

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

Wednesday, January 13, 2010; 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.

The public shall have the opportunity to directly address the Board on any item of interest before and during the Board's consideration of that item. Public comment on items within the jurisdiction of the Board is welcomed, subject to reasonable time limitations for each speaker.

1. CALL TO ORDER AND ROLL CALL

2. PUBLIC COMMENT: Members of the public who wish to address the Board may do so at this time. Please keep your comments to less than three minutes.

3. CONSENT CALENDAR

- Minutes of November 10, 2009 Board meeting.
Action: Approve Consent Calendar item.

4. LOCAL GROUNDWATER ASSISTANCE GRANT

- Presentation on Local Groundwater Assistance (AB 303) Grant Funding Opportunities by Ali Taghavi (WRIME).
Action: Authorize application for an AB 303 grant and adopt a resolution designating the Executive Director of the Authority as the authorized representative to enter into an agreement with the State for the AB 303 grant.
Action: Authorize the Executive Director or his designee to enter into a contract with WRIME to complete and submit an AB 303 grant application for an amount not to exceed \$20,000.

5. WELL PROTECTION PROGRAM UPDATE

- Report back on activities related to the development of the Review and Authorization to Proceed (RAP) package.
Action: Request that representatives of the signatories to the JPA consult with their staff, management, and governing bodies regarding the WPP and the RAP package and take the necessary steps to adopt a resolution that commits them to a process of developing a WPP, in coordination with the Authority, within their jurisdictional boundaries.

6. EXECUTIVE DIRECTOR'S REPORT

- Financial Audit
- AB 303 Grant reimbursement status
- DMS update status
- Conflict of Interest (Form 700)

7. DIRECTORS' COMMENTS:

ADJOURNMENT

Upcoming meetings –

Next SCGA Board of Directors Meeting – Wednesday, March 10, 2010, 9 am; 10060 Goethe Road, South Conference Room No. 1212 (Sunset Maple).

Sacramento Central Groundwater Authority Board Meeting
January 13, 2010

AGENDA ITEM 3: CONSENT CALENDER

Minutes from the November 10, 2009 SCGA Board meeting follow.

Action: Approve Consent Calendar Items.

SACRAMENTO CENTRAL GROUNDWATER AUTHORITY (SCGA)

Governing Board Meeting

Draft Minutes

November 10, 2009

LOCATION: 10545 Armstrong Avenue, Suite 101
Mather, CA 95655
9:00 a.m. to 11:00 a.m.

MINUTES:

1. CALL TO ORDER AND ROLL CALL

Chair Scott Fort called the meeting to order at 9:00 a.m.

The following meeting participants were in attendance:

Board Members (Primary Rep):

Jeff Starsky, City of Folsom
Stuart Helfand, Agricultural Residential
Edwin Smith, Public Agencies Self-Supplied
Scott Fort, Golden State Water Company
Anthony van Steyn, Agricultural Interests
Ed Crouse, Rancho Murieta Community Services District

Board Members (Alternate Rep):

Clarence Korhonen, City of Elk Grove
Walt Sadler, City of Folsom
Herb Niederberger, Sacramento County Water Agency
Albert Stricker, City of Rancho Cordova
Leo Havener, Elk Grove Water Service

Staff Members:

Darrell Eck, Executive Director, Sacramento Central Groundwater Authority
Heather Hawke, Clerk, Sacramento Central Groundwater Authority
Ping Chen, Sacramento Central Groundwater Authority
Ramon Roybal, Sacramento Central Groundwater Authority

Others in Attendance:

Jim Peifer, City of Sacramento
David Armand, California-American Water Company
Derrick Whitehead, City of Roseville
Cathy Lee, City of Roseville
Norm Jones, Aquaveo (via teleconference)
Michelle Smilowitz, Aquaveo (via teleconference)

Member Agencies Absent

Commercial/Industrial Self-Supplied (vacant)
California – American Water Company
City of Sacramento
Omochumne-Hartnell Water District
Sacramento Regional County Sanitation District

2. PUBLIC COMMENT

None

3. CONSENT CALENDAR

- **Minutes of September 9, 2009 Board meeting.**

Motion/Second/Carried – Mr. Starsky moved, seconded by Mr. Niederberger, the motion carried unanimously to approve the minutes.

4. ELECTION OF OFFICERS

- **Election of Chair and Vice Chair of the Board of Directors for calendar year 2010 in accordance with Section 3.06(a) of the Rules of Procedure**

Mr. Fort opened the floor to nominations for Chair and Vice Chair for the upcoming calendar year. Mr. Sadler volunteered to serve as Chair. The issue was raised concerning the fact that Mr. Sadler was the alternate representative from the City of Folsom and what the procedure would be when the City's primary representative, Mr. Starsky, attended a meeting. The consensus was to designate the City of Folsom as Chair with either Mr. Sadler or Mr. Starsky fulfilling the role based on their attendance at the Board meetings. Mr. Niederberger volunteered to serve as Vice Chair. Mr. Fort then went around the room asking each representative for their approval/objection. Being no objections, Mr. Fort announced that it was the Board's unanimous decision to elect the City of Folsom as Chair and the County of Sacramento as Vice Chair for 2010.

5. WESTERN PLACER COUNTY GROUNDWATER MODEL

- **Presentation on the Western Placer County Groundwater Model by Norm Jones and Michelle Smilowitz (AQUAVEO) and Derrick Whitehead (City of Roseville)**

Mr. Whitehead introduced the project as an outgrowth of the Aquifer Storage and Recovery Project that the City of Roseville started several years ago in which they received an operating permit from the Regional Board to inject, store, and recover surface water in an underground aquifer. Mr. Whitehead stated that a current priority of the groundwater model is to analyze the impacts on the groundwater aquifer as treated surface water is injected into the basin. Mr. Whitehead then introduced Michelle Smilowitz from Aquaveo as the primary Project Manager for the Western Placer County Groundwater Model (WPCGM). Ms. Smilowitz introduced the model as encompassing three sub basins and approximately 870,000 acres extending from the Bear River to the north, the Mokelumne River to the south, the Feather and Sacramento Rivers to the West, and the Sierra Nevada to the East. Ms. Smilowitz presented the model as a layered wedge model representing the primary stratigraphic units in the region the River Bank formation, the Turlock Lake/Laguna formation, the Valley Spring formation, and the Ione formation. She explained that the model was able to represent each layer individually or as a cross-section to accurately

characterize recharge and allow for analyses of the affect of recharge on each layer. Ms. Smilowitz displayed simulations from the WPCGM and explained that the model area was predominantly covered by very low permeable deposits and therefore recharge is believed to predominantly exist along the major stream beds. Mr. Jones then highlighted how Aquaveo's model could be used to address some of the Central Basin's Basin Management Objectives including, maintaining the sustainable yield, maintaining groundwater levels, and impacts to surface water flows. Mr. Jones also discussed how the model could simulate the movement of contaminant plumes and how the modeling results could be viewed while using Google Earth as a viewing platform.

Ms. Smilowitz continued by stating that as an outcome of the meeting they would like to request additional information from the Authority for the area south of the American River in order to further develop and calibrate the model. She further stated that the data that's currently part of the model comes from the State Department of Water Resources (DWR), the DWR Water Data Library and the Sacramento Groundwater Authority's DMS. Specifically, Aquaveo is interested in groundwater pumping and surface water delivery data from individual water purveyors and any additional stream gauge information for the Mokelumne, Sacramento, and Cosumnes Rivers. Mr. Fort called for questions. Mr. Niederberger asked if Aquaveo was looking for the release of data from SCGA, specifically from the Central Basin DMS or the IGSM that was developed for the Central Basin GMP? He also asked if the purveyor's specific data would be releasable to Aquaveo for input in their model? Ms. Smilowitz responded that they've been very specific regarding the security of the information they've received; signing several releases from the State to utilize the information while preserving confidentiality. She also mentioned that they have received authorization from the specific purveyors/entities and they would maintain that same level of security.

Motion/Second/Carried – Mr. Niederberger motioned, seconded by Mr. Fort, the motion carried unanimously to release water data to Aquaveo for incorporation into the Western Placer County Groundwater Model.

6. WELL PROTECTION PROGRAM UDATE

- **Report back on materials developed to secure a commitment from the land use authorities on adoption of the Well Protection Program.**

Staff distributed a draft copy of the Review and Authorization to Proceed (RAP) document. Mr. Eck mentioned that during the last Board meeting there was some concern expressed that as the housing down turn continues the land use agencies might not be ready to move forward with the adoption and implementation of the Well Protection Program (WPP). Additionally, there were concerns that staff and management changes at the land use agencies could potentially result in a loss of institutional knowledge regarding the WPP and that this could further delay the adoption and implementation process. Because of these factors, the Board felt it was important to get a commitment from the land use agencies to move forward once

there was an improvement in the housing market. Mr. Eck stated that the Board directed staff to draft a “Review and Authorization to Proceed” (RAP) document for the land use agencies to facilitate approval of a resolution that would commit the agency to adopt and implement the WPP once certain conditions were met. Mr. Eck reported that staff had modeled the draft RAP using the RAP developed in 2004 by the Groundwater Forum that secured a commitment to develop and implement a program that resulted in the formation of the Sacramento Central Groundwater Authority. Mr. Eck then mentioned that an e-mail had been sent to Board members on October 21st, suggesting that the trigger to initiate the WPP be the total number of building permits issued by Central Basin land-use agencies based on the minimum threshold identified in the Nexus Study. Mr. Eck then indicated that it was staff’s recommendation that representatives of the land use agencies on the Authority’s Board review the provided materials with their respective staff and management, and undertake the necessary coordination with their Boards or Councils to adopt a resolution committing their agency to adopt and implement the WPP once certain conditions were met.

