

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

Wednesday, October 12, 2016; 9:00 am

10060 Goethe Road

Sacramento, CA 95827

(SRCSD/SASD Office Building South Community Meeting Room No. 1205–Valley Oak)

Meeting facilities are accessible to persons with disabilities. Requests for interpreting services, assistive listening devices or other considerations should be through Ramon Roybal by calling (916) 874-6826 (voice) and CA Relay Services 711 (for the hearing impaired), no later than five working days prior to the meeting.

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

1. CALL TO ORDER AND ROLL CALL – 9:00 A.M.

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

3. CONSENT CALENDAR

- Approve minutes of the September 14, 2016 Board meeting and the September 21, 2016 Budget Subcommittee meeting.

Recommended Action: Approve Consent Calendar items.

4. PUBLIC DRAFT SOUTH AMERICAN SUBBASIN ALTERNATIVE SUBMITTAL

- Presentation on the Public Draft South American Subbasin Alternative Submittal including review of content guidelines, focused outreach, and schedule.

Recommended Action: Direct staff to release the Public Draft South American Subbasin Alternative Submittal for public review no later than October 12, 2016.

5. FISCAL YEAR 2016/2017 BUDGET QUESTIONS

- Questions and issues regarding contributions to the approved fiscal year 2016/2017 budget.

Recommended Action: Refer discussion on budget matters to the Budget Subcommittee for further discussion and consideration.

6. STATUS REPORT ON AMENDING THE JPA

- Board Resolution No. 2016-05 recommended the signatory entities amend the Groundwater Authority's Joint Powers Agreement

Recommended Action: Information item

7. EXECUTIVE DIRECTOR'S REPORT

- Budget Subcommittee Meeting

8. DIRECTOR'S COMMENTS

ADJOURNMENT

Upcoming meetings –

Next SCGA Board of Directors Meeting – Wednesday, November 9, 2016, 9:00 am; 10060 Goethe Road, SRCSD/SASD Office Building South Community Meeting Room No. 1205 (Valley Oak).

AGENDA ITEM 3: CONSENT CALENDER

BACKGROUND:

The Board package includes draft minutes of the September 14, 2016 Board meeting and of the September 21, 2016 Budget Subcommittee meeting.

STAFF RECOMMENDATION:

Action: Approve Consent Calendar items.

1. CALL TO ORDER AND ROLL CALL

Chair Brett Ewart called the Sacramento Central Groundwater Authority meeting of Wednesday, September 14, 2016 to order at 9:02 a.m.

The following meeting participants were in attendance:

Board Members (Primary Rep):

Tom Nelson – Elk Grove Water District/ Florin Resource Conservation District

Tom Mahon – Agricultural Interests

Carl Werder – Agricultural-Residential

Christine Thompson – Public Agencies Self-Supplied

Dave Ocenosak – Sacramento Regional County Sanitation District

Paul Schubert – Golden State Water Company

Board Members (Alternate Rep):

Brian Frাগiao – City of Elk Grove

Brett Ewart – City of Sacramento

Forrest Williams Jr. – County of Sacramento

Staff Members:

Darrell Eck – Executive Director

Sarah Britton – Legal Counsel

Stephanie Studdert – Clerk

Ramon Roybal

Others in Attendance:

Jonathan Goetz – GEI

Rodney Fricke – GEI

Amanda Bishop – Sacramento County Clerk of the Board

Mark Madison – Florin Resource Conservation District/Elk Grove Water District

Bruce Kamilos – Florin Resource Conservation District/Elk Grove Water District

Debbie Whaley – Sacramento State, I West

Jose R. Ramirez – Regional Sanitation

Darlene Gillum – Rancho Murieta CSD

Kerry Schmitz – Sacramento County Water Agency

Tom Gohring – Water Forum

Charlotte Mitchell – Agricultural Interests

Suzanne Pecci – Domestic Well Owner
Lisa Dills – Southgate Recreation Park District
Mike Eaton – Cosumnes Coalition
Mike Wackman – Omochumne-Hartnell Water District
Jim Blanke – RMC Water and Environment

