central Basin WPP's Sunset Clause is not triggered until surface water is delivered, and that will not be until 2011.

There being no further comments from the Directors, Mr. Fort asked for a motion to adjourn. Mr. Helfand moved, Mr. Smith seconded the motion, and the meeting was adjourned at 10:50 a.m.


By:



Chairperson

9/10/08

Date



Clerk

9/10/08

Date

