

SACRAMENTO CENTRAL GROUNDWATER AUTHORITY (SCGA)
Governing Board Meeting
Final Minutes
May 14, 2008

LOCATION: 10545 Armstrong Avenue, Suite 101
Mather, CA 95655
9:09 a.m. to 10:25 a.m.

MINUTES:

1. CALL TO ORDER AND ROLL CALL

Chair Scott Fort called the meeting to order at 9:09 a.m.

Roll call was taken; the following meeting participants were in attendance:

Board Members (Primary Rep.):

Rick Bettis, Conservation Landowners
Edwin Smith, Public Agencies Self-Supplied
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
Mel Johnson, City of Sacramento
Herb Niederberger, Sacramento County Water Agency

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

Others in Attendance:

José Ramirez

2. PUBLIC COMMENT

None.

3. CONSENT CALENDAR

The action is to approve the consent calendar items for the draft meeting minutes for the April 9, 2008 Board Meeting, the minutes of the May 1, 2008 WPP Subcommittee Meeting, and the minutes of the May 5, 2008 Budget Subcommittee Meeting.

Motion/Second/Carried – Mr. Niederberger moved, seconded by Mr. Johnson, to approve the minutes.

4. SUBCOMMITTEE REPORT/WORKSHOP ON THE WELL PROTECTION PROGRAM

Subcommittee Report

Mr. Eck explained that at the WPP Subcommittee Meeting language to be added to Section 2.25.010 of the draft ordinance was discussed. The context of this language is based on previous discussions in the Board Meeting.

Also discussed was a better description of the impact area, as currently described in Appendix 2 of the ordinance. Currently, the impact area is described by the potentially impacted parcels and it was felt by the subcommittee that the program would be better served if staff could square off the boundaries. Staff also requested direction from the subcommittee with regard to parcels in the City of Sacramento, Fruitridge Vista Water Company (Fruitridge Vista) and Florin County Water District (Florin County) boundaries that showed up on the map of potentially impacted parcels. In the case of the City, all parcels within the City are served by their water system and should not be affected by groundwater pumping. In the case of Fruitridge Vista and Florin County, both have opted out of participating in groundwater management within the basin. Staff indicated that they would like to speak with Mr. Johnson separately to see how he felt about excluding City parcels from the impact area map. Mr. Johnson indicated that he didn't have a problem with removing the City parcels from the impact area map. Given the position of Fruitridge Vista and Florin County, subcommittee members felt that those areas should not be included as part of the identified impact area. Staff will gather additional information, develop a new map and present it to the Board for their approval.

The North Vineyard WPP Area is another issue related to the area of impact and the area of payment. There was discussion at the last Board meeting on how the North Vineyard WPP could be integrated with the Central Basin WPP. During the course of the discussion it was suggested that the Central Basin Program could pay the delta above whatever the North Vineyard WPP was paying. Other comments suggested that the maximum reimbursement should be exactly the same, that it would be difficult to explain to the community why the maximum reimbursement rate for one program was significantly higher than the other. This second proposal creates a problem because there is no longer a delta. Another question that was raised was how parcels within the Sunridge portion of Rancho Cordova should be looked at relative to the Central Basin WPP when they're already conditioned to pay the fee for the North Vineyard WPP; should parcels in Sunridge have to pay both fees or should they only pay one fee? The feeling of the subcommittee members was that it might be inappropriate for the North Vineyard WPP area to be combined with the Central Basin WPP. The subcommittee also felt that because Stuart Helfand was not there to participate in the

discussion that staff should at least introduce this concept to the Board as a whole but put off any decision until Mr. Helfand is here and we can get his input.

Mr. Niederberger said that a long time ago there was talk about exempting North Vineyard from this program and that Mr. Helfand was against it. He added that while Mr. Helfand is only one person, it is important for him to weigh in on this issue; he's committed to represent the ag-res interests, so we can understand his concern. Mr. Niederberger then expressed doubt that new homes in Sunridge were conditioned to pay anything. There is no fee on new construction for the well field; that it was a contribution by the developers up front.