Member Agencies Absent

City of Folsom

City of Rancho Cordova

Commercial/Industrial Self-Supplied

Conservation Landowners

Omochumne-Hartnell Water District

Rancho Murieta CSD

California American Water Company

2. PUBLIC COMMENT

Suzanne Pecci stated she is a domestic well owner and a representative of the rural community in Elk Grove. Ms. Pecci said there are 1800 to 2000 domestic well owners in the area. She stated they comprise about 25% of the area within the city limits of Elk Grove. Ms. Pecci stated she opposes the Sloughhouse RCD as the GSA over portions of residents within the city limits of Elk Grove and Omochumne-Hartnell Water District area. She stated that in her reading of Bulletin 118, she feels there has been no consideration from Sloughhouse RCD on the jurisdictional boundaries. Ms. Pecci voiced concern regarding the capacity of Sloughhouse and OH to perform the duties of a local agency in her area. She stated there has been a lack of transparency, lack of openness and lack of outreach to the community. Ms. Pecci said that this has caused a significant amount of distrust. In the last SCGA meeting, Amanda Platt talked about and acknowledged the learning curve for Sloughhouse RCD as the GSA. She stated that she does not want to be a part of the learning curve or the need for shift in attitude of water rights. Ms. Pecci expressed her concerns regarding the State taking over and the fear of mandatory metering of wells. She stated that in a time of diminished water in California, limits will be placed on everyone. She said she supports SCGA as the local GSA as she wants stability during this time of change and unknown.

3. CONSENT ITEMS

Motion/Second/Carried - Director Christine Thompson moved, seconded by Director Paul Schubert, the motion carried unanimously to approve the July 13, 2016 Board meeting, the July 20, 2016 SGMA Subcommittee meeting, and the August 18, 2016 SGMA Subcommittee meeting minutes.

4. UPDATE ON THE ALTERNATIVE SUBMITTAL

Chair Ewart introduced Jon Goetz and Rodney Fricke of GEI Consultants who provided an update on the Alternative Plan submittal and coordination with State DWR. (*Note: The presentation given by Jon*

Goetz and Rodney Fricke may be viewed on the Authority's website for the September 14, 2016 meeting date.) The Presentation covered the following topics:

- Recap on the Basin Boundary Modification (BBM) Workshop
- Delta outreach efforts
- DWR consultation meetings for the Alternative Submittal
- Findings for the 10-year operations within Sustainable Yield
- Alternative Submittal Chapters

Legal Counsel Sarah Britton provided clarification regarding the area of the Groundwater Management Plan (GMP). She further clarified that the local agency that is submitting the alternative does not actually have to cover or have jurisdiction over the entire basin for which it's submitting the alternative. The SCGA JPA jurisdiction has a limitation in which it does not extend west of I5 into the Delta, but that does not preclude SCGA from submitting an alternative submittal that makes an analysis of the entirety of the subbasin.

Mike Wackman of Omochumne-Hartnell Water District (OHWD) suggested that SCGA speak with the Sacramento Amador Water Quality Alliance responsible for the Agricultural group in the Delta. They have completed trend monitoring and groundwater assessment reports performed by Larry Walker and Associates. They found nitrate issues in the area.

Jon Goetz stated that SCGA has a draft Memorandum of Understanding (MOU) between SCGA and Reclamation Districts located within the Delta. Legal Counsel Sarah Britton stated that Counsel has heard back from the Reclamation District concerning two minor language changes regarding the Reclamation District's relative authority in statute. Legal Counsel stated that staff should have it ready to present to the Board in the near future.

Legal Counsel Sarah Britton clarified that the State conveyed that they are taking a very strict interpretation of the three different criteria for alternatives. The State indicated that whichever alternative category you choose, it needed to be satisfied for the entire subbasin. Legal Counsel Sarah Britton explained that there was discussion between the State and staff for an example of a GMP that exists elsewhere in the State that covers an entire subbasin. She does not recall that they were able to name any.

Director Tom Nelson requested clarification on jurisdiction. He also asked if the Alternative passed, would SCGA still be under Department of Water Resources (DWR) jurisdiction. Jon Goetz stated SCGA would be obligated every year to provide a monitoring report under SGMA. Given that SCGA is taking the two-step route, SGMA still requires the monitoring piece. Also, since SCGA is providing the ten year look back approach, the five year update will be a moving ten year period. This way SCGA is always reporting the past ten years. He further stated that the idea is that SCGA is operating sustainably each time they submit the update. If SCGA falls out of the sustainability zone then the State would inform SCGA that you are on a GSP track and will need to go through the seven step process within a given timeframe.