Discussion ensued regarding the number of building permits identified as the trigger for moving forward with the WPP. Mr. Eck reiterated that the number of permits (800) was taken from the Nexus Study for the WPP Fee and that at the time the study was completed, that number represented the revenue stream necessary to maintain a viable program. Mr. Stricker pointed out that in the Nexus Study each land-use agency was assigned a specific number of building permits with the cumulative amount totaling 800. Mr. Sticker then asked if the 100 building permits projected for the City of Rancho Cordova in the Nexus Study would have to be collected in addition to the 800 for the region. Mr. Eck replied that the thought was that 800 building permits pulled across the entire basin was a reasonable assumption to make as far as sustainability of the program, but that it becomes more difficult when considering what each individual jurisdiction feels is an appropriate assumption within its own boundaries. Mr. Eck stated that staff produced the draft RAP package with the thought that the representatives from each land-use agencies would review the materials and recommendations contained therein, and then provide feedback to address any specific concerns along with recommendations to alleviate them. Mr. Stricker stated that he thought it was necessary to look at the region as a whole as well as on a City by City basis to determine an appropriate number of building permits to set as a trigger. Mr. Crouse asked what would happen if the trigger was never reached or if it took a long time to be reached. He also asked if there was a delay in reaching the trigger, how would the delay affect the calculation of the fee if the total number of fees collected over the life of the program was never reached. Mr. Niederberger responded by saying that the number of building permits to fund the program is based on an estimate of annual growth over a finite period of time and that the total program cost could fluctuate because the WPP has a built in “Sunset Clause” tied to the operation of the Vineyard Surface Water Treatment Plant. Mr. Crouse responded that the question then arises as to whether the program could be stalled forever if the trigger is never reached; if that is a possibility how does the Board get the ball rolling for a commitment from the land-use agencies to approve and implement the WPP. Mr. Fort said that the purpose of the discussion is to agree on a

trigger that would provide a mechanism for the WPP to move forward when the economy turns around and so the fee can be kept down at an acceptable level. Mr. Helfand stated that the number of building permits should pick up as developers are still applying for rezones and tentative maps. Mr. Korhonen asked if it made any sense to take a pro-rata approach to at least partially fund the program. Mr. Starsky cautioned that the Board needed to be confident in the information contained within the Nexus Study and to be prepared to defend it. He stated that everyone is looking for ways to reduce fees and that any new fee would not be approved by the cities without support from the BIA. Because of this, the Authority needs to be very strategic with how the fee would be broached with the BIA. Mr. Starsky concluded by saying that he supported the trigger method being discussed. Mr. Niederberger added that based on previous conversations with the BIA it was his impression that they would not be supportive of any new fee and that it was his recommendation that the Authority take the RAP to the land-use agencies for their feedback; will they support it or not. Mr. Fort concurred that the RAP should be taken to the land-use agencies for comment and that all the discussion regarding support or lack thereof was just speculation at this time. Mr. Starsky suggested that the Authority present the fee as a preservation measure, that the BIA would be preserving the basin for their own well-being by ensuring a reliable source of water. He also suggested simply floating it by the BIA to see what the reaction would be. Mr. Crouse expressed concern that the WPP might never be implemented in the manner that it was intended unless the Board was aggressive in trying to convince the BIA to accept the fee because it was his impression that the land-use authorities would never approve the fee without the BIA's support first. Mr. Stricker agreed that acquiring support of the BIA first was a good approach explaining that the BIA, though not the only factor to consider, was an important one and that it makes sense to approach the land-use agency boards with BIA approval. Mr. Eck agreed that securing BIA's support was important but that the current issue was securing a commitment from the land use authorities to move forward on the WPP once certain conditions were met (e.g., a building permit trigger) and suggested it would be great if the Board members could provide any comments to the draft RAP package prior to or during our next meeting in January. Mr. Korhonen mentioned that the City of Elk Grove had undergone a lot of turnover in its city management and that the new managers were unfamiliar with the WPP and requested that Mr. Eck assist in presenting an overview of the program to them. Mr. Niederberger stated that the Board was not ready to move for a vote to approve the RAP until Board members provided their comments back to staff and then have it ready for delivery in January to take to the land use authorities. Mr. Fort asked if there were any additional comments and there were none.

Action: Representatives of the land use authorities to work with their respective staff, management, and Board/Council to adopt a resolution committing to the adoption of Well Protection Program.

7. FINANCIAL AUDIT

Mr. Eck indicated that in accordance with Section 4.04(b) of the Authority's Rules of Procedure an independent audit of the Authority's finances is required. Under the Rules of procedure the County of Sacramento's Director of Finance is identified as the Authority's

treasurer and controller. The County's Department of Finance has recently gone through a selection process to select a financial consultant to audit the County's and other affiliated agencies finances, including the Authority's. The consultant selected through this process was Vavrinek, Tine, Day & Co.; they have submitted a proposal to conduct the financial audit for the Authority for an amount not to exceed \$15,000. The Executive Director has reviewed the proposal with the CFO of the County Department of Water Resources (DWR) and found it to be appropriate. Staff recommends that the Board authorize the Executive Director or his designee to enter into a contract with Vavrinek, Tine, Day & Co. to audit the Authority's finances for an amount not to exceed \$15,000.

Mr. Crouse asked if this was the first audit that SCGA has completed. He also asked if it would make sense to use the same auditor retained by the County to audit its finances. Mr. Eck responded that it would be the first audit conducted for the Authority and that the County DWR's CFO had participated in the consultant selection process and that when the County went through this process it was the intent to provide audit services not only for the County but also for agencies like the Authority. Mr. Fort asked if there was any further discussion.

Action: Authorize the Executive Director of his designee to enter into a contract with an independent certified public accountant to audit the Authority's finances for an amount not to exceed \$15,000.

Mr. Starsky motioned and Mr. Helfand seconded. The motion carried unanimously to Authorize the Executive Director or his designee to enter into a contract with an independent certified public accountant to audit the Authority's finances for an amount not to exceed \$15,000.

8. EXECUTIVE DIRECTOR'S REPORT

- Biennial Basin Management Report: Mr. Eck reported that staff had met with Mr. Bettis and incorporated his comments into the biennial report. The report is now complete and will be posted on the Authority's website.
- AB 303 Grant reimbursement status: Mr. Eck reported that the Authority had received a reimbursement check from the State in the amount of \$21,574 and that the first two checks still need to be reissued by the State because they were made out to the wrong entity. Mr. Chen is working with State DWR to resolve the problem.
- Contamination Sub-committee: Mr. Eck indicated that the Contamination Sub-Committee had drafted a letter to the United States Environmental Protection Agency (USEPA) with the Authority's comments regarding actions involving Aerojet's Operable Unit 5. The letter was subsequently reviewed and approved by the Committee and was submitted to USEPA on September 30th.
- Budget Update: Mr. Eck provided a budget status report. The Authority has reported revenue of \$267,146. First quarter expenditures are \$43,804 or about 16% of the total budget. Reimbursement for the AB 303 grant is \$21,574 as of the end of the first quarter.
- Meeting Location: Mr. Eck announced that this would be the last time we'd be meeting at this location. Future meetings will be held in the Sunset Maple Room at the Sanitation

District's new facility. The next agenda will provide the address and room location, including a map.

9. DIRECTORS COMMENTS

Mr. Niederberger stated that during the last legislative session, a huge water bill was passed that contained a significant component involving groundwater management and recommended that staff be mindful of any new reporting requirements that may be required.

Mr. Crouse praised the work that Mr. Eck has done serving as the Authority's Executive Director. Mr. Crouse then volunteered to take the lead on conducting Mr. Eck's performance review for year 2009. Mr. Fort responded that he would send Mr. Crouse the necessary documents/forms used in the previous year to facilitate Mr. Eck's performance review process. Mr. Fort also asked the Board to incorporate a collective response regarding Mr. Eck's performance as Executive Director.

Mr. Fort added that he had thoroughly enjoyed working as the Chair of the Board. He thanked Mr. Sadler, Mr. Starsky, and Mr. Niederberger for accepting the position of Chair and Vice Chair. Mr. Fort motioned to adjourn and Mr. Niederberger seconded the motion.

ADJOURNMENT

Upcoming Meetings –

Next SCGA Board of Directors Meeting – Wednesday, January 13th, 2010. 10060 Goethe Road, Sacramento, CA; SASD South Conference Room 1212 (Sunset Maple).

By:

Chairperson

Date

Date

AGENDA ITEM 4: LOCAL GROUNDWATER ASSISTANCE GRANT

BACKGROUND:

The State of California has released draft Guidelines and a Proposal Submission Package for Local Groundwater Assistance (AB 303) funding. Eligible projects include groundwater data collection, modeling, monitoring and management studies; monitoring programs and installation of equipment; basin management; development of information systems; and other groundwater related work. The grant funding amount is \$250,000 per eligible applicant. The final grant Guidelines and Proposal Solicitation Package will be released in February 2010 with Proposals due in April 2010, and public release of Draft Award Recommendations in July 2010.

STAFF RECOMMENDATION:

ACTION: Authorize application for an AB 303 grant and adopt a resolution designating the Executive Director of the Authority as the authorized representative to enter into an agreement with the State for the AB 303 grant.

ACTION: Authorize the Executive Director or his designee to enter into a contract with WRIME to complete and submit an AB 303 grant application for an amount not to exceed \$20,000.

**SACRAMENTO CENTRAL GROUNDWATER AUTHORITY
CALIFORNIA**

For the Agenda of:
January 13, 2010

To: Board of Directors
Sacramento Central Groundwater Authority

From: Staff

Subject: Resolution Authorizing Submittal Of An Application To The California Department of Water Resources For A Local Groundwater Assistance Grant Pursuant To The Water Security, Clean Drinking Water, Coastal And Beach Protection Act Of 2002 (AB 303)

Contact: Darrell Eck, Executive Director, 874-5039

Overview

The Sacramento Central Groundwater Authority (Authority) has adopted a groundwater management plan to maintain a sustainable, high-quality groundwater resource for the users of the Central Basin. Further development and improvement of the Authority's groundwater data collection and monitoring program is critical to the implementation of the Basin Management Objectives which are key to successfully managing and monitoring the basin to the benefit of all groundwater users within the Central Basin. Grant money from the California Department of Water Resources Local Groundwater Assistance Program will assist the Authority in implementing this critical program.

Recommendations

1. Authorize application for the AB 303 grant.
2. Designate the Executive Director of the Authority, or his designee, as the authorized representative to enter into an agreement with the State for the AB 303 grant.

Fiscal Impact

Development of the AB 303 Grant Application will be through a contract with WRIME, Inc. approved by the AB 303 Subcommittee on November 5, 2007. Granted funds, if awarded, will provide up to \$250,000 in funding for improvements to the Central Basin's groundwater data collection and monitoring program.

BACKGROUND

On August 29, 2006 the Cities of Folsom, Elk Grove, Rancho Cordova and Sacramento and the County of Sacramento executed a joint powers agreement creating the Sacramento Central Groundwater Authority (Authority). The purpose of the Authority is to maintain the long-term sustainable yield of the Central Basin; ensure implementation of the basin management objectives (BMOs) that are prescribed by the Central Sacramento County Groundwater Management Plan (GMP); oversee the operation of any Well Protection Program that may be prescribed by the GMP; manage the use of groundwater in the Central Basin and facilitate implementation of an appropriate conjunctive use program by water purveyors; coordinate efforts among those entities represented on the governing body of the joint powers authority to devise and implement strategies to safeguard groundwater quality; and work collaboratively with other entities, including the Sacramento Groundwater Authority, the Southeast Sacramento County Agriculture Water Authority and other groundwater management authorities that may be formed in the County of Sacramento and adjacent political jurisdictions, in order to promote coordination of policies and activities throughout the region. On November 8, 2006, the Board of the Authority adopted the GMP.

On November 14, 2007, the Board authorized the Executive Director to submit an application to the California Department of Water Resources for a Local Groundwater Assistance Grant (AB 303). The purpose of this grant was to further develop and improve the Authority's Data Management System (DMS) which is critical to the implementation of the BMOs which are key to successfully managing and monitoring the basin to the benefit of all groundwater users.

In June 2008 the Authority was awarded the grant and work on the update to the DMS began in November 2008.