Mr. Eck responded that the initial contribution was simply seed money, and the developers received a credit. New construction within the Sunridge Specific Plan area is conditioned to pay the well impact fee for the North Vineyard WPP. The general feeling of the subcommittee was that it would be inappropriate for parcels to pay a fee for both the North Vineyard WPP and the Central Basin WPP. Mr. Niederberger asked for clarification on this point, saying that if those properties are exempted, the fee for the Central Basin WPP would change dramatically since we could no longer collect from potentially 20,000 homes built up there. Mr. Eck indicated that staff had accommodated for that contingency in the table that will be discussed during the workshop.

Mr. Stricker said he will look into it more carefully to verify the situation, adding that his understanding of the intent of the program is that development pays for potential impacts. If development is already paying for its potential impacts, and even more specifically to the area that's potentially most impacted, then it makes no sense to charge them again for a potential impact to another area.

Mr. Niederberger characterized the variation between the two programs as a subtle difference, for the North Vineyard WPP it is a condition of approval on designated specific plan areas and community plans, while the Central Basin WPP is a regulatory decree imposed by the groundwater management program. He added that there has been no proposal to take over the North Vineyard WPP because it's still being administered by the Sacramento County Water Agency (SCWA). Mr. Eck agreed that it is still being administered by SCWA but said the Board did vote at the last meeting to include it as part of the area of impact, presumably with the idea that benefits would be paid within that area by the Central Basin program. It was only at the last subcommittee meeting that the problem of including the North Vineyard WPP impact area really became apparent.

Mr. Bettis asked if there was any sense of what the difference might be in the fees. He said that the amount of the North Vineyard fee was adequate, to his understanding. Mr. Eck responded that the North Vineyard fee has been inflated over time, currently it's \$444 per EDU. He explained that staff reworked the numbers to be presented in the Workshop, based on new assumptions that we are operating under based on concerns expressed at the last Board Meeting. The fee for the Central Basin WPP program will be about \$405, close to the North Vineyard WPP fee.

Mr. Johnson added that the way the ordinance is worded now takes care of fees and charges in the City of Sacramento through Section 2.20.010. It says, "Prior to issuing a building permit for new habitable construction or a well drilling permit for a new well in the Central Basin

Well Protection Area a well protection fee shall be paid.” Anybody within the city that wants to drill a well is going to have to obtain a well drilling permit and pay the fee there.

Mr. Stricker asked if the plan is to defer further discussion (with respect to North Vineyard WPP and any overlap with the Central Basin WPP) until Mr. Helfand is present. Mr. Eck answered that the subcommittee’s recommendation was to look at them as two separate programs but making a decision without Mr. Helfand’s input was considered inappropriate. Mr. Stricker concurred and added his concern that doing so would require an additional detailed evaluation.

Mr. Niederberger expressed a concern about creating potential “donut holes” in the middle of the benefit area and holes in the middle of the payment area because the folks up in the Rio del Oro, Easton and Westborough areas are going to pay into this fund, but a portion of the Sunrise-Douglas area will be exempted. Fruitridge Vista and Florin County are going to be exempted within their service areas. Mr. Eck agreed that it does present some challenges as far as accounting. Staff will be developing a shape file that will assist the land use agencies in identifying those areas where fees will and will not be collected.

Workshop

- **New language – Section 2.25.010 (B)**

Mr. Eck said the language for Section 2.25.010 (B) is shown in the WPP Subcommittee Meeting notes and refers to the situation involving parcels that have auxiliary water systems:

“Any legal parcel to which water is furnished or sold from an approved public water system, which has an Auxiliary Water System as defined by Chapter 6.30, Protection of Drinking Water, of the Sacramento County Code, shall not be eligible for benefits under the Well Protection Program.”

This language goes back to the discussion the Board had relative to individuals who have a municipal water connection and have also put in their own well for the purpose of irrigating their property, or for any other purpose. The Board’s feeling was that the Groundwater Authority should not be paying a benefit for this type of situation.