Mark Madison addressed the Board stating he believes the questions from Director Tom Nelson were “which State agency is charged with implementing SGMA? Is it DWR or the State Water Board?” In response to Mark Madison, Jon Goetz stated that he believes it to be both DWR and the State Water Board. Department of Water Resources is the reviewing agency and the first threshold. The State Water Board waits for the decision of DWR and then State Board looks at the monitoring data and whether that data is meeting the thresholds and criteria in the GSP. If not, the State Water Board prepares to declare that SCGA is out of compliance. The State Water Board would then come in and manage the basin for you. Mr. Goetz further stated that even if SCGA did not satisfy the GSA requirement by June 30th 2017, then SCGA would be out of compliance. For example, if SCGA did not have a GSA formed over the entire South American Subbasin and the alternative was denied, then SCGA would be out of compliance.

Director Carl Werder asked if there is a line to cross that creates a fatal flaw, specifically related to decreased storage. Jon Goetz provided that the State will apply their view of what is significant and reasonable. Jon Goetz stated that the State would look at the reason why there is the decrease in storage and analyze whether it is due to over-pumping or actions that are occurring in a neighboring subbasin that are outside of SCGA’s control. Director Paul Schubert asked if it was over time of the ten year period, or cyclical. Jon Goetz said that it will be every year. However, the average should be able to demonstrate that SCGA is not in a significant or unreasonable condition throughout that ten year period. They want SCGA to provide evidence of stability in 2015. Chair Brett Ewart asked how much of the 2015 data was due to lack of recharge over the last couple of years as opposed to changes in pumping conditions. Rodney Fricke stated that when there is a lack of recharge, it is typically a wide spread phenomenon that covers the entire region. Mr. Fricke further explained that what you end up seeing is that the water elevations decline fairly uniform across the region and that they then rise during the spring. The less recharge you get the more you move the elevation down. He stated that the direction of flow doesn’t really seem to be effected by the recharge phenomenon. The direction of the flow is more effected by the withdrawal of the water.

Director Carl Werder asked if the Sacramento River now recharges what historically was recharged from the Sierras. Rodney Fricke stated that all forms of water such as rivers, farm irrigation, and rainfall perform the function of recharge. Mark Madison addressed staff asking if the recharge started in 2012 with the Sacramento County Water Agency Vineyard plant. Jon Goetz responded stating that it did not, as it started in 1994/1995 with the Ground Valley Irrigation District connection of water supply with the connection to the City of Sacramento.

Director Tom Nelson asked why there is a significant difference in water level between 2005 and 2015 in the Sloughhouse area. Director Carl Werder stated that the cone of depression by Galt could be pulling that away. Jon Goetz stated that the Kiefer remediation and decreased flows in Deer Creek were also a part of the cause.

Director Tom Nelson asked if the loss of storage would be addressed in the proposal. He further asked how it would be fixed. Jon Goetz stated that you adapt if it’s outside of your control. If remediation is outside of your control then you might enter into contract with the remediation responsible parties to reuse that groundwater that is recycled and discharged into the American River. He further explained

that SCGA could allow that water to go down to the Sacramento River, and pull it out at Freeport then apply it in areas of the Vineyard Surface Water Treatment plant. Jon Goetz said that this would keep the water in the basin and change the topography of the groundwater contours to adapt to remediation.

Jon Goetz reminded the Board to keep in mind that the 273,000 acre-foot sustainable yield, per the Water Forum agreement, is a long term average of groundwater extraction, not an absolute. Jon Goetz stated that SCGA may be below it in wet years and above it in dry years. However, when the years are averaged together, they fall below the 273,000 acre-feet and that's acceptable.

Director Carl Werder asked if there is a time frame for public comment regarding public documents. Director Werder stated that he was concerned about the timeframe for publication. Legal Counsel Sarah Britton stated that her understanding is that Executive Director Darrell Eck is in discussion with the County Environmental Review and will know more about that particular timeline shortly. Legal Counsel Sarah Britton stated that there is a buffer built into the schedule. She also stated that staff is hoping to get the final document to the Board by November but that there is a December meeting date if necessary.