DISCUSSION

Implementation of the BMOs described in the GMP requires both a data collection and monitoring program and analytical tools that, when fully operational, will be capable of assessing the current status of the basin and predicting responses in the basin that are a result of future management actions. The Central Basin monitoring program includes collection of groundwater elevation data, groundwater quality data, monitoring and assessing the potential for land surface subsidence resulting from groundwater extraction, and developing a better understanding of the relationship between surface water and groundwater along the American, Cosumnes, and Sacramento rivers. The analytical tools used in the Central Basin include the DMS and the SacIGSM. The Authority is currently in the process of updating the DMS which will provide for comprehensive data compilation, consolidation, and quality control, improved access to data, improved analysis capabilities, and the ability to quantify progress in implementation of the BMOs. Recent improvements have also been made to the SacIGSM which uses various hydrologic data, land and water use data, and geometric data to conduct hydrologic simulations within the region including the Central Basin. In order to increase the effectiveness and accuracy of the DMS and SacIGSM improvements to existing data sources and the corresponding monitoring program need to be implemented and additional data sources identified and developed.

Resolution Authorizing Submittal Of An Application To The California Department of Water Resources For A Local Groundwater Assistance Grant Pursuant To The Water Security, Clean Drinking Water, Coastal And Beach Protection Act Of 2002 (AB 303)

Page 3

An analysis is required of the Central Basin's current data collection and monitoring program to identify and implement necessary improvements that will result in a higher degree of accuracy and finer resolution of the basin's analytical tools, the DMS and Sac IGSM. This analysis would include an assessment of present monitoring points, identification and location of additional monitoring points (including the installation of additional monitoring wells), the performance of aquifer testing, and the installation of transducers at strategic locations for high resolution groundwater level monitoring.

The Local Groundwater Management Assistance Act of 2000 (California Water Code Section 10795 *et seq.* (Assembly Bill 303)) was enacted to provide grants to local public agencies to conduct groundwater studies or to carry out groundwater monitoring and management activities. The Authority plans to apply for a grant of up to \$250,000 under the Act to assist in the development of this project.

Respectfully submitted,

Darrell K. Eck, Executive Director
Sacramento Central Groundwater Authority

Attachment: Resolution

cc: Susan Purdin, Larry Ottman - SCGA

RESOLUTION NO. 2010-01

RESOLUTION AUTHORIZING SUBMITTAL OF AN APPLICATION TO THE CALIFORNIA DEPARTMENT OF WATER RESOURCES FOR A LOCAL GROUNDWATER ASSISTANCE GRANT PURSUANT TO THE WATER SECURITY, CLEAN DRINKING WATER, COASTAL AND BEACH PROTECTION ACT OF 2002

WHEREAS, on August 29, 2006 the Sacramento Central Groundwater Authority (AUTHORITY) was formed through a Joint Powers Agreement (JPA) between the City of Elk Grove, the City of Folsom, the City of Rancho Cordova, the City of Sacramento and the County of Sacramento.; and

WHEREAS, the purpose of the AUTHORITY is to maintain the long-term sustainable yield of the Central Basin; ensure implementation of the Basin Management Objectives prescribed in the Groundwater Management Plan; oversee the operation of a Well Protection Program; manage the use of groundwater in the Central Basin and facilitate implementation of an appropriate conjunctive use program by water purveyors; coordinate efforts among those entities represented on the governing body of the AUTHORITY to devise and implement strategies to safeguard groundwater quality; and to work collaboratively with other entities in order to promote coordination of groundwater policies and activities throughout the region; and

WHEREAS, the AUTHORITY adopted the Central Sacramento County Groundwater Management Plan (CSCGMP) on November 8, 2006; and

WHEREAS, the CSCGMP reviews current and future water supply and demands, contains basin management objectives (BMO) addressing rate of groundwater extraction, groundwater elevations, land subsidence, surface water flows and groundwater contamination; and

WHEREAS, the CSCGMP also contains “trigger points” and remedies to ensure full implementation of the BMOs; and

WHEREAS, on-going development and improvement to the AUTHORITY’s groundwater data collection and monitoring program is critical to the successful implementation of the CSCGMP and of managing and monitoring the basin to the benefit of all groundwater users in the Central Basin as described in said BMOs; and

WHEREAS, the Local Groundwater Management Assistance Act of 2000 (California Water Code Section 10795 *et seq.* (Assembly Bill 303)) was enacted to provide grants to local public agencies to conduct groundwater studies or to carry out groundwater monitoring and management activities.

NOW, THEREFORE, be it resolved by the AUTHORITY as follows:

1. That application be made to the California Department of Water Resources for a Local Groundwater Assistance Grant pursuant to the Water Security, Clean Drinking Water, Coastal and Beach Protection Act of 2002 (Water Code Section 79560 *et seq.*), and to enter into an agreement to receive a grant for further development and improvement to the AUTHORITY'S groundwater data collection and monitoring program, and
2. The AUTHORITY finds and determines that the Executive Director of the Sacramento Central Groundwater Authority is hereby authorized to do and perform everything reasonable, convenient, and necessary to carry out the purpose and intent of this Resolution.

Resolution Authorizing Submittal of an Application to the California Department of Water Resources for a Local Groundwater Assistance Grant Pursuant to the Water Security, Clean Drinking Water, Coastal and Beach Protection Act of 2002
Page 3

ON A MOTION by Director _____, seconded by Director _____, the foregoing resolution was passed and adopted by the Board of Directors of the Sacramento Central Groundwater Authority, State of California, this day 13 of January, 2010 with the following vote, to wit:

AYES: Directors,

NOES: Directors,

ABSENT: Directors,

ABSTAIN: Directors,

Chair of the Board of Directors of the
Sacramento Central Groundwater Authority

(S E A L)

ATTEST: _____
Clerk of the Board of the Authority

AGENDA ITEM 5: WELL PROTECTION PROGRAM

BACKGROUND:

Staff presented a Draft Review and Authorization to Proceed (RAP) document to the Board at the November 2009 Board meeting. Based on discussions at that meeting the Board decided that members of the Board should review and comment, if necessary, on the Draft RAP document.

(Note: Staff has made a number of changes to the Draft RAP document since the November Board meeting and has provided a strikeout version as well as a “clean” revised document.)

STAFF RECOMMENDATION:

ACTION: Request that representatives of the signatories to the JPA consult with their staff, management, and governing bodies regarding the WPP and the RAP package and take the necessary steps to adopt a resolution that commits them to a process of developing a WPP, in coordination with the Authority, within their jurisdictional boundaries.

Draft Review and Authorization to Proceed (RAP)

Strike-Out Version

Sacramento Central Groundwater Authority
Review and Authorization to Proceed
January 13, 2010

The purpose of this Review and Authorization to Proceed (RAP) document is to inform and update staff, management, and the governing bodies of the member land-use agencies belonging to the Sacramento Central Groundwater Authority (Authority) of the current state of the Central Basin Well Protection Program (WPP) and to establish a ~~procedure~~process whereby development and ultimately implementation of the program will take place as envisioned by the Central Sacramento County Groundwater Management Plan (GMP) and the Joint Powers Agreement (JPA).

BACKGROUND

The Authority was formed on August 29, 2006 through a JPA between the Cities of Elk Grove, Folsom, Rancho Cordova, and Sacramento and the County of Sacramento. The Board of Directors of the Authority consists of sixteen members representing stakeholder interest groups including agriculture, agriculture/residential users, business, environmental/community organizations, local governments/public agencies and water purveyors.

As described in the JPA, the purposes of the Authority are: to maintain the long-term sustainable yield of the Central Sacramento County Groundwater Basin (Central Basin); ensure implementation of the Basin Management Objectives (BMOs) prescribed by the GMP; oversee the operation of any Well Protection Program that may be prescribed by the GMP; manage the use of groundwater in the Central Basin and facilitate implementation of an appropriate conjunctive use program by water purveyors; coordinate efforts among those entities represented on the governing body of the JPA to devise and implement strategies to safeguard groundwater quality; and work collaboratively with other entities, including the Sacramento Groundwater Authority, the Southeast Sacramento County Agriculture Water Authority and other groundwater management authorities that may be formed in the County of Sacramento and adjacent political jurisdictions, in order to promote coordination of policies and activities throughout the region.

CENTRAL BASIN WELL PROTECTION PROGRAM

The framework for the WPP was established during stakeholder negotiations that developed the GMP. During these negotiations some of the stakeholders felt that protection of the Central Basin's existing domestic and agricultural wells (private wells) was of fundamental importance. This concern was based on the belief that on-going development within the Central Basin was responsible for a continuing decline in groundwater levels resulting in the

“dewatering” of some private wells. The stakeholders strongly believed that because these private well owners have no alternative source of supply it should not be their responsibility to pay the cost of deepening or replacing their well if the impact is the result of on-going development.

CENTRAL BASIN WELL PROTECTION PROGRAM ORDINANCE

In accordance with the requirements of the JPA, the Authority began work on the WPP in November 2006. Based on the provisions of the GMP the WPP should include the following components: a trust fund, a well protection fee (or development fee), eligibility requirements, defined benefits, and a sunset provision. Over the next two years the Authority held workshops to discuss ~~these various components of the WPP~~ and to make determinations on what provisions should be included in the program. Once the draft ordinance was complete legal counsel determined that adoption by the Authority would be subject to Proposition 218. As an alternative, counsel recommended that the ordinance be adopted by those agencies participating in the Authority that had land use authority. In other words, in order to successfully establish the WPP in the Central Basin each land use authority that is signatory to the JPA would be required to adopt an ordinance (containing the above components) ~~that~~ establishing the WPP within their jurisdiction. Recognizing that this was the only way to meet the commitment of a WPP, ~~as described in the GMP~~ the Authority Board voted unanimously to support the recommendation of counsel. Based on that recommendation, on May 13, 2009 the Authority accepted the, *Draft Provisions for the Establishment of a Development Impact Fee to Finance the Cost of the Central Basin Well Protection Program* (Draft WPP Provisions) with the understanding that the document would be forwarded to used by the ~~various~~ land use agencies ~~for their consideration in adopting the development of their~~ WPP ordinance. The Draft WPP Provisions document represents the efforts of the Authority, over the past two years, to craft language for a WPP ordinance that would not only satisfy the requirements of the GMP and JPA but also meet the needs and concerns of the community as well (see **Appendix A**).

NEXUS STUDY FOR WELL PROTECTION FEE

In order to implement the WPP it is necessary to establish a well protection fee. The Mitigation Fee Act, also known as AB 1600, requires that a nexus study be done prior to establishing, increasing, or imposing a fee as a condition of approval for a development project. To establish a nexus between new development and the proposed well protection fee the Authority developed the *Draft Nexus Study for Well Protection Fee* (February 2009). The Draft Nexus Study relies on the *Hydrologic and Modeling Analysis for Zone 40 Water Supply Master Plan* (WRIME, September 2003) that was developed as part of the *Zone 40 Water Supply Master Plan* (SCWA/MWH, February 2005), the GMP, and the *Refined Impact Analysis for Sacramento*

Central Groundwater Authority (WRIME, April 2008) to develop this correlation. On May 13, 2009 the Authority Board authorized the release of the Draft Nexus Study to the various land use agencies ~~for their consideration in adopting to be used in the development of their~~ WPP ordinance. A copy of the Draft Nexus Study is attached to this document as **Appendix B**.