The Chair asked for comments. Mr. Johnson said the language would exclude properties within the City of Sacramento that may have a dual system, but that there are not many such parcels left. Mr. Eck said that the language was meant to address a situation that occurred in some of the rural parts of Elk Grove and within the Water Agency’s service area where there are large estate parcels that do not want to pay the higher water rate to irrigate their property. Mr. Johnson added that the City requires a connection to the City water system, if it is available, and that the industrial eastern part of the City has water mains, and there are still some parcels with a house a well and a few acres. If the property is developed, they have to connect to the City system. Mr. Korhonen asked if they could ask for a waiver, and Mr. Johnson responded that they can, but they must have a good reason. In response to Mr. Bettis’s inquiry, Mr.

Korhonen said Elk Grove would consider waivers, but he is not aware of any approved recently.

- **New language – Section 2.30.010**

Mr. Eck explained that the language addresses the situation in which there should be an option for someone whose well has failed, to use the benefit paid by the WPP, to connect to a municipal water system. The revised text would be added to Section 2.30.101, Payment of Benefits (added text is represented by bold italics). The revised Section reads, in part:

“The Executive Director (or Appointed Designee) shall authorize payment from the Trust Fund to reimburse the owner of such Eligible Well an amount sufficient to restore said water capacity ***or to connect to an existing municipal water service***, but in no event more than the amount shown on Reimbursement Schedule (*Appendix 3*) for each such failed Eligible Well.”

Appendix 3 was added to the language to clarify where the Reimbursement Schedule is in the ordinance. The suggested language provides the option to connect to a municipal water system.

Mr. Bettis asked what constitutes a significant difference between the connection fee and the reimbursement amount. Mr. Eck answered that SCWA’s Zone 40 water development fee is currently about \$12,000, while the maximum reimbursement amount for a private well is slightly more than that. Mr. Bettis then asked if the impacted well owner could only use it to pay the development fee, not for paying some of the bills. Mr. Eck said the opinion of the subcommittee was that it should be used exclusively to pay for connecting to the system. Mr. Sadler added the subcommittee felt that if someone had the option of going to a public system and wanted to do it, we should not preclude it, as we do not want to have to go back and revisit that issue if their problems continue. Mr. Eck continued that realistically it may cost more because they would have to put in additional piping, et cetera, but it provides an option for them to do that. Mr. Bettis concluded that the Board would want to encourage that as much as possible, and Mr. Sadler and Mr. Eck agreed.

- **Fee amount (Appendix 1 & 3) – continued discussion**

Mr. Eck noted that staff has prepared two examples of a revised Well Protection Program Fee table. At the bottom of the first example, the unit price reported for replacement of a domestic well is \$13,600; the other one uses \$20,000. The difference in cost represents the difference in the maximum benefit paid by the North Vineyard WPP and the proposed maximum benefit for the Central Basin WPP, respectively. These tables address Mr. Robles’ comment at the last Board meeting that the maximum benefit for both programs should be the same.

One of the concerns expressed at the previous Board Meeting was the discrepancy between the apparent average benefit to be paid of \$5,000, and the assumed replacement cost of a well, which is significantly higher. Part of the reason for this is

the way WRIME analyzed the various well impacts. They separated them into three different categories, each with a unique associated cost: 1) Lowering the bowls (\$1,000), 2) Deepening the well (\$5,000), and 3) Replacement of the well (\$20,000). Because the majority of the simulated impacts resulted in lowering the bowls at an associated cost of \$1,000, the overall average benefit seemed low at \$5,000. Staff revisited the cost estimates provided by WRIME drawing on experience gained through implementation of the North Vineyard WPP. In the case of the North Vineyard WPP, every time we have had to lower pump bowls, we have also had to replace the pump and motor because they were burned up. The \$1,000 that WRIME estimated to lower pump bowls might be fine just to lower them, but that is not the situation we have seen in the field. Realistically, it is closer to \$5,000.

Given the program experience with the North Vineyard WPP staff felt that it might be appropriate to use similar assumptions in determining costs. Using this model, it is assumed that every private domestic well would be replaced; there is no intermediate-type step as described in the WRIME report. This assumption ensures that sufficient money is available to mitigate an impacted well whether it be lowering the bowls or replacing the well. That assumption is incorporated in the revised Well Protection Program Fee table that was passed out today. This puts the Central Basin program on a par with the assumptions that SCWA has been using for the North Vineyard program.