Director Nelson asked if he will be able to get the document next week. Mr. Nelson provided his concerns with getting material on the Friday prior to the Wednesday meeting as it does not leave much time to read the material. Legal Counsel Sarah Britton stated that the schedule as indicated would start the public comment period in October and then bringing it back for a potential Board action in November. Director Werder provided his concerns regarding the time frame in which they receive material. Jon Goetz clarified that the Alternative Submittal Plan is a lookback at the last ten years. Director Nelson asked if Article's 5 and 7 are new. Legal Counsel Sarah Britton rephrased stating, how SCGA is showing functional equivalence to those issues that are identified in the GSP regulations in Article's 5 and 7. Legal Counsel Sarah Britton stated that to her knowledge, there will be a referral to the GMP for projects and management actions. Director Tom Nelson asked if there would be anything new. Legal Counsel Sarah Britton stated that at this time, based on what they know from the State, the State is looking for a backward observing analysis and that SCGA has the capacity in existing documents and management rubric to continue implementation that which has worked for this backward looking analysis.

Mike Wackman of OHWD addressed the Board commenting that the agriculture use within the Cosumnes Basin would give a little perspective of what is going on in the Cosumnes Basin. He further stated that there has been a shift with switching to water saving systems. He said that we have lost the capacity to perform the groundwater recharge during the springtime. Mike Wackman said when we used to use flood irrigation from the Cosumnes River during April, May, and June. We were pulling surface water off the Cosumnes River. He stated that we are now all on groundwater since the switch to water saving measures. Mr. Wackman said that we are not taking advantage of the surface water that comes into the Cosumnes River or the groundwater recharge when flood irrigation is performed. He stated that OHWD has been talking with environmental groups to figure out how to bring back the surface irrigation and functionality of over irrigation with that Cosumnes flow during the period that it wouldn't affect the fish flows. Mr. Wackman asked how the Alternative Plan Submittal affects the GSA

applications and proposals. He also asked if a GSA is necessary when SCGA does the Alternative Plan. Legal Counsel Sarah Britton responded stating that in the State Intervention chapter of SGMA, it indicates that if the Alternative is approved it would forestall State intervention for lack of GSA coverage. She further stated that it also indicates that if the Alternative is still under review by June 27, 2017, and then denied there would be an additional 180 days to come up with full GSA coverage before State intervention occurred. Director Nelson asked if it is approved will SCGA becomes the GSA for everything. Counsel Sarah Britton stated that it does not and that the Alternative Submittal is an entirely separate process. She said that the Alternative does not dove-tail with the GSA process. She further explained stating that if an Alternative is approved for the subbasin it would forestall State intervention on the basis of lack of GSA coverage. It was explained that SCGA, as the lead agency for submitting the project will continue doing what they are doing. There may be an additional agreement for the Delta portion that indicates continued work in assessing their sustainability. Jon Goetz stated that the GSA process is something that SCGA wanted to happen but it is not required. He further explained that the goal was to move forward in parallel with the Alternative. Legal Counsel Sarah Britton stated that it forestalls State intervention but it does not prohibit, prevent or preclude establishment of GSAs.

Mark Madison addressed the Board stating that the deep cone of depression in the Cosumnes area is clearly an issue. He asked if the State would approve an Alternative Plan with that issue if it does not contain some sort of remedy for that local problem. Jon Goetz responded by stating that if they do not find that it is significant in terms of impact and this group feels that is the case as well, then that's acceptable. Mark Madison stated that this Board is going to be asked to approve an Alternative Plan in a pretty short time frame, and he suggests that at the next meeting there is a clear discussion of what the Alternative Plan will mean to each member and/or their constituents. Director Forrest Williams stated that he does not want people to lose sight of the fact that this is a ten year look back at what we have been doing. He also stated that there may be some corrective actions they provide to us that SCGA has to do in order to continue forward.