NEXT STEPS

~~As determined by counsel for the Authority, in order to successfully implement a WPP in the Central Basin an ordinance establishing the program needs to be adopted by each of the land use authorities that are signatory to the JPA. This issue has been discussed at significant length by the Authority at several Board meetings, beginning at the September 8, 2008 meeting. On December 10, 2008, Board members representing the various land use agencies agreed to take to their respective agencies the Draft WPP Provisions and the Draft Nexus Study to consider for adoption. As mentioned previously On May 13, 2009, these documents were made available to the various land use agencies for their consideration on May 13, 2009. Within this same timeframe, the Authority decided to place the WPP on hiatus based on the current state of the housing market.~~

~~On~~At the September 9, 2009 Board meeting members expressed concern that if the WPP were to remain in a state of hiatus too long that a significant re-education process on the program would be necessary. In order to maintain momentum the Authority determined that it would ask for a commitment from the land use agencies, in the form of a resolution, that they will continue the process to develop and ultimately implement the WPP. The Authority has developed a sample resolution and have attached it to this document as in order to provide assistance in moving the process of adopting a WPP ordinance forward that a package would be developed that outlined the actions taken by the Authority to develop the program and also to provide a means to secure a commitment to eventually adopt the ordinance and implement the program. These materials are attached to this document as **Appendix C**. In order to facilitate continued progress on the WPP the Authority requests that the land use agencies adopt their resolution by June 30, 2010.

APPENDIX A
ORDINANCE PROVISIONS

PROVISIONS FOR THE ESTABLISHMENT OF A DEVELOPMENT IMPACT FEE TO FINANCE THE COST OF THE CENTRAL BASIN WELL PROTECTION PROGRAM

~~February 11, 2009~~ Updated January 13, 2010

Purpose –

- A. A purpose of the Sacramento Central Groundwater Authority (“Authority”) is to oversee the operation of any Well Protection Program that may be prescribed by the Central Sacramento County Groundwater Management Plan (“Central Basin GMP”).
- B. New development projects within the Central Basin rely on conjunctive use programs to meet their water supply needs. These programs require the construction of various capital facilities for the development of groundwater supplies and the importation of surface water supplies. While the implementation of a conjunctive use program mitigates the exclusive use of groundwater to meet new development demands, overall groundwater demand will continue to increase until it reaches the long-term sustainable yield agreed upon in the Water Forum Agreement.
- C. Protection of Sacramento County’s groundwater resource within the Central Basin and the private domestic and agricultural wells located within said Basin is of fundamental importance to the Authority.
- D. The purpose of this chapter is to use the authority in Article XI, Section 7 of the California Constitution by imposing a Development Impact Fee as a component of conjunctive use facilities within the Central Basin to fund the cost of reimbursing private domestic well and agricultural well owners for deepening or replacing an eligible well, the need for which is directly or indirectly generated by the type and level of development proposed within the Unincorporated Portion of the Central Basin, as it may be amended from time to time.

Definitions –

Administrative Costs – Those costs attributed to the cost of operating and maintaining the Central Basin Well Protection Program.

Agency – ~~The County of Sacramento Municipal Services Agency~~ That entity under the authority of Board/Council that is authorized to collect Development Impact Fees.

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Agricultural Well – Well that is primarily used for crop and/or pasture irrigation.

Area of Eligibility – Area, as defined by the Authority where claims can be paid.

Authority – Sacramento Central Groundwater Authority (SCGA).

Board/Council – Board of Supervisors of the County of Sacramento or the City Councils of the Cities of Elk Grove, Folsom, Rancho Cordova, and Sacramento.

Building Permit – The permit issued or required for the construction or improvement of additional square footage for any structure pursuant to and as defined by the ~~Sacramento County appropriate jurisdiction~~ Building Code.

Central Basin - Refers to the groundwater basin underlying the area within the boundaries of the Authority (see Figure 1).

Central Basin GMP - Central Sacramento County Groundwater Management Plan, as it may be modified or amended by the Authority.

Costs – The amount spent, or authorized to be spent, in connection with the reimbursing of private domestic well and agricultural well owners for deepening or replacing an eligible well including Administrative Costs.

Development Impact Fee – The fee levied by this chapter upon approval of Building Permits within the ~~Unincorporated Portion of the~~ Central Basin.

Eligible Well - An Agricultural Well or Private Domestic Well that has been properly registered in accordance with the Authority’s Well Protection Program.

Private Domestic Well - Wells that produce water for domestic use within the Area of Eligibility.

SCGA Well Protection Program Development Impact Fee Program (Nexus Study) – The plan entitled “Sacramento Central Groundwater Authority Nexus Study for the Well Protection Fee” dated on or about _____ (hereinafter in some instances referred to as the Nexus Study of the SCGA Well Protection Development Impact Fee Program), including any amendments thereto, adopted by resolution by the Board/Council for financing of the Central Basin Well Protection Program within the ~~Unincorporated Portion of the~~ Central Basin, including, but not limited to, a designation of those facilities that would benefit from the Development Impact Fees collected pursuant to this chapter and the ~~C~~costs associated with modifying or replacing these facilities.

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~~Unincorporated Portion of the Central Basin—All property located within those geographic areas as depicted in Figure 1 attached to this ordinance and incorporated herein by reference.~~

Well Protection Fee - Fee collected to support the Central Basin Well Protection Program.

Well Protection Program - Central Basin Well Protection Program.

Adoption of and Compliance with the SCGA Well Protection Program Development Impact Fee Program

A. The Board/Council shall by resolution adopt the SCGA Well Protection Program Development Fee Impact Program. The Board/Council shall receive a report pursuant to Government Code section 66006 on the SCGA Well Protection Program Development Fee Impact Program annually and may amend it by resolution at its discretion.

B. All facilities established in the Nexus Study shall be funded pursuant to the provisions of this Chapter.

Establishment of Development Impact Fees –

A separate Development Impact Fee is hereby established and shall apply to all properties within the ~~Unincorporated Portion of the Central Basin~~jurisdictional boundaries of Board/Council.

Establishment and Administration of SCGA Well Protection Fund –

A. There is hereby established by the office of the Department of Finance in the County Treasury a special interest-bearing trust fund entitled the SCGA Well Protection Program Trust Fund. All Development Impact Fees collected pursuant to this chapter shall be placed in said fund and shall be expended by the Authority, or its successor agency, solely to pay the costs of well facilities identified in the Nexus Study.

B. The SCGA Well Protection Trust Fund shall be administered by the Sacramento Central Groundwater Authority.

Imposition of Development Impact Fees –

No Building Permit shall be approved for property within the ~~Unincorporated Portion of the Central Basin~~jurisdictional boundaries of Board/Council unless the

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Development Impact Fees for that property have been paid as required by this chapter.

Payment of Development Impact Fees –

A. The Development Impact Fees imposed pursuant to this chapter shall be paid by the property owner to the Agency at the rates shown in the Nexus Study. The fees shall be calculated and paid upon issuance of the Building Permits.

B. For specialized development projects that do not match the fee categories summarized in the Nexus Study, the SCGA, in conjunction with the CountyAgency, will review the specialized development and decide on an applicable fee based on the impact to the groundwater basin from the development.

C. For redevelopment projects, the SCGA and CountyAgency staff will review redevelopment requests on a case-by-case basis. If a redevelopment project results in a change of land use on a particular parcel, the SCGA and CountyAgency staff will determine the appropriate Development Impact Fees adjustment to reflect the different characteristics of the original and new land uses. If a redevelopment project demolishes an existing building and rebuilds a building of the same land use, the applicant may be eligible for a waiver by the SCGA of a portion of the Development Impact Fees.

Exemption from Development Impact Fees –

A. Remediation wells that are required by regulatory compliance orders and all monitoring wells are exempt from paying the Development Impact Fee.

B. Any property within the City of Sacramento that is served exclusively by the City of Sacramento’s surface water supply system is exempt from paying the Development Impact Fee.

C. Any other property within the Central Basin that is served exclusively by a surface water supply system is exempt from paying the Development Impact Fee.

Sunset Provision –

Not earlier than five years after implementing the Well Protection Program, nor later than the beginning of the eleventh year after surface water from the Freeport Regional Water Project is delivered to the Central Basin area, the Authority shall conduct an evaluation of the Basin to determine whether a continuing need exists to maintain the Well Protection Program. In conducting this evaluation the Authority may consider the following factors: groundwater levels, number of claims against

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the Trust Fund, rate of claims filed over time, and status of urbanization. A decision on whether or not to continue the Well Protection Program shall be reserved to the Board.

Annual Fee Adjustment –

Beginning March 1, 2010, and thereafter each year no later than March 15, the Administrator shall authorize the adjustment of the Well Protection Fee rate as follows:

A. That year's January 1 construction cost index for 20 cities and that year's January 1 construction cost index for San Francisco shall be determined by resort to the appropriate January issue of the Engineering News Record magazine or its most equivalent alternative. The average of these two indexes shall be calculated and if it equals XXXX, the Well Protection Fee shall not be adjusted.

B. If the average of the two indexes does not equal XXXX, then an adjustment factor shall be calculated by dividing the average of the two indexes by XXXX. The new Well Protection Fee shall be calculated by multiplying the adjustment factor by the Development Impact Fee rate in place prior to the annual adjustment.

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APPENDIX B
DRAFT NEXUS STUDY

Sacramento Central Groundwater Authority

Nexus Study for Well Protection Fee

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February, 2009

INTRODUCTION

The Sacramento Central Groundwater Authority (Authority) was formed on August 29, 2006 through a Joint Powers Agreement (JPA) between the Cities of Elk Grove, Folsom, Rancho Cordova, and Sacramento and the County of Sacramento. The Board of Directors of the Authority consists of sixteen members representing stakeholder interest groups including agriculture, agriculture/residential users, business, environmental/community organizations, local governments/public agencies and water purveyors.

The purpose of the Authority, as described in the JPA, is to maintain the long-term sustainable yield of the Central Sacramento County Groundwater Basin (Central Basin); ensure implementation of the Basin Management Objectives (BMOs) that are prescribed by the Central Sacramento County Groundwater Management Plan (GMP); oversee the operation of the Well Protection Program prescribed by the GMP; manage the use of groundwater in the Central Basin and facilitate implementation of an appropriate conjunctive use program by water purveyors; coordinate efforts among those entities represented on the governing body of the JPA to devise and implement strategies to safeguard groundwater quality; and work collaboratively with other entities, including the Sacramento Groundwater Authority, the Southeast Sacramento County Agriculture Water Authority and other groundwater management authorities that may be formed in the County of Sacramento and adjacent political jurisdictions, in order to promote coordination of policies and activities throughout the region.

Purpose of Study

Because the GMP recognized that increased groundwater pumping would be an integral component of conjunctive use programs to be implemented in the Central Basin; the stakeholders participating in the development of the GMP recommended determining the feasibility of a basin wide well protection program (WPP). The purpose of the WPP is to protect existing private domestic well and agricultural well owners from declining groundwater levels resulting from new development in the basin. The GMP stakeholders felt this was important because these groundwater users generally have no alternative source of water in the event their wells are “dewatered.” In order to implement the WPP a well protection fee has been identified in this study that would mitigate the cost of deepening or replacing these impacted wells.