The other thing staff looked at was the concern expressed over the potential failure of an agricultural well at a cost of \$220,000. Reviewing the analytical work that WRIME did, no agricultural well ever fails. Based on this review, staff felt it was appropriate to assume that the maximum payout on an agricultural well would be about \$50,000, as a worst case scenario. This is consistent with WRIME's cost for deepening an agricultural well.

This is what is seen on the Well Protection Program Fee table at the bottom of the page where it is stated, "Domestic Wells, 91; Unit Cost, \$13,600; Ag Wells, 30; Unit Cost, \$50,000." Based on those assumptions, staff derived a total program cost. Those figures were then used to calculate the well protection fee.

The Estimated Annual Building Permits table, just below the revised Well Protection Program Fee table, has been adjusted to remove parcels connected to the North Vineyard WPP that would have caused the double charging situation. This reduces the number of parcels from 1,100 to 800. This change recognizes that those parcels that paid the North Vineyard WPP fee would not pay the Central Basin program fee. Based on these changes the revised fee is \$405 per Equivalent Dwelling Unit (EDU). Looking at the next page – again, based on the higher cost for replacing a domestic well as indicated in the WRIME Impact Analysis – the fee is \$474 per EDU.

Mr. Crouse asked for clarification: If staff assumes 800 lots per year times 14 years, the number works out to 11,200 lots. Mr. Eck responded that that is the assumption and said it goes back to some discussion during a previous Board Meeting when staff had used 2,500 parcels per year, but given concerns expressed by the Board, including current economic conditions it might be advisable to go with a more conservative estimate. So staff reduced that number from 2,500 to 1,100 based on these concerns.

Reducing the number of parcels to 800 simply recognizes those areas within Sunrise-Douglas and Rancho Cordova that are already paying the North Vineyard WPP fee.

Mr. Crouse asked if we know how many units have already been approved and how many may be in the pipeline for approval, and whether that number matches the recommended number of parcels. Mr. Eck said the number is probably lower than this and asked Mr. Niederberger if he agreed that that was what SCWA was seeing in Zone 40. Mr. Niederberger said that 800 units is what SCWA might see by the end of this fiscal year and said that there is a huge inventory; the number of building permits that are being pulled on an annual basis has literally “dropped off the mountain.” Mr. Crouse was concerned that as the number of building permits gets smaller, the price per unit will go up - Mr. Niederberger agreed. Mr. Crouse concluded that it might be better to use a smaller number of building permits to calculate the fee. Mr. Niederberger responded that the number does not represent just Zone 40; the number used represents all development potential in the basin; it includes Easton which is in the City of Folsom, Westborough that will be served by Golden State as well as Rio del Oro and the Florin Vineyard Gap areas that will be served by SCWA. There are a lot of the other places that have building permits.

Mr. Niederberger asked whether or not a new fee could be charged if a building permit was allowed to expire because we are seeing permits expire in greater numbers, and Mr. Eck said he thought it could. Mr. Crouse asked if that related to map extensions, and Mr. Niederberger said that, no, just building permits that are expiring. Mr. Niederberger went on to state that once the final map was approved the developer would pull building permits, if the building permit goes a year without any construction it expires. He said SCWA is seeing building permits expire. Mr. Eck added that this is the basis of the reduced number, and Mr. Niederberger said that 800 building permits a year is as low as the projections will go. Mr. Eck said that one question with regard to the two tables is, does the Board feel comfortable making the maximum reimbursement for a domestic well the same as it is for the North Vineyard WPP, as expressed at the last Board Meeting? Mr. Sadler commented it would be a much more defensible position. Mr. Niederberger added that we have a much more sophisticated analysis than they did back then, and Mr. Sadler agreed that indexing them to each other would be perfectly acceptable.

Mr. Fort asked if that plan is acceptable to the Board, and members verbally agreed that it is. Mr. Niederberger followed up by saying if we are capping the reimbursement amount, we are actually proposing that the impact fee should be about the same. Mr. Eck answered that we would set the maximum reimbursement value for a private domestic well in the Central Basin program at the same value as the North Vineyard program and indexed to the ENR/CCI just like the North Vineyard program. Mr. Niederberger then asked if doing that makes the impact fee on development roughly the same, based on these growth projections. Mr. Eck responded that it would be close, \$405 as opposed to \$444.