5. STAKEHOLDER OUTREACH FOR THE ALTERNATIVE SUBMITTAL

Executive Director Darrell Eck stated SGMA legislation requires public participation in the development of a Groundwater Sustainability Plan. Working within the compressed schedule of the Alternative Submittal and the increased level of coordination required with State DWR, SCGA has strived to follow similar public notification and participation steps in the development, adoption, and the implementation of an Alternative Submittal through its regular noticed Board and SGMA subcommittee meetings. Even with this effort it has become apparent that something more needs to be done. Staff has been working with the Water Forum to provide focused facilitation on the Alternative Submittal to specific stakeholder groups. This action will take place in parallel with the development of the Alternative Submittal. Tom Gohring, Executive Director of the Water Forum, will provide an informal presentation on the proposed facilitation activities. Tom Gohring was introduced and provided a brief presentation.

Tom Gohring provided an explanation for the reasoning behind submitting the Alternative Plan. He stated that SCGA is able to leverage all of the work over the past ten years and hopefully avoid

spending a significant amount of money by avoiding the Groundwater Sustainability Plan (GSP) process. However, by putting SCGA on that track, it means staff and the Board have an extremely tight schedule. The SCGA staff has to prepare and present a plan by the end of the calendar year. With this tight schedule, the Board has a ton of questions and Tom's team is prepared to facilitate a forum to assist staff with answering those questions.

Tom Gohring explained that this will be a two-step process. Tom Gohring said that October will be spent having meetings with staff and stakeholders sitting down together. He further explained that recording the questions and answers was optimal. Tom Gohring suggested two large stakeholder meetings that occur in conjunction with the Board meetings. Tom Gohring stated that not all recommendations will end up in the Alternative Plan but he has commitment from staff that they will include what they can. Mr. Gohring stated that he does not think that GSA overlap discussion is necessary at this time. Tom Gohring stated that dates are soon to come and they are willing to work with schedules.

Susanne Pecci addressed Tom Gohring and thanked him for coming to meet with the rural community in Sheldon and listening to their concerns and involving them in the process. She thanked Executive Director Darrell Eck for meeting with the City Engineer and their planning director and appreciated the update on the process of the GSA.

6. STATUS REPORT ON AMENDING THE JPA

Executive Director Darrell Eck provided a status report on amending the JPA. He stated that at the meeting held on June 8, 2016, the Board adopted Resolution No. 2016-05 recommending that the governing bodies of the signatories to the Groundwater Authority's JPA consider and approve the First Amended and Restated Joint Powers Agreement between the City of Elk Grove, Folsom, Rancho Cordova, Sacramento, and the County of Sacramento. This item provided a status report relative to progress made by the signatories on amending the JPA. Executive Director Darrell Eck stated that he was hoping that the representatives from those organizations would provide where they are as far as moving forward. He stated that the City of Elk Grove and City of Rancho Cordova had specific questions relating to the material but he had not spoken with others. Director Williams stated that the County Board of Supervisors calendar is about two months out and he is hoping for a November date. Director Brian Frাগiao with the City of Elk Grove stated that the document is currently with their attorney and it should be on the agenda in October. Executive Director Darrell Eck stated that the City of Rancho Cordova was similar to Elk Grove. Chair Brett Ewart of the City of Sacramento stated that it is slated for the October 25, 2016, on their consent calendar. Darrell Eck said he will check with Folsom.

7. MEETING WITH RANCHO MURIETA CSD

Executive Director Darrell Eck stated that on June 28, 2016, Rancho Murieta Community Services District (District) sent a letter to him indicating that the District wished to "terminate its membership and seat on the Authority's governing board." At the July 13, 2016, Board meeting a member of the

Board asked about the status of the District and it was reported that staff was in the process of scheduling a meeting with District management to discuss the above referenced letter. Staff met with Darlene Gillum, General Manager of the District, on August 26, 2016, to discuss the matter. Mr. Eck provided that the outcome of that conversation was that the District is interested in submitting their nomination for a seat at the table but would like to revisit their budgetary contribution for the fiscal year. It was suggested that this issue could be sent to the SGMA subcommittee for discussion and recommendation. The recommended action was to refer discussion on Rancho Murieta Community Services District's fiscal year 2016-2017 budget contribution to the SGMA Subcommittee for additional consideration.

Director Carl Werder clarified that the information discussed at the SGMA Subcommittee meeting would be provided to the SCGA Board.

Motion/Second/Carried - Director Paul Schubert moved, seconded by Director Forrest Williams, the motion carried unanimously to refer discussion on Rancho Murieta Community Services District's fiscal year 2016-2017 budget contribution to the SGMA Subcommittee for additional consideration.