The Fee Program will be established by the SCGA Board of Directors, Elk Grove City Council, Folsom City Council, Rancho Cordova City Council, and the Sacramento County Board of Supervisors (land use authorities) through the adoption of this Nexus Study. The Fee Program is compliant with the requirements set forth in the Mitigation Fee Act, also known as AB 1600, and ensures that a

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nexus exists between future development within the Central Basin and (i) the use and need of the proposed facilities, and (ii) the amount of the well protection fee assigned to future development. This Nexus Study demonstrates that a reasonable relationship exists between the fee to be levied and the cost of the impact attributed to future development.

Impact Fee Nexus Requirements (AB 1600)

Assembly Bill (AB) 1600, which was enacted by the State of California in 1987, created Section 66000 et. seq. of the Government Code. AB 1600, requires that all public agencies satisfy the following requirements when establishing, increasing, or imposing a fee as a condition of approval for a development project:

1. Identify the purpose of the fee;
2. Identify the use to which the fee will be put; and
3. Determine how there is a reasonable relationship between:
 - a. The fee's use and the type of development project on which the fee is imposed;
 - b. The need for the public facility and the type of development project on which the fee is imposed; and
 - c. The amount of the fee and the cost of the public facility or portion of the public facility attributable to the development on which the fee is imposed.

HYDROLOGIC AND MODELING ANALYSIS

The Mitigation Fee Act requires that a reasonable relationship exists between the need for public facilities and the type of development on which the fee is imposed. The need for public facilities is related to the level of service demanded, which varies in proportion to the level of development.

Zone 40 Water Supply Master Plan

The *Zone 40 Water Supply Master Plan* (SCWA/MWH, February 2005) was developed to address changes in land use approved by various land use authorities within the Central Basin and to further define SCWA's conjunctive use program of groundwater, surface water, and recycled water supplies, and includes a financing program for the construction of surface water diversion and treatment facilities; water conveyance pipelines; groundwater extraction, treatment, storage, and distribution facilities; and recycled water storage and distribution facilities within Zone 40.

Groundwater impacts in the Central Basin were evaluated in the *Hydrologic and Modeling Analysis for Zone 40 Water Supply Master Plan* (WRIME, September

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2003) as part of the process to develop the *Zone 40 Water Supply Master Plan*. As part of this analysis two baseline conditions were established, 2000 and 2030. These baseline conditions were based on land use (urban and agriculture), urban water demands, agriculture water demands, currently (and projected) available water supplies (groundwater, surface water, and recycled water), and hydrologic conditions (based on 72 years of available hydrologic data). The results of this analysis indicated that implementation of the preferred project (meaning the preferred project identified in the *Zone 40 Water Supply Master Plan*) and overall changes in land use throughout the basin would result in a further decline in basin groundwater levels.

Central Sacramento County Groundwater Management Plan

In conjunction with the development of the *Central Sacramento County Groundwater Management Plan* (SCWA/MWH, February 2006) the *Central Sacramento County Groundwater Management Plan – Impact Analysis for Well Protection* (WRIME, December 2005) was developed. This analysis is based on the *Hydrologic and Modeling Analysis for Zone 40 Water Supply Master Plan* (WRIME, September 2003) and specifically examines the number of “rural domestic wells” and “agricultural wells” that potentially could be impacted as a result of projected new growth through 2030. This analysis also provided estimated costs for deepening or replacing these wells.

The analysis takes a global approach to assess the cumulative effect of projected new growth on groundwater elevations in the basin. It is not reasonable or feasible to evaluate groundwater impacts on a project by project basis, or to evaluate groundwater impacts separately for each individual land use agency.

Refined Impact Analysis for Sacramento Central Groundwater Authority Well Protection Program

In an effort to more accurately define the number of impacted wells and to identify the potential area of impact the Authority completed the *Refined Impact Analysis for Sacramento Central Groundwater Authority* (WRIME, April 2008). This analysis is a further refinement of the studies that were conducted as part of the master planning process and development of the GMP.

WELL PROTECTION PROGRAM

This Nexus Study identifies the number of private domestic wells and agricultural wells that potentially could be impacted within the Central Basin. Based on the refined impact analysis, and subsequent discussions with WRIME, it is estimated that 91 domestic wells and 30 agriculture wells would be impacted as a result of the implementation of the conjunctive use program described in the *Zone 40 Water*

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Supply Master Plan to support new growth approved by the land use authorities and new growth occurring in other parts of the Central Basin. The WPP includes the cost of deepening or lowering the pump bowls for each of these wells. **Table 1** shows that the total net cost of impacts to domestic and agricultural wells attributable to new development is estimated at \$3.2 million.

Table 1. Well Impact Cost Estimate for the Central Basin WPP

	Number of Impacted Wells ²	Unit Cost	Subtotal (Dollars)
Domestic Wells	91	\$13,600 ³	\$1,237,600
Agricultural Wells	30	\$50,000 ⁴	\$1,500,000
Total	121	-	\$2,737,600
Total (Adjusted for 2009)¹	-	-	\$3,229,801

Notes:

1. The unit costs in this table are in 2005 dollars. The inflation adjustment is based on the change in the average of ENR/CCI for 20 cities and San Francisco in 2009 (ENR CCI = 9159.24) and 2005 (ENR CCI = 7763.43)
2. The number of potentially impacted wells is provided by WRIME based on the Refined Impact analysis.
3. The SCGA Board decided that the maximum compensation for an impacted domestic well in the Central Basin WPP benefit area should be the same as that of the North Vineyard Well Protection Program. The unit cost of \$13,600 represents the cost to deepen a domestic well in the North Vineyard Well Protection Program.
4. The unit cost of \$50,000 represents the maximum compensation for an impacted agricultural well in the Central Basin WPP benefit area. The unit cost of \$50,000 represents the cost to deepen an agricultural well according to the WRIME 2005 groundwater impact analysis.

The SCGA Well Protection Fees established in this Nexus Study ensure that new development will pay its fair share for impacts to private and agricultural wells, and will not pay for existing deficiencies.

WELL PROTECTION FEE AND NEXUS FINDINGS

Future development within the Central Basin will create a greater demand for water and additional water supply infrastructure to treat and convey this water. As part of this demand will consist of groundwater there will be a corresponding lowering of groundwater levels within the aquifer underlying the Central Basin. The Fee Program includes funding for existing private and agricultural wells impacted by this development. The Well Protection Fee calculated in this report meets the AB 1600 nexus requirements, as outlined below.

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Purpose of Fee

The purpose of the SCGA Well Protection Fee is to fund the cost of deepening or lowering the pump bowls in existing private and agricultural wells to mitigate impacts resulting from new development in the Central Basin.

Use of Fee

Fee revenue will be used to fund the cost of deepening or lowering the pump bowls of existing private wells that could be dewatered as a result of meeting increased water demands for new development approved by the land use authorities within the Central Basin. Fee revenue will also be used to provide funding for cost contingencies and administrative costs.

Reasonable Relationship Between the Fee's Use and the Type of Development

New development within the Central Basin will generate a need for water. This increase in water demand (particularly groundwater) will cause a decline in current groundwater levels thus impacting currently operating domestic and agricultural wells. Fee revenues will be used to mitigate these impacts.

Reasonable Relationship Between the Need for the Facility and the Type of Development

New development in the Central Basin will generate residents who will demand water service. The water supply needs of new development will place a greater demand on available groundwater supplies. In order to ensure that existing domestic and agricultural well owners continue to have access to a source of groundwater to meet their water supply needs provisions need to be made to cover this cost should the need arise.

Reasonable Relationship Between the Amount of the Fee and the Cost of the Facility

The relationship between the amount of the fee and the facility cost attributable to new development is based on equivalent dwelling units (EDUs). One EDU represents a single family residence and is typically characterized by a one-inch service connection. Facilities with a larger water demand have a larger service connection and thus a greater number of EDUs. Because the majority of new development occurring in the Central Basin will be primarily single family residences; it is assumed for the purpose of this study that the fee collected for individual building permits will be that for a single family residence.

WELL PROTECTION FEE CALCULATION

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Table 1 provides a summary of well impact costs in the Central Basin, which has a net cost of \$3.2 million. The total net cost is allocated to projected new development based on the number of building permits issued annually over a fourteen year period, which is the estimated life expectancy of the program (see **Table 2**).

Table 2. Annual Number of Building Permits Projection in the Fee Area

Land Use Agencies	Annual Number of Building Permits Projection
County of Sacramento	300
City of Elk Grove	300
City of Rancho Cordova (excluding Sunridge Specific Plan)	100
City of Folsom	100
Total	800

The total well impact cost is then combined with estimated administrative costs and a fifteen-percent contingency. This cost is then divided by an estimated program life of thirteen years (starts in 2010 and ends in 11 years after the Vineyard Surface Water Treatment Plant is online, which is around 2022) and then divided by an estimated 800 building permits a year. The administrative cost for SCGA is based on the cost of registering individual wells and on-going program administration. The administrative costs for land use agency staff has been estimated at \$10 per permit. The resulting SCGA Well Protection Fee is \$434 per EDU (see **Table 3**).

Table 3. Well Protection Fee Estimate

Cost Components	Total Cost (\$)	Cost per Year (\$)
Well Impact Cost	\$3,229,800	\$248,446
Administrative Cost for SCGA Staff	\$590,157	\$44,900
Administrative Cost for Land Use Agency Staff	\$104,000	\$8,000
Subtotal	\$3,923,958	\$301,843
15% Contingency	\$588,594	\$45,276
TOTAL	\$4,512,552	\$347,119
Well Protection Fee (\$ per EDU, 2009)	\$434	

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EXEMPTED PROPERTIES

Figure 1 (*Note: will be provided later*) identifies properties that are within the Central Basin but are exempt from paying the Well Protection Fee or receiving benefits under the Well Protection Plan. These areas include the service areas of the Fruitridge Vista Water Company and the Florin County Water District, the City of Sacramento, and the Sunridge Specific Plan area in the City of Rancho Cordova. Each area is described in more detail below:

- Fruitridge Vista Water Company – Exempt from receiving benefit because it is not a member of SCGA and does not participate in the Well Protection Plan. The area is not exempt from paying the well protection fee.
- Florin County Water District – Same as Fruitridge Vista Water Company.
- City of Sacramento – Exempt from receiving benefits and paying the well protection fee because the area within the Central Basin boundary for the City is determined to be served exclusively by surface water, thus has no impact on the groundwater elevation.
- Sunridge Specific Plan Area – Exempted from paying the Central Basin well protection fee because it is already covered by the North Vineyard WPP and pays approximately the same amount of well protection fee for each new building permit. No domestic wells are located in the Sunridge Specific Plan Area.

FEE ADJUSTMENTS

The SCGA Well Protection Fee may be adjusted in future years to reflect revised well costs or receipt of funding from other sources. In addition to such adjustments, in March of each calendar year the cost estimates and the SCGA Well Protection Fee will also automatically be adjusted by the average of the change in the San Francisco Construction Cost Index (CCI) and the change in the 20-city CCI as reported in the Engineering News Record for the 12-month period ending in January of that year.