Mr. Bettis added that language involving the expiration of building permits should be inserted in the ordinance because it is happening quite a bit. Mr. Eck said staff would have to verify that any new fees must be paid in the event a building permit expires. Mr. Niederberger mentioned that SCWA credits the old fee and assesses them the new

fee when an expired building permit is reissued. If a building permit expires, there is no refund. Mr. Fort acknowledged that is how Golden State handles its fees. Mr. Bettis said the ordinance should be clear on that point.

Mr. Crouse said that Mr. Eck mentioned \$444 but in the last table the fee shows \$474. Mr. Eck responded that \$444 is the current North Vineyard WPP fee. The fees shown in the two tables are the fees being considered for the Central Basin WPP. Mr. Niederberger reiterated that one fee amount is based on the \$13,600 maximum reimbursement, and that the other fee amount is based on a \$20,000 maximum reimbursement. Mr. Eck asked if everyone feels comfortable going with the assumption of a maximum of \$50,000 on an agricultural well. All agreed. Mr. Fort asked if anyone on the Board objects, and Mr. Crouse asked if the wording is going to say "up to" and that we are not going to just cut a check for \$50,000. It was agreed that the ordinance will say "up to." Mr. Crouse suggested that it be worded as based on true costs, and Mr. Johnson agreed.

- **Revision to the Work Plan**

Mr. Eck said the completion date of the Work Plan is being pushed to February 2009. The expectation is to send a copy of the draft ordinance to counsel so that they can be reviewing it through the month of June, and then have the first draft of the ordinance for the Board to look at in July. We will set aside August as the month where outreach to the various councils and the Board of Supervisors will take place. Then it will be brought back for a discussion on the comments or to go ahead. The balance of the plan remains the same – moving through the public hearing process, adopting the ordinance, and beginning the process of collecting fees and implementing the program.

Mr. Korhonen said on the question of fees, collection is still an issue for the City of Elk Grove; the attitude of the Director of Finance is that the City has been requested to collect fees for water and sewer and that they are not interested in doing that. Mr. Niederberger said SCWA has not made such a request. Mr. Korhonen responded that was what his Director of Finance has been telling him, and they are not going to collect any fees for outside agencies until they make a determination as to whether they are going to honor anyone's request to collect fees. He added that they do not want to deal with this issue and that it is the City's position right now that they do not want to collect the fees. They are not opposed to the program, but they do not want to be the collection agency. He said they have a problem in the City of Elk Grove, and he could not say whether Mr. Stricker is having the same problem. Mr. Niederberger said Mr. Stricker wants a \$10 per building permit administrative fee. Mr. Eck responded that collection is an issue that the Board will need to work through, and it could potentially have an effect on what the Work Plan schedule is. After additional discussion Mr. Fort said that the issue is in the meeting minutes and that the Board will take it under advisement.

Mr. Fort said that the various issues listed under Workshop on the Agenda have been thoroughly discussed and asked whether there are any action items or any direction to provide to staff. Mr. Niederberger said we should incorporate in our Work Plan some type of discussion on how we are going to accomplish fee collection, and Mr. Fort proposed that Mr. Eck list it as an Agenda item for next month.

5. BUDGET COMMITTEE REPORT AND RECOMMENDATIONS

- **Review Budget Committee Report and Recommendations**
Action: Approve budget reserve policy – adding Section 5.091(g) to Chapter 5, Article 1, of the SCGA Policies and Procedures Manual
Action: Approve Resolution Adopting the Fiscal Year 2008-09 Budget for SCGA, Authorize Establishment of the Well Protection Program Trust Fund, and Adopt the Fiscal Year 2008-09 Budget for the SCGA Well Protection Program

Mr. Eck started by stating there are two actionable items under this one Agenda item, Board Letter 5a and Board Letter 5b. Item 5a is a request that was made by the Budget Subcommittee. The subcommittee felt it would be appropriate for the Board to adopt this policy, and the reason is:

Requests for payment of contributions to fund upcoming fiscal year program activities are sent out after approval of the budget by the Board. Receipt of these contributions generally occurs over a two-month period following the beginning of the new fiscal year. This policy provides a means for the Authority to fund program activities until sufficient funds are available through the payment of contributions within this two-month period.