8. EXECUTIVE DIRECTOR'S REPORT

Executive Director Darrell Eck stated that the Budget Subcommittee Meeting is scheduled for September 21, 2016, at 1:00 p.m. in the Sunset Maple Conference Room. Darrell Eck stated that the SGMA Subcommittee meeting will be October 5, 2016 at 1:00 p.m. in the Sunset Maple Conference Room.

Darrell Eck provided a legislative update and mentioned that the RWA provides information relative to what is happening with the legislature. He said that from the prospective of each organization or SGGA as a whole the Board may have an interest. There is mention on the website regarding issues that involve underground storage. This is a question regarding groundwater banking, greywater, storm water resources and the use of captured storm water, and ground water extraction.

Executive Director Darrell Eck provided an update on the GAP Proposal. Darrell Eck stated that he obtained a response on August 29, 2016, stating that it will be reviewed by staff including staff from Regional Sanitation as they have a specific immediate interest due to the agricultural irrigation project. He said staff will bring additional information to the Board on this as they get through the process.

Director Paul Schubert asked a question regarding the GAP Subcommittee reconvening. Executive Director Darrell Eck stated that it would probably be appropriate to have some type of reconvening of the GAP Subcommittee to review the material and make sure that the members that were most familiar with it are comfortable with what's going forward. Director Nelson stated that he is one of the members that doesn't know what the GAP Subcommittee does and would appreciate an explanation. Darrell Eck provided a brief explanation stating that it's looking at the rules of the road as far as groundwater banking and what the rules would be for someone who wanted to come into SCGA basin and operate some kind of groundwater bank.

9. DIRECTOR'S COMMENTS

Director Christine Thompson thanked Suzanne Pecci for her input. She further stated that it was very informative and thanked her for being here and clearly stating the issues and her concerns.

Director Schubert stated that Golden State Water Company's current 5,000 acre-feet of remediated water that is being pumped from Aerojet and discharged from the American River, will now be pulled out from the Carmichael Treatment Plant with a pipeline that connects from their plant to Golden State Water Company's distribution system. They are testing the pipeline on Tuesday, September 20, 2016, and the go live is January 1, 2017.

ADJOURNMENT

Chair Brett Ewart adjourned the meeting at 11:16 a.m.

UPCOMING MEETINGS

Next SCGA Board of Directors Meeting – Wednesday, October 12, 2016 at 9:00 a.m. located at 10060 Goethe Road, South Conference Room no. 1205 (Valley Oak)

Chair, of the Sacramento
Central Groundwater Authority Board

ATTEST: _____
Clerk, of the Sacramento
Central Groundwater Authority Board

Sacramento Central Groundwater Authority (SCGA)
Budget Subcommittee Meeting
Draft Minutes
Wednesday, September 21, 2016

1. CALL TO ORDER AND ROLL CALL

Chair, Brett Ewart called the Sacramento Central Groundwater Authority Budget Subcommittee meeting of Wednesday, September 21, 2016 to order at 1:11 p.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

Others in Attendance:

Jonathan Goetz – GEI

Rodney Fricke – GEI

Mark Madison – Florin Resource Conservation District/Elk Grove Water District

Kerry Schmitz – Sacramento County Water Agency

Attorney Michael G. Colantuono – Colantuono, Highsmith and Whatley

2. PUBLIC COMMENT

None

3. PROPOSITION 218 AND FUNDING SGMA GROUNDWATER SUSTAINABILITY PROGRAMS

Attorney Michael G. Colantuono with the firm Colantuono, Highsmith and Whatley provided a presentation. *(Note: The presentation given by Michael G. Colantuono may be viewed on the Authority's website for the September 21, 2016 subcommittee meeting date.)*
The Presentation covered the following topics:

- 1- Proposition 218
- 2- Proposition 26
- 3- Pending lawsuits regarding rate making
- 4-Funding visions of SGMA
- 5-Constitutional limitations on rate making

Member Forrest Williams asked a question regarding Proposition 218, specifically, in the context of SCGA and who constitutes majority vote. Attorney Michael Colantuono provided that when dealing with SCGA and groundwater usage it will probably be one vote per well. He further stated that there is not a lot of law that answers these questions at this. Member Forrest Williams asked if SCGA would use the model of total accounts per member because the JPA doesn't directly have any accounts. Attorney Michael Colantuono responded by stating that it would depend on what SCGA was trying to regulate. Member Paul Schubert stated that SCGA has sixteen members and each member pays a fee. Members who pump more pay a higher fee. He asked if SCGA would be collecting fees from member agencies and the member agencies are passing those fees onto the customers. Member Schubert further asked if they would be getting down to the granular such as, one member has twenty wells and pays for each of those wells? Legal Counsel Sarah Britton clarified that SCGA accepts annual contributions not fees as there is a legal distinction between the two.