FEE IMPLEMENTATION

According to the California Government Code, prior to levying a new fee or increasing an existing fee, an agency must hold at least one open and public meeting. At least ten days prior to this meeting, the agency must make data on infrastructure costs and funding sources available to the public. Notice of the time and place of the meeting, and a general explanation of the matter, are to be published in accordance with Section 6062a of the Government Code, which states that the publication shall occur twice, with at least five days intervening. Commencing at least ten days before the hearing, in a newspaper regularly published once a week or more.

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The Fee Program will need to be approved by the SCGA Board of Directors, the Cities of Elk Grove, Folsom, and Rancho Cordova and the County of Sacramento. The Cities of Elk Grove, Folsom and Rancho Cordova and the County of Sacramento will each prepare an ordinance and fee resolution to adopt the fee. The ordinance authorizing the Fee Program and resolution establishing the fee will then be adopted by the Elk Grove City Council, the Folsom City Council, the Rancho Cordova City Council and the County of Sacramento Board of Supervisors. Once the SCGA Well Protection Fee is adopted, it shall become effective sixty days later.

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APPENDIX C
SAMPLE RESOLUTION

SAMPLE RESOLUTION

Revised January 13, 2010

Commitment to Adopt the Central Basin Well Protection Program

Whereas, the conservation of groundwater resources within the Central Basin of Sacramento County for agricultural and municipal and industrial uses is in the public interest and for the common benefit of all water users within the County of Sacramento; and

Whereas, the Sacramento Area Water Forum and the Water Forum Agreement provided for the creation of a collaborative process composed of the stakeholders in the Central Sacramento County Groundwater Basin to develop a groundwater management plan (GMP) for the basin and make recommendations on how and by whom the basin should be managed and the GMP implemented; and

Whereas, the Cities of Elk Grove, Folsom, Rancho Cordova, and Sacramento, together with the County of Sacramento, entered into a Joint Powers Agreement (JPA) to form a Joint Powers Authority known as the Sacramento Central Groundwater Authority (Authority) for the purpose of regulating and managing the groundwater within the Central Basin of Sacramento County; and

Whereas, the parties to the JPA have recognized that one purpose of the Authority is to oversee the operation of any Well Protection Program that may be prescribed by the GMP; and

Whereas, the Authority has formulated and approved a program that will meet the requirements established by the GMP for a WPP; and

Whereas, the WPP cannot become operational without first being adopted by the parties to the JPA; now:

THEREFORE BE IT RESOLVED, as follows:

1. Authorize staff to proceed with the development of a draft package for the WPP.
- ~~1. Coordinate with the Authority, as necessary, to complete development of the draft package WPP.~~
- ~~2. Adopt the WPP and establish an acceptable trigger point that when reached, will initiate implementation of the WPP.~~

Draft Review and Authorization to Proceed (RAP)

Clean Version

Sacramento Central Groundwater Authority
Review and Authorization to Proceed
January 13, 2010

The purpose of this Review and Authorization to Proceed (RAP) document is to inform and update staff, management, and the governing bodies of the member land-use agencies belonging to the Sacramento Central Groundwater Authority (Authority) of the current state of the Central Basin Well Protection Program (WPP) and to establish a process whereby development and ultimately implementation of the program will take place as envisioned by the Central Sacramento County Groundwater Management Plan (GMP) and the Joint Powers Agreement (JPA).

BACKGROUND

The Authority was formed on August 29, 2006 through a JPA between the Cities of Elk Grove, Folsom, Rancho Cordova, and Sacramento and the County of Sacramento. The Board of Directors of the Authority consists of sixteen members representing stakeholder interest groups including agriculture, agriculture/residential users, business, environmental/community organizations, local governments/public agencies and water purveyors.

As described in the JPA, the purposes of the Authority are: to maintain the long-term sustainable yield of the Central Sacramento County Groundwater Basin (Central Basin); ensure implementation of the Basin Management Objectives (BMOs) prescribed by the GMP; oversee the operation of any Well Protection Program that may be prescribed by the GMP; manage the use of groundwater in the Central Basin and facilitate implementation of an appropriate conjunctive use program by water purveyors; coordinate efforts among those entities represented on the governing body of the JPA to devise and implement strategies to safeguard groundwater quality; and work collaboratively with other entities, including the Sacramento Groundwater Authority, the Southeast Sacramento County Agriculture Water Authority and other groundwater management authorities that may be formed in the County of Sacramento and adjacent political jurisdictions, in order to promote coordination of policies and activities throughout the region.

CENTRAL BASIN WELL PROTECTION PROGRAM

The framework for the WPP was established during stakeholder negotiations that developed the GMP. During these negotiations some of the stakeholders felt that protection of the Central Basin's existing domestic and agricultural wells (private wells) was of fundamental importance. This concern was based on the belief that on-going development within the Central Basin was responsible for a continuing decline in groundwater levels resulting in the

“dewatering” of some private wells. The stakeholders strongly believed that because these private well owners have no alternative source of supply it should not be their responsibility to pay the cost of deepening or replacing their well if the impact is the result of on-going development.

CENTRAL BASIN WELL PROTECTION PROGRAM ORDINANCE

In accordance with the requirements of the JPA, the Authority began work on the WPP in November 2006. Based on the provisions of the GMP the WPP should include the following components: a trust fund, a well protection fee (or development fee), eligibility requirements, defined benefits, and a sunset provision. Over the next two years the Authority held workshops to discuss these components and to make determinations on what provisions should be included in the program. Once the draft ordinance was complete legal counsel determined that adoption by the Authority would be subject to Proposition 218. As an alternative, counsel recommended that the ordinance be adopted by those agencies participating in the Authority that had land use authority. In other words, in order to successfully establish the WPP in the Central Basin each land use authority that is signatory to the JPA would be required to adopt an ordinance (containing the above components) establishing the WPP within their jurisdiction. Recognizing that this was the only way to meet the commitment of a WPP, the Authority Board voted unanimously to support the recommendation of counsel. Based on that recommendation, on May 13, 2009 the Authority accepted the, *Draft Provisions for the Establishment of a Development Impact Fee to Finance the Cost of the Central Basin Well Protection Program* (Draft WPP Provisions) with the understanding that the document would be used by the land use agencies in the development of their WPP ordinance. The Draft WPP Provisions document represents the efforts of the Authority, over the past two years, to craft language for a WPP ordinance that would not only satisfy the requirements of the GMP and JPA but also meet the needs and concerns of the community as well (see **Appendix A**).

NEXUS STUDY FOR WELL PROTECTION FEE

In order to implement the WPP it is necessary to establish a well protection fee. The Mitigation Fee Act, also known as AB 1600, requires that a nexus study be done prior to establishing, increasing, or imposing a fee as a condition of approval for a development project. To establish a nexus between new development and the proposed well protection fee the Authority developed the *Draft Nexus Study for Well Protection Fee* (February 2009). The Draft Nexus Study relies on the *Hydrologic and Modeling Analysis for Zone 40 Water Supply Master Plan* (WRIME, September 2003) that was developed as part of the *Zone 40 Water Supply Master Plan* (SCWA/MWH, February 2005), the GMP, and the *Refined Impact Analysis for Sacramento Central Groundwater Authority* (WRIME, April 2008) to develop this correlation. On May 13,

2009 the Authority Board authorized the release of the Draft Nexus Study to the various land use agencies to be used in the development of their WPP ordinance. A copy of the Draft Nexus Study is attached to this document as **Appendix B**.

NEXT STEPS

On December 10, 2008, Board members representing the various land use agencies agreed to take to their respective agencies the Draft WPP Provisions and the Draft Nexus Study. As mentioned previously, these documents were made available to the various land use agencies for their consideration on May 13, 2009. Within this same timeframe, the Authority decided to place the WPP on hiatus based on the current state of the housing market.

At the September 9, 2009 Board meeting members expressed concern that if the WPP were to remain in a state of hiatus too long that a significant re-education process on the program would be necessary. In order to maintain momentum the Authority determined that it would ask for a commitment from the land use agencies, in the form of a resolution, that they will continue the process to develop and ultimately implement the WPP. The Authority has developed a sample resolution and have attached it to this document as **Appendix C**. In order to facilitate continued progress on the WPP the Authority requests that the land use agencies adopt their resolution by June 30, 2010.

APPENDIX A
ORDINANCE PROVISIONS

PROVISIONS FOR THE ESTABLISHMENT OF A DEVELOPMENT IMPACT FEE TO FINANCE THE COST OF THE CENTRAL BASIN WELL PROTECTION PROGRAM

Updated January 13, 2010

Purpose –

- A. A purpose of the Sacramento Central Groundwater Authority (“Authority”) is to oversee the operation of any Well Protection Program that may be prescribed by the Central Sacramento County Groundwater Management Plan (“Central Basin GMP”).
- B. New development projects within the Central Basin rely on conjunctive use programs to meet their water supply needs. These programs require the construction of various capital facilities for the development of groundwater supplies and the importation of surface water supplies. While the implementation of a conjunctive use program mitigates the exclusive use of groundwater to meet new development demands, overall groundwater demand will continue to increase until it reaches the long-term sustainable yield agreed upon in the Water Forum Agreement.
- C. Protection of Sacramento County’s groundwater resource within the Central Basin and the private domestic and agricultural wells located within said Basin is of fundamental importance to the Authority.
- D. The purpose of this chapter is to use the authority in Article XI, Section 7 of the California Constitution by imposing a Development Impact Fee as a component of conjunctive use facilities within the Central Basin to fund the cost of reimbursing private domestic well and agricultural well owners for deepening or replacing an eligible well, the need for which is directly or indirectly generated by the type and level of development proposed within the Unincorporated Portion of the Central Basin, as it may be amended from time to time.

Definitions –

- Administrative Costs – Those costs attributed to the cost of operating and maintaining the Central Basin Well Protection Program.
- Agency – That entity under the authority of Board/Council that is authorized to collect Development Impact Fees.
- Agricultural Well – Well that is primarily used for crop and/or pasture irrigation.

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Area of Eligibility – Area, as defined by the Authority where claims can be paid.

Authority – Sacramento Central Groundwater Authority (SCGA).

Board/Council – Board of Supervisors of the County of Sacramento or the City Councils of the Cities of Elk Grove, Folsom, Rancho Cordova, and Sacramento.

Building Permit – The permit issued or required for the construction or improvement of additional square footage for any structure pursuant to and as defined by the appropriate jurisdiction.

Central Basin - Refers to the groundwater basin underlying the area within the boundaries of the Authority (see Figure 1).

Central Basin GMP - Central Sacramento County Groundwater Management Plan, as it may be modified or amended by the Authority.

Costs – The amount spent, or authorized to be spent, in connection with the reimbursing of private domestic well and agricultural well owners for deepening or replacing an eligible well including Administrative Costs.

Development Impact Fee – The fee levied by this chapter upon approval of Building Permits within the Central Basin.

Eligible Well - An Agricultural Well or Private Domestic Well that has been properly registered in accordance with the Authority’s Well Protection Program.

Private Domestic Well - Wells that produce water for domestic use within the Area of Eligibility.