He continued by saying that once the letters go out requesting payment of the annual contribution there is a lag time before receipt of those payments. Generally, it takes approximately two months for the various contributors to complete their contributions. What this addition to the Policies and Procedures Manual will accomplish is to create a 20 percent budget reserve that is based on the proposed budget of the upcoming fiscal year, and that money would then be available within that lag period to fund the activities of the Authority while the contributions are coming in from the various contributors.

Attached to item 5a is the proposed revised text for Chapter 5, and Mr. Eck stated he had just provided the members a revised Chapter 5 so that they can replace in their Policies and Procedures Manual. The proposed Section 5.01(g) says:

The Board shall maintain a reserve for operations expenses at a minimum of 20 percent of the projected annual expenditures. Said reserve will be taken from the prior year fund balance and shall be used to meet Authority operating expenses until contributions, as set forth in Article 2 of this Chapter, have been received.

No members responded when Mr. Fort asked for comments.

Motion/Second/Carried – Mr. Sadler moved, by a second from Mr. Bettis to approve adding Section 5.01(g), Budget Reserve Policy, to the Authority's Policies and Procedures Manual. Voting to approve: Mr. Bettis, Mr. Stricker, Mr. Sadler, Mr. Niederberger, Mr. Johnson, Mr. Sadler, Mr. Smith, Mr. Korhonen, Mr. Fort. (Unanimous)

Mr. Eck said that Item 5b is the budget for the next fiscal year. Staff requests that the Board adopt the Fiscal Year 2008-09 administrative budget for SCGA, authorize the establishment of the Well Protection Program Trust Fund, adopt a budget for said Trust Fund for Fiscal Year 2008-09, and authorize staff to send out the letters requesting contributions.

The budget is displayed in a different manner in the Board letter as requested by the Budget Subcommittee. Moving from left to right on the table you can see actual expenditures for 2006-07, the adopted budget for 2007-08, estimate of expenditures for the end of this fiscal year and the requested budget for 2008-09. Attachment A details the administrative budget for SCGA, Attachment B is the proposed budget for the WPP and Attachment C describes how the contributions were calculated based on the requirements of the JPA.

Mr. Eck added that if anyone has an interest in knowing exactly what the details are relative to the budget, that information is available. It is simply not a part of the package. Mr. Niederberger said he believes that more detail is needed to better define Services and Supplies. Mr. Eck asked if he wanted the detail sheet to be made a part of the package, and Mr. Niederberger indicated that everyone on the Board should have a copy before the Board votes to approve the budget. [Copies were made.]

The question was asked if the plan was to transfer \$134,000 of the fund balance into the WPP Trust Fund. Mr. Eck indicated that if all goes according to the Work Plan we should start collecting fees early next year. It was then asked if the WPP Trust Fund was going to be set up with nothing in it, initially, and Mr. Eck responded that the operating budget of the Authority is going to lend \$50,000 to the WPP Trust Fund. Mr. Korhonen questioned the figures, and Mr. Niederberger explained that the \$134,000 does not cover an entire year, adding that it is not based on 800 permits. It comprises only about 330 permits. Mr. Fort said that right now, unless it changes, it would be implemented in February, according to the revised Work Plan – basically what would be collected in five months.

Mr. Eck explained that the printout reflects a breakdown of the costs and is similar to Attachment A in previous budgets. Working from the top of the table, there is the source of revenues; it is also reflected on Attachment A to the Board package, \$263,336. It also indicates that we had some interest income, and there is also going to be a loan from the Operating Budget of the Authority to the WPP to help cover the initial cost of the registration process, which will start before the fees are actually collected.

The next block down is Operating Expenditures which includes: Staff Expenses, Projected Consultant Expenses, Office Expenses, and GMP-Related Expenses which tie directly into the various programs that are identified within the Groundwater Management Plan. There will also be expenses related to the continued development of the ordinance for the WPP; those costs are based on expenditures to date and how much additional time we project it will take to complete the various components of the Work Plan.