Regarding cost of service, Director Paul Schubert asked if the cost of service includes a reserve policy. Attorney Michael Colantuono stated that it does but that it must be reasonable.

Legal Counsel Sarah Britton requested Attorney Michael Colantuono say a few words regarding the importance of keeping your rate making consultant through litigation. He provided an example of a case that did not retain their rate making consultant. Attorney Michael Colantuono stated that he recommends that SCGA retain its rate making consultant throughout the entire process.

Chair Brett Ewart stated that Sacramento has been tacking the resale water program. They have considered spreading it throughout the rate payers. He further stated they also have a rate subsidy program for low income housing. The decision that Sacramento came up with was that it must be funded by general fund and that it could not be funded by 218.

Member Todd Eising asked if a low income rate is defensible. Attorney Michael Colantuono stated that if you are funding from general fund then you should be defensible.

Chair Brett Ewart stated that the SCGA board is concerned about the deadline and if they do not develop an appropriate groundwater sustainability structure then the State will come in and do it for them.

Following the presentation, the board and members of the audience discussed how to proceed. Member Todd Eising requested clarification as to how this relates to SCGA. Attorney Michael Colantuono explained that this means that everyone will have to use less groundwater, water will be more expensive, and entities will have to spend a lot of money on both planning and resource management. He further stated that entities will have to take water that is going to waste and put it to use. Legal Counsel Sarah Britton stated that the committee is tasked with reconsidering the annual contribution model.

Member Bruce Kamilos stated that some of the member agencies represent people that do not pump directly out of the ground. Member Bruce Kamilos asked if it would be legal to impose a land based tax fee even if residents are not pumping directly out of the groundwater basin. He provided that Elk Grove Water District has a strong conjunctive use program in place, where they can trade groundwater for surface water. Attorney Michael Colantuono stated members would need to explain to residents with surface water rights why you are establishing a fee. He further stated that members would need a good cost of service analysis.

Legal Counsel Sarah Britton stated that this gets back to an initial question of 'who are our customers?' She stated that as of now, SCGA has constituents not customers. If SCGA decides to move away from the annual contribution model to something else, the Board would need to ask itself, what do we fund, who pays for services and in what manner. Attorney Michael Colantuono stated that there is an important political choice to be made as to who has to go raise the funds. Do you want to raise it and spend it collectively, with an agency whose name means nothing to most of your constituents or do you want to raise the money and spend it through agencies they know. Attorney Michael Colantuono recommended starting with a pollster and communicating with the community.

Member Tom Mahon asked if it would matter if someone had pre-1914 water rights. Attorney Michael Colantuono stated that it could if you chose to make it so. He further stated that when preparing your rate schedule you may divide your customers into classes that make since in terms of how much it costs to serve them and how much benefit they get when you do.

Member Paul Schubert asked for clarification stating there are two structural models for SCGA funding. First is the current model which is annual contributions from the agencies. Member Schubert stated that he assumes the current model would not be subject to Proposition 218 and 26. Attorney Michael Colantuono stated it would not, as the current model is a voluntary contractual relationship. Member Schubert continued and stated the second would be where SCGA takes the lead on funding itself through direct a well by well basis by property tax. Member Schubert stated that he assumes the next discussion would be with a rate consultant to look at both options. Member Todd Eising stated it seems that this discussion is leading to an RFP and a rate consultant. He inquired if there is work that needs to be done prior to obtaining a rate consultant such as if the rate would be based on parcel, well production, or conjunctive use combo. Member Eising stated there are a lot of things a consultant would look to SCGA for direction. Executive Director Darrell Eck stated SCGA needs to have the conversation of what is the general direction it should go based on what we know.

