

**Sacramento Central Groundwater Authority (SCGA)
Budget Subcommittee Meeting
Wednesday, November 9, 2016**

1. CALL TO ORDER AND ROLL CALL

Chair, Brett Ewart called the Sacramento Central Groundwater Authority Budget Subcommittee meeting of Wednesday, November 9, 2016 to order at 11:08 a.m.

The following meeting participants were in attendance:

Subcommittee Members

Tom Mahon – Agricultural Interests
Carl Werder – Agricultural Residential
Todd Eising – City of Folsom
Brett Ewart – City of Sacramento
Forrest Williams – County of Sacramento
Bruce Kamilos – Elk Grove Water District/Florin Resource Conservation District
Paul Schubert – Golden State Water Company

Staff Members:

Darrell Eck – Executive Director
Sarah Britton – Legal Counsel
Stephanie Studdert – Clerk
Ramon Roybal – SCGA Staff
Ping Chen – SCGA Staff

Others in Attendance:

John Goetz – GEI
Rodney Fricke – GEI
Sean Twilla – Golden State Water Company
Charlotte Mitchell – Farm Bureau
Darlene Thiel – Rancho Murieta CSD
Mike Wackman - OHWD

2. PUBLIC COMMENT

None

3. FUNDING SGMA GROUNDWATER SUSTAINABILITY PROGRAMS

Executive Director Darrell Eck identified that the purpose of the workshop was to discuss the funding models provided at the September 21, 2016 subcommittee meeting and concerns related to them.

Subcommittee Member Todd Eising stated that Folsom does not use groundwater. He stated that Folsom was content with the previous model and believes that the current model should be reevaluated. Member Todd Eising stated that he thinks that a rate consultant would be beneficial. He said that he does not like the idea of a pollster asking questions about taxes in the community. Subcommittee Member Forrest Williams asked the question of who are the customers and how would SCGA charge those customers. Specifically, he asked under what authority SCGA would charge them. Legal Counsel Sarah Britton stated that prior to identifying customers, SCGA would need to have a firm grasp on what it would be funding. Subcommittee Member Carl Werder stated that his understanding was that the Sacramento Board of Supervisors is the approving body of the Zone 13 fee that residents pay on their property taxes. Member Carl Werder asked if the same type of fee would be a possible route for SCGA. Counsel Sarah Britton stated that her understanding is that SCGA may possibly be able to do the same type of fee considering SCGA has joint powers. Member Carl Werder stated that his concerns were that some entities pull water from the river instead of using ground water, and all water use has some type of effect on the groundwater. He stated that everyone could have a flat rate similar to Zone 13. Subcommittee Member Bruce Kamilos stated that he has concerns with SCGA and potential violations of Proposition 218. Member Bruce Kamilos stated that he believes that SCGA should not wait too much longer to get some professional assistance. Subcommittee Member Paul Schubert stated that he has concerns with a flat tax and that a flat tax cannot be altered easily. Member Schubert suggested adding a one dollar emergency surcharge to the pumping component of the budget as an emergency funding mechanism to fund a rate study. Member Schubert further stated that he likes the current model that however it needs some major alternations and more emphasis on the pumpers. Chair Brett Ewart stated that Executive Director Darrell Eck mentioned in his opening remarks that Zone 13 may not be available in the future. Chair Ewart asked Executive Director Eck if he knew what the future was for Zone 13. Executive Director Darrell Eck quoted Sacramento County Water Agency, Kerry Schmidt's comments from the September 21, 2016 meeting minutes regarding Zone 13. He further stated that the understanding is that agencies are stretching the envelope if they continue implementing program instead of long range planning. Zone 13 was a long range planning idea for water supply and drainage. When agencies look at Zone 13 and see funds, they need to realize those funds are being shared among a lot of different activities. Executive Director Eck stated that agencies need to start thinking

conservatively and be prepared for what to do if those funds were no longer available. Subcommittee Member Forrest Williams stated that the message is that agencies should evaluate their rates and make their organization sustainable absent those Zone 13 funds.

Member Todd Eising provided that SCGA should put out a Request for Proposal (RFP) or a Request for Qualifications (RFQ) and have the subcommittee meet with the proposed rate consultants for a scoping meeting. He further stated that the rate consultants will have questions that the subcommittee will not think of.

Member Paul Schubert stated that he looks at his appointment to the SCGA Board as not to represent Golden State Water Board, but to represent a portion of the basin and the basin as a whole. He further stated that sometimes he approves and vote for things that are not individually beneficial for Golden State Water Company such as raising the rates, but it was beneficial for the basin.

Counsel Sarah Britton reiterated that currently, SCGA's jurisdiction is not basin wide. She stated that the Draft Alternative is an analysis that shows that the areas outside of SCGA's existing jurisdiction have been operating sustainably without management. She further provided that if the funding purpose being discussed is for sustainable basin management, then there may be a legal issue with SCGA to enact an SCGA only fee/assessment that would benefit people outside of the jurisdiction. Counsel Britton stated that it the fee/assessment could be possible but SCGA may need to divide the purpose for the funding for implementing SCGA activities and then find a non-rate/non-fee contribution in order to continue to develop Alternative Plan compliance or other basin wide activities. Member Bruce Kamilos requested clarification stating he understood staff to say that until/if the boundary line changes, SCGA would be performing the rate study for the existing boundary and it will change once the jurisdiction changes as well. Counsel Sarah Britton stated that she was not aware plans for the SCGA Board to change its jurisdictional boundaries. She stated that she was saying that SCGA has a limited jurisdiction in which SCGA itself can enact proposition 218 and 26 complaint funding mechanisms. She continued by stating that because these things have statutory and constitutional requirements to be proportional to certain levels of service.