SCGA Well Protection Program Development Impact Fee Program (Nexus Study) – The plan entitled “Sacramento Central Groundwater Authority Nexus Study for the Well Protection Fee” dated on or about _____ (hereinafter in some instances referred to as the Nexus Study of the SCGA Well Protection Development Impact Fee Program), including any amendments thereto, adopted by resolution by the Board/Council for financing of the Central Basin Well Protection Program within the Central Basin, including, but not limited to, a designation of those facilities that would benefit from the Development Impact Fees collected pursuant to this chapter and the costs associated with modifying or replacing these facilities.

Well Protection Fee - Fee collected to support the Central Basin Well Protection Program.

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Well Protection Program - Central Basin Well Protection Program.

Adoption of and Compliance with the SCGA Well Protection Program Development Impact Fee Program

A. The Board/Council shall by resolution adopt the SCGA Well Protection Program Development Fee Impact Program. The Board/Council shall receive a report pursuant to Government Code section 66006 on the SCGA Well Protection Program Development Fee Impact Program annually and may amend it by resolution at its discretion.

B. All facilities established in the Nexus Study shall be funded pursuant to the provisions of this Chapter.

Establishment of Development Impact Fees –

A separate Development Impact Fee is hereby established and shall apply to all properties within the jurisdictional boundaries of Board/Council.

Establishment and Administration of SCGA Well Protection Fund –

A. There is hereby established by the office of the Department of Finance in the County Treasury a special interest-bearing trust fund entitled the SCGA Well Protection Program Trust Fund. All Development Impact Fees collected pursuant to this chapter shall be placed in said fund and shall be expended by the Authority, or its successor agency, solely to pay the costs of well facilities identified in the Nexus Study.

B. The SCGA Well Protection Trust Fund shall be administered by the Sacramento Central Groundwater Authority.

Imposition of Development Impact Fees –

No Building Permit shall be approved for property within the jurisdictional boundaries of Board/Council unless the Development Impact Fees for that property have been paid as required by this chapter.

Payment of Development Impact Fees –

A. The Development Impact Fees imposed pursuant to this chapter shall be paid by the property owner to the Agency at the rates shown in the Nexus Study. The fees shall be calculated and paid upon issuance of the Building Permits.

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B. For specialized development projects that do not match the fee categories summarized in the Nexus Study, the SCGA, in conjunction with the Agency, will review the specialized development and decide on an applicable fee based on the impact to the groundwater basin from the development.

C. For redevelopment projects, the SCGA and Agency staff will review redevelopment requests on a case-by-case basis. If a redevelopment project results in a change of land use on a particular parcel, the SCGA and Agency staff will determine the appropriate Development Impact Fees adjustment to reflect the different characteristics of the original and new land uses. If a redevelopment project demolishes an existing building and rebuilds a building of the same land use, the applicant may be eligible for a waiver by the SCGA of a portion of the Development Impact Fees.

Exemption from Development Impact Fees –

A. Remediation wells that are required by regulatory compliance orders and all monitoring wells are exempt from paying the Development Impact Fee.

B. Any property within the City of Sacramento that is served exclusively by the City of Sacramento’s surface water supply system is exempt from paying the Development Impact Fee.

C. Any other property within the Central Basin that is served exclusively by a surface water supply system is exempt from paying the Development Impact Fee.

Sunset Provision –

Not earlier than five years after implementing the Well Protection Program, nor later than the beginning of the eleventh year after surface water from the Freeport Regional Water Project is delivered to the Central Basin area, the Authority shall conduct an evaluation of the Basin to determine whether a continuing need exists to maintain the Well Protection Program. In conducting this evaluation the Authority may consider the following factors: groundwater levels, number of claims against the Trust Fund, rate of claims filed over time, and status of urbanization. A decision on whether or not to continue the Well Protection Program shall be reserved to the Board.

Annual Fee Adjustment –

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Beginning March 1, 2010, and thereafter each year no later than March 15, the Administrator shall authorize the adjustment of the Well Protection Fee rate as follows:

A. That year's January 1 construction cost index for 20 cities and that year's January 1 construction cost index for San Francisco shall be determined by resort to the appropriate January issue of the Engineering News Record magazine or its most equivalent alternative. The average of these two indexes shall be calculated and if it equals XXXX, the Well Protection Fee shall not be adjusted.

B. If the average of the two indexes does not equal XXXX, then an adjustment factor shall be calculated by dividing the average of the two indexes by XXXX. The new Well Protection Fee shall be calculated by multiplying the adjustment factor by the Development Impact Fee rate in place prior to the annual adjustment.

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APPENDIX B
DRAFT NEXUS STUDY

Sacramento Central Groundwater Authority

Nexus Study for Well Protection Fee

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February, 2009

INTRODUCTION

The Sacramento Central Groundwater Authority (Authority) was formed on August 29, 2006 through a Joint Powers Agreement (JPA) between the Cities of Elk Grove, Folsom, Rancho Cordova, and Sacramento and the County of Sacramento. The Board of Directors of the Authority consists of sixteen members representing stakeholder interest groups including agriculture, agriculture/residential users, business, environmental/community organizations, local governments/public agencies and water purveyors.

The purpose of the Authority, as described in the JPA, is to maintain the long-term sustainable yield of the Central Sacramento County Groundwater Basin (Central Basin); ensure implementation of the Basin Management Objectives (BMOs) that are prescribed by the Central Sacramento County Groundwater Management Plan (GMP); oversee the operation of the Well Protection Program prescribed by the GMP; manage the use of groundwater in the Central Basin and facilitate implementation of an appropriate conjunctive use program by water purveyors; coordinate efforts among those entities represented on the governing body of the JPA to devise and implement strategies to safeguard groundwater quality; and work collaboratively with other entities, including the Sacramento Groundwater Authority, the Southeast Sacramento County Agriculture Water Authority and other groundwater management authorities that may be formed in the County of Sacramento and adjacent political jurisdictions, in order to promote coordination of policies and activities throughout the region.

Purpose of Study

Because the GMP recognized that increased groundwater pumping would be an integral component of conjunctive use programs to be implemented in the Central Basin; the stakeholders participating in the development of the GMP recommended determining the feasibility of a basin wide well protection program (WPP). The purpose of the WPP is to protect existing private domestic well and agricultural well owners from declining groundwater levels resulting from new development in the basin. The GMP stakeholders felt this was important because these groundwater users generally have no alternative source of water in the event their wells are “dewatered.” In order to implement the WPP a well protection fee has been identified in this study that would mitigate the cost of deepening or replacing these impacted wells.

The Fee Program will be established by the SCGA Board of Directors, Elk Grove City Council, Folsom City Council, Rancho Cordova City Council, and the Sacramento County Board of Supervisors (land use authorities) through the adoption of this Nexus Study. The Fee Program is compliant with the requirements set forth in the Mitigation Fee Act, also known as AB 1600, and ensures that a

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nexus exists between future development within the Central Basin and (i) the use and need of the proposed facilities, and (ii) the amount of the well protection fee assigned to future development. This Nexus Study demonstrates that a reasonable relationship exists between the fee to be levied and the cost of the impact attributed to future development.

Impact Fee Nexus Requirements (AB 1600)

Assembly Bill (AB) 1600, which was enacted by the State of California in 1987, created Section 66000 et. seq. of the Government Code. AB 1600, requires that all public agencies satisfy the following requirements when establishing, increasing, or imposing a fee as a condition of approval for a development project:

1. Identify the purpose of the fee;
2. Identify the use to which the fee will be put; and
3. Determine how there is a reasonable relationship between:
 - a. The fee's use and the type of development project on which the fee is imposed;
 - b. The need for the public facility and the type of development project on which the fee is imposed; and
 - c. The amount of the fee and the cost of the public facility or portion of the public facility attributable to the development on which the fee is imposed.

HYDROLOGIC AND MODELING ANALYSIS

The Mitigation Fee Act requires that a reasonable relationship exists between the need for public facilities and the type of development on which the fee is imposed. The need for public facilities is related to the level of service demanded, which varies in proportion to the level of development.

Zone 40 Water Supply Master Plan

The *Zone 40 Water Supply Master Plan* (SCWA/MWH, February 2005) was developed to address changes in land use approved by various land use authorities within the Central Basin and to further define SCWA's conjunctive use program of groundwater, surface water, and recycled water supplies, and includes a financing program for the construction of surface water diversion and treatment facilities; water conveyance pipelines; groundwater extraction, treatment, storage, and distribution facilities; and recycled water storage and distribution facilities within Zone 40.

Groundwater impacts in the Central Basin were evaluated in the *Hydrologic and Modeling Analysis for Zone 40 Water Supply Master Plan* (WRIME, September

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2003) as part of the process to develop the *Zone 40 Water Supply Master Plan*. As part of this analysis two baseline conditions were established, 2000 and 2030. These baseline conditions were based on land use (urban and agriculture), urban water demands, agriculture water demands, currently (and projected) available water supplies (groundwater, surface water, and recycled water), and hydrologic conditions (based on 72 years of available hydrologic data). The results of this analysis indicated that implementation of the preferred project (meaning the preferred project identified in the *Zone 40 Water Supply Master Plan*) and overall changes in land use throughout the basin would result in a further decline in basin groundwater levels.

Central Sacramento County Groundwater Management Plan

In conjunction with the development of the *Central Sacramento County Groundwater Management Plan* (SCWA/MWH, February 2006) the *Central Sacramento County Groundwater Management Plan – Impact Analysis for Well Protection* (WRIME, December 2005) was developed. This analysis is based on the *Hydrologic and Modeling Analysis for Zone 40 Water Supply Master Plan* (WRIME, September 2003) and specifically examines the number of “rural domestic wells” and “agricultural wells” that potentially could be impacted as a result of projected new growth through 2030. This analysis also provided estimated costs for deepening or replacing these wells.

The analysis takes a global approach to assess the cumulative effect of projected new growth on groundwater elevations in the basin. It is not reasonable or feasible to evaluate groundwater impacts on a project by project basis, or to evaluate groundwater impacts separately for each individual land use agency.

Refined Impact Analysis for Sacramento Central Groundwater Authority Well Protection Program

In an effort to more accurately define the number of impacted wells and to identify the potential area of impact the Authority completed the *Refined Impact Analysis for Sacramento Central Groundwater Authority* (WRIME, April 2008). This analysis is a further refinement of the studies that were conducted as part of the master planning process and development of the GMP.

WELL PROTECTION PROGRAM

This Nexus Study identifies the number of private domestic wells and agricultural wells that potentially could be impacted within the Central Basin. Based on the refined impact analysis, and subsequent discussions with WRIME, it is estimated that 91 domestic wells and 30 agriculture wells would be impacted as a result of the implementation of the conjunctive use program described in the *Zone 40 Water*

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Supply Master Plan to support new growth approved by the land use authorities and new growth occurring in other parts of the Central Basin. The WPP includes the cost of deepening or lowering the pump bowls for each of these wells. **Table 1** shows that the total net cost of impacts to domestic and agricultural wells attributable to new development is estimated at \$3.2 million.