The next area of consideration is the WPP Trust Fund. The \$134,000 in that budget is based on what staff anticipates collecting between February and June 2009, once the program begins operation. Part of the money in the budget is set aside in the expectation that there might be some claims. Additional money is set aside for registration and for paying back the General Fund of the Authority.

Mr. Korhonen said that this budget is predicated on us collecting some money, and that the City of Elk Grove has not resolved how it will accomplish that. If we approve this budget, we are saying there are going to be fees collected, and it remains uncertain how that will happen for the City of Elk Grove. Mr. Eck commented that it is important to recognize we need to establish a budget in the event that it does happen. If it does not, there will not be expenditures. Mr. Korhonen agreed, adding that any financial action requires approval by all five signatories.

Mr. Niederberger added that, more importantly, we are showing funds that are going to be loaned to the WPP; we have to show them in our budget. It helps to see how the WPP feeds into the Authority's budget. The point is, if we do not adopt the ordinance, we are not going to be doing anything on the WPP.

Mr. Bettis asked for clarification on the \$150,000. Mr. Eck responded that \$100,000 is for the ongoing process of developing the ordinance, the staff time involved and everything else, e.g., the time we will spend working with Mr. Korhonen to resolve the fee collection issue. The other \$50,000 is the money that would be loaned to the WPP to fund the registration process when we get to that point. Mr. Bettis asked whether confirmation that the loan must be reimbursed has been provided, and Mr. Eck said it has been provided. Mr. Fort then asked if the registration would be considered part of the WPP, and Mr. Eck responded that it would be a cost exclusive to the WPP.

Motion/Second/Carried – Mr. Johnson moved, seconded by Mr. Sadler, to approve the Resolution adopting the Fiscal Year 2008-2009 budget for SCGA, authorize the establishment of the WPP Trust Fund and adopt the Fiscal Year 2008-2009 budget for the WPP. Voting to approve: Mr. Bettis, Mr. Stricker, Mr. Smith, Mr. Niederberger, Mr. Johnson, Mr. Sadler, Mr. Crouse, Mr. Korhonen, and Mr. Fort. (Unanimous)

6. EVALUATION OF EXECUTIVE DIRECTOR

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

Mr. Fort reported that he had met with Mr. Crouse, and they agreed the best way to go forward is to contact Mr. Eck's direct supervisor, John Coppola. The evaluation we present for the work that he does should coincide with the evaluation he receives from Mr. Coppola. We want to sit down with Mr. Coppola and get his concurrence as to the form, format, et cetera, of the evaluation that we have. Then we will provide Mr. Eck's performance evaluation to him. Before that is put together, we will agendize completing our performance evaluation and reviewing it with Mr. Eck before it is brought before the Board for approval and submittal to his direct supervisor.

7. EXECUTIVE DIRECTOR'S REPORT

- **South Area Water Council**
 - **SCGA Interests and Issues Statement**

Mr. Eck mentioned that the South Area Water Council will have a meeting this evening, and the group is interested in obtaining an Interest and Issues Statement from the Authority. Staff has been working on identifying those areas in the Groundwater Management Plan that specifically talk about our relationship with the South Basin. Once this is completed staff will put a draft version of a document together and bring it to the Board for approval prior to giving it to the South Area Water Council.

- **Status of AB 303 grant application**


Mr. Eck reported that within the last few days a message had appeared on State DWR's website that says that the scores and reviews for the latest round of AB 303 grants will be available on May 21st. DWR received 122 grant applications requesting a total of \$27.6 million; there is about \$6 million available. There is a lot of competition for that money.

8. DIRECTORS' COMMENTS

Mr. Korhonen stated that the members of the Board have been invited to go to the groundbreaking of SCWA's new Vineyard Surface Water Treatment Plant. Mr. Niederberger added that he hoped everyone had received their invitations and that if they had not already sent their RSVP, he would be happy to carry them personally if requested.

There being no further comments from the Directors, Mr. Fort asked for a motion to adjourn. Mr. Smith moved, Mr. Niederberger seconded the motion, and the meeting was adjourned at 10:25 a.m.

By:



Chairperson

7/9/08

Date



7/9/2008

Date