Mike Wackman of Omochumne-Hartnell Water District (OHWD) stated that the Board should keep in mind the beneficial aspects that Agriculture (Ag) provides to the basin. Mike Wackman further stated that Executive Director Darrell Eck recently attended a meeting where it was explained that as Ag gets more efficient in irrigation, groundwater basins are becoming more stressed because there is not flood irrigating which is a natural recharge to the groundwater basin.

Member Paul Schubert stated that one of the flaws he saw in the assessment model was for those who use their land for different reasons would be assessed the same amount. He provided the example of the area south of Folsom where there are properties that use hardly any water and then there are some Alfalfa growers. Member Schubert asked if anyone knew how long it takes to do an assessment. John Goetz provided an example of an area of less than one-hundred parcels taking over a year. Member Bruce Kamilos stated he believes that SCGA is heading towards some type of parcel based tax for simplicity factors. Member Forrest Williams asked Executive Director Darrell Eck if Zone 13 is a flat tax or property based. Executive Director Darrell Eck confirmed that Zone 13 is a parcel based assessment.

Executive Director Darrell Eck summarized the discussion of the workshop. He concluded that the Subcommittee believes it to be beneficial to speak with consultants regarding options and obtain a cost breakdown. Executive Director Eck said that he hopes to provide the Subcommittee with a potential cost analysis to see if the budget can accommodate it or if the Board would need to apply an emergency charge similar to Member Paul Schubert's example.

4. FISCAL YEAR 2016/2017 BUDGET QUESTIONS

Executive Director Darrell Eck reported on his conversation with representatives from Rancho Murieta CSD. Rancho Murieta CSD had expressed concerns regarding the increase in to their budget contribution amount as determined under the new funding methodology. Additionally, Rancho Murieta stated that they only use surface water. Executive Director Eck stated that the purpose for bringing it in front of subcommittee was to have the conversation of a possible reduction in their contribution. It was stated that only a portion of Rancho Murieta lies within the South American Sub-basin. Executive Director Eck stated that when the original contribution estimates were made, Rancho Murieta was looked at as entirely within the South American Sub-basin. Executive Director Darrell Eck stated that an adjustment could be contemplated based on that fact.

Executive Director Eck then reported that OHWD had also expressed a concern regarding its current budget contribution figure of \$10,000 and had suggested that their contribution could be covered by Zone 13 funds. Mike Wackman of OHWD stated that originally OHWD did not pay a fee into the organization; it was covered by Zone 13. Mr. Wackman stated that he had participated in conversations with the Zone 13 fund manager to discuss having Zone 13 cover OHWD's current contribution.

Chair Brett Ewart asked for if staff had a recommendation for addressing Rancho Murieta's concerns. Executive Director Darrell Eck replied that staff determined it would be

reasonable to waive the minimum connection component of \$8,000 and account for only the 764 connections that were determined to be within the South American Subbasin. Executive Director Darrell Eck reported that it would result in reducing Rancho Murieta's contribution from \$18,000 to \$10,504. Darlene Thiel of Rancho Murieta stated that the information presented would give her enough to take to her Board for consideration. Counsel Sarah Britton stated that SCGA would need to amend the budget if they moved forward with this change. Member Paul Schubert expressed concerns regarding the per customer cost even at the reduced contribution amount. He stated that the new reduced contribution would still be \$13.74 per customer.

Darlene Thiel stated that she will provide the new figure to her Board and inform Executive Director Eck with the outcome. Mike Wackman stated that OHWD did not previously pay the contribution and he does not believe the OHWD Board will support paying \$10,000. Member Forrest Williams stated that he encourages those agencies that are funded by Zone 13 to have discussions with the Sacramento County Water Agency.

Motion, Member Forrest Williams motioned not to take the recommendation back to the Board until Rancho Murieta has taken the interim fee adjustment back to their Board and once Executive Director Eck receives a letter of support, the Subcommittee will take it to the SCGA Board for a vote. Member Forrest Williams withdrew his motion and provided an alternative motion.

Motion/Second/Carried - Member Forrest Williams moved, seconded by Member Bruce Kamilos, the motion carried unanimously to continue the item, date not set, until Executive Director Eck has received a response from the Rancho Murieta Board regarding the interim fee adjustment.

5. BUDGET SUBCOMMITTEE MEMBER COMMENTS

None


ADJOURNMENT

Chair Brett Ewart adjourned the meeting at 12:45 p.m.

UPCOMING MEETINGS

Next SCGA Board of Directors Meeting - Wednesday, December 14, 2016, 9:00 a.m. located at 10060 Goethe Road, South Conference Room NO. 1205 (Valley Oak)





Chair, of the Sacramento Central
Groundwater Authority Budget Subcommittee

ATTEST: S. Strudwick
Deputy Clerk, of the Sacramento Central
Groundwater Authority Budget Subcommittee