Table 1. Well Impact Cost Estimate for the Central Basin WPP

	Number of Impacted Wells ²	Unit Cost	Subtotal (Dollars)
Domestic Wells	91	\$13,600 ³	\$1,237,600
Agricultural Wells	30	\$50,000 ⁴	\$1,500,000
Total	121	-	\$2,737,600
Total (Adjusted for 2009)¹	-	-	\$3,229,801

Notes:

1. The unit costs in this table are in 2005 dollars. The inflation adjustment is based on the change in the average of ENR/CCI for 20 cities and San Francisco in 2009 (ENR CCI = 9159.24) and 2005 (ENR CCI = 7763.43)
2. The number of potentially impacted wells is provided by WRIME based on the Refined Impact analysis.
3. The SCGA Board decided that the maximum compensation for an impacted domestic well in the Central Basin WPP benefit area should be the same as that of the North Vineyard Well Protection Program. The unit cost of \$13,600 represents the cost to deepen a domestic well in the North Vineyard Well Protection Program.
4. The unit cost of \$50,000 represents the maximum compensation for an impacted agricultural well in the Central Basin WPP benefit area. The unit cost of \$50,000 represents the cost to deepen an agricultural well according to the WRIME 2005 groundwater impact analysis.

The SCGA Well Protection Fees established in this Nexus Study ensure that new development will pay its fair share for impacts to private and agricultural wells, and will not pay for existing deficiencies.

WELL PROTECTION FEE AND NEXUS FINDINGS

Future development within the Central Basin will create a greater demand for water and additional water supply infrastructure to treat and convey this water. As part of this demand will consist of groundwater there will be a corresponding lowering of groundwater levels within the aquifer underlying the Central Basin. The Fee Program includes funding for existing private and agricultural wells impacted by this development. The Well Protection Fee calculated in this report meets the AB 1600 nexus requirements, as outlined below.

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Purpose of Fee

The purpose of the SCGA Well Protection Fee is to fund the cost of deepening or lowering the pump bowls in existing private and agricultural wells to mitigate impacts resulting from new development in the Central Basin.

Use of Fee

Fee revenue will be used to fund the cost of deepening or lowering the pump bowls of existing private wells that could be dewatered as a result of meeting increased water demands for new development approved by the land use authorities within the Central Basin. Fee revenue will also be used to provide funding for cost contingencies and administrative costs.

Reasonable Relationship Between the Fee's Use and the Type of Development

New development within the Central Basin will generate a need for water. This increase in water demand (particularly groundwater) will cause a decline in current groundwater levels thus impacting currently operating domestic and agricultural wells. Fee revenues will be used to mitigate these impacts.

Reasonable Relationship Between the Need for the Facility and the Type of Development

New development in the Central Basin will generate residents who will demand water service. The water supply needs of new development will place a greater demand on available groundwater supplies. In order to ensure that existing domestic and agricultural well owners continue to have access to a source of groundwater to meet their water supply needs provisions need to be made to cover this cost should the need arise.

Reasonable Relationship Between the Amount of the Fee and the Cost of the Facility

The relationship between the amount of the fee and the facility cost attributable to new development is based on equivalent dwelling units (EDUs). One EDU represents a single family residence and is typically characterized by a one-inch service connection. Facilities with a larger water demand have a larger service connection and thus a greater number of EDUs. Because the majority of new development occurring in the Central Basin will be primarily single family residences; it is assumed for the purpose of this study that the fee collected for individual building permits will be that for a single family residence.

WELL PROTECTION FEE CALCULATION

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Table 1 provides a summary of well impact costs in the Central Basin, which has a net cost of \$3.2 million. The total net cost is allocated to projected new development based on the number of building permits issued annually over a fourteen year period, which is the estimated life expectancy of the program (see **Table 2**).

Table 2. Annual Number of Building Permits Projection in the Fee Area

Land Use Agencies	Annual Number of Building Permits Projection
County of Sacramento	300
City of Elk Grove	300
City of Rancho Cordova (excluding Sunridge Specific Plan)	100
City of Folsom	100
Total	800

The total well impact cost is then combined with estimated administrative costs and a fifteen-percent contingency. This cost is then divided by an estimated program life of thirteen years (starts in 2010 and ends in 11 years after the Vineyard Surface Water Treatment Plant is online, which is around 2022) and then divided by an estimated 800 building permits a year. The administrative cost for SCGA is based on the cost of registering individual wells and on-going program administration. The administrative costs for land use agency staff has been estimated at \$10 per permit. The resulting SCGA Well Protection Fee is \$434 per EDU (see **Table 3**).

Table 3. Well Protection Fee Estimate

Cost Components	Total Cost (\$)	Cost per Year (\$)
Well Impact Cost	\$3,229,800	\$248,446
Administrative Cost for SCGA Staff	\$590,157	\$44,900
Administrative Cost for Land Use Agency Staff	\$104,000	\$8,000
Subtotal	\$3,923,958	\$301,843
15% Contingency	\$588,594	\$45,276
TOTAL	\$4,512,552	\$347,119
Well Protection Fee (\$ per EDU, 2009)	\$434	

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EXEMPTED PROPERTIES

Figure 1 (*Note: will be provided later*) identifies properties that are within the Central Basin but are exempt from paying the Well Protection Fee or receiving benefits under the Well Protection Plan. These areas include the service areas of the Fruitridge Vista Water Company and the Florin County Water District, the City of Sacramento, and the Sunridge Specific Plan area in the City of Rancho Cordova. Each area is described in more detail below:

- Fruitridge Vista Water Company – Exempt from receiving benefit because it is not a member of SCGA and does not participate in the Well Protection Plan. The area is not exempt from paying the well protection fee.
- Florin County Water District – Same as Fruitridge Vista Water Company.
- City of Sacramento – Exempt from receiving benefits and paying the well protection fee because the area within the Central Basin boundary for the City is determined to be served exclusively by surface water, thus has no impact on the groundwater elevation.
- Sunridge Specific Plan Area – Exempted from paying the Central Basin well protection fee because it is already covered by the North Vineyard WPP and pays approximately the same amount of well protection fee for each new building permit. No domestic wells are located in the Sunridge Specific Plan Area.

FEE ADJUSTMENTS

The SCGA Well Protection Fee may be adjusted in future years to reflect revised well costs or receipt of funding from other sources. In addition to such adjustments, in March of each calendar year the cost estimates and the SCGA Well Protection Fee will also automatically be adjusted by the average of the change in the San Francisco Construction Cost Index (CCI) and the change in the 20-city CCI as reported in the Engineering News Record for the 12-month period ending in January of that year.

FEE IMPLEMENTATION

According to the California Government Code, prior to levying a new fee or increasing an existing fee, an agency must hold at least one open and public meeting. At least ten days prior to this meeting, the agency must make data on infrastructure costs and funding sources available to the public. Notice of the time and place of the meeting, and a general explanation of the matter, are to be published in accordance with Section 6062a of the Government Code, which states that the publication shall occur twice, with at least five days intervening. Commencing at least ten days before the hearing, in a newspaper regularly published once a week or more.

The Fee Program will need to be approved by the SCGA Board of Directors, the Cities of Elk Grove, Folsom, and Rancho Cordova and the County of Sacramento. The Cities of Elk Grove, Folsom and Rancho Cordova and the County of Sacramento will each prepare an ordinance and fee resolution to adopt the fee. The ordinance authorizing the Fee Program and resolution establishing the fee will then be adopted by the Elk Grove City Council, the Folsom City Council, the Rancho Cordova City Council and the County of Sacramento Board of Supervisors. Once the SCGA Well Protection Fee is adopted, it shall become effective sixty days later.

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APPENDIX C
SAMPLE RESOLUTION

SAMPLE RESOLUTION

Revised January 13, 2010

Commitment to Adopt the Central Basin Well Protection Program

Whereas, the conservation of groundwater resources within the Central Basin of Sacramento County for agricultural and municipal and industrial uses is in the public interest and for the common benefit of all water users within the County of Sacramento; and

Whereas, the Sacramento Area Water Forum and the Water Forum Agreement provided for the creation of a collaborative process composed of the stakeholders in the Central Sacramento County Groundwater Basin to develop a groundwater management plan (GMP) for the basin and make recommendations on how and by whom the basin should be managed and the GMP implemented; and

Whereas, the Cities of Elk Grove, Folsom, Rancho Cordova, and Sacramento, together with the County of Sacramento, entered into a Joint Powers Agreement (JPA) to form a Joint Powers Authority known as the Sacramento Central Groundwater Authority (Authority) for the purpose of regulating and managing the groundwater within the Central Basin of Sacramento County; and

Whereas, the parties to the JPA have recognized that one purpose of the Authority is to oversee the operation of any Well Protection Program that may be prescribed by the GMP; and

Whereas, the Authority has formulated and approved a program that will meet the requirements established by the GMP for a WPP; and

Whereas, the WPP cannot become operational without first being adopted by the parties to the JPA; now:

THEREFORE BE IT RESOLVED, as follows:

1. Authorize staff to proceed with the development of a draft package for the WPP.
2. Coordinate with the Authority, as necessary, to complete development of the draft package WPP.

AGENDA ITEM 6: EXECUTIVE DIRECTOR'S REPORT

- a) Financial Audit
- b) AB 303 Grant Reimbursement Status
- c) DMS Update Status
- d) Conflict of Interest (Form 700)

JANUARY 13, 2010

TO: SACRAMENTO CENTRAL GROUNDWATER AUTHORITY BOARD

FROM: DARRELL ECK

RE: EXECUTIVE DIRECTOR'S REPORT

6a) **Financial Audit** - The financial audit by Vavrinek, Trine, Day and Company is in progress. Results and recommendations should be available at the March 10, 2010 Board meeting.

6b) **AB 303 Grant Reimbursement Status** - To date, four invoices have been submitted to State DWR for costs incurred between November 2008 and December 2009. Reimbursement payments for the first three invoices have been received by the Authority totaling \$99,907. The fourth invoice, for \$34,446, is still outstanding.

According to DWR staff, the funds raised through the bond sale in March/April 2009 only provided sufficient funds to pay each grantee up to \$100,000. Given this situation, staff asked DWR what the delay would be for claims beyond the initial \$100,000. DWR staff indicated that there may not be any delays and that they were looking for other sources of money for reimbursement.

6c) **DMS Update Status** - In order to complete the entry of groundwater pumping data into the DMS, WRIME requires certain pumping data from Cal-Am. Staff has relayed this request to Cal-Am and is waiting for their response.

Staff has discussed with DWR the possibility of extending the project schedule as a result of progress delays associated with the State's financial situation. DWR staff has said that extensions will be evaluated on a project by project basis to ensure that each grantee has sufficient time to complete their project. DWR staff indicated that a revision to the Authority's contract could occur within the next couple of months.

WRIME will be providing a demonstration of the DMS at the March 2010 Board meeting.

6d) **Conflict of Interest (Form 700)** - At the beginning of each year the State of California requires designated positions within the Authority to file Conflict of Interest Form 700 (see Authority Policy 100.2 for disclosure categories). These forms are to be submitted to the SCGA office by **April 1, 2010**. Please address them c/o Ramon Roybal, 827 7th Street Room 301, Sacramento, CA 95814. Forms can be located online at: <http://www.fppc.ca.gov/>