Attorney Michael Colantuono provided some starting points. He stated that first; the committee needs to have a sense of whether it will be raising the funds collectively or disparately. If it is raising the funds disparately, you would really be asking a consultant to cut your pie at the collective level and then send the members off to do their own rating. Second, when you retain a rate making consultant you should not expect it to be one deliverable and they would leave and write a rate structure. He stated that the committee should expect a dialog and the work to be performed in phases.

Member Todd Eising asked if it is necessary to have a full rate study instead of continuing with contributions or is it better to perform the study later when values are more known. Legal Counsel Sarah Britton stated that she believes that is what is being suggested. The first talk would be if you want to continue to raise the contribution disparately and stick with the annual contract model for the near future or do you want to start embarking in discussion with a rate consultant and morph into a more customer based, fee based entity.

Chair Ewart stated that he wonders if there is fatal flaws that SCGA won't be able to make it past down the road. All members have their own issues such as tackling the question of the zone 13 taxes all the time, big jumps in fees, or little groundwater pumping but there are just a lot of people using surface water. Legal Counsel Sarah Britton stated these questions are why the committee needs to agendize this for a future meeting because there are local elements that each member faces that will go into the discussion of which direction SCGA will take.

Attorney Michael Colantuono asked if SCGA contributors cover 100% of the use of the basin or are their free riders. Legal Counsel Sarah Britton stated that there are contributions made on behalf of a number of different interest groups and those contributions come

from different sources. One of which is heavily relied upon is the Zone 13 fund that the Sacramento County Water Agency manages. Attorney Michael Colantuono stated that if SCGA remains with the disparate model and there are free riders out there, the model that is used for each contributing agency needs to be consistent with the model SCGA uses to pursue the free riders.

Member Bruce Kamilos stated that one of his concerns is for Elk Grove Water District and if they could prevail on a legal challenge with model they currently have for the contributions. He asked if Elk Grove Water District was double billing their rate payers as they pay into the Zone 13 fund and are charged for this new contribution. Legal Counsel Sarah Britton stated that if SCGA stays with the disparate model those questions would need to be answered by your own agencies counsel.

Attorney Michael Colantuono stated that the challenge with disparate model is that you are going to have multiple rate makers and if one gets challenged legally, then all of the rate makers will inevitably be challenged. Member Forrest Williams stated that some agencies don't have rate payers and agrees that this is something that we will need to agendize and talk through.

Attorney Michael Colantuono provided that you may want to distinguish your SGMA program from everything you do. Fund the SGMA program in a way that is consistent with SGMA law and get that mandate funded then treat the rest of your operation differently. This can make sense if there is a significant gap between the two.

Chair Brett Ewart stated that he does not see SCGA making huge changes within time for the next budget. Chair Ewart asked if there are additional models. The committee has heard two options but there may be more. He further stated that weighing the pros and cons of each and how they would reflect the areas of conflict would be beneficial. Each member agency may be helped or hindered by one funding model or another. Chair Ewart requested staff look into options while keeping in mind the time constraints for the Alternative Submittal.

Executive Director Darrell Eck stated that the Board needs to start the dialog regarding contributions sooner than later as there are questions. He further stated that the Board cannot wait until February or March of next year before they start talking about it again. Member Todd Eising requested a brainstorming session where the outstanding issues are bulleted.

Mark Madison addressed the subcommittee, stating that he advises that the Board bring on a rate consultant sooner to help the group to deal with the questions. Whether it leads to a new rate structure or not, he thinks SCGA needs some additional independent guidance.

He further stated that there are two basic choices that the subcommittee has in front of them currently. Stay with the current disparate model where SCGA is charging individual agencies or you can change that model and have SCGA directly charge either parcel owners or those who are extracting groundwater. He finished by stating that he thinks the current model is vulnerable.

Member Forrest Williams stated that given the political issues we should deal with the pros and cons before hiring a consultant because he sees some major issues that would need to be talked through. Member Bruce Kamilos stated that he believes SCGA should send out a generalized RFP and his recommendation would be to get the RFP out there to get the professional help. Member Forrest Williams finished with stating it doesn't hurt to have a planning session. Member Paul Schubert stated that a workshop where all of agencies lists their issues and then how do those issues fit under different models would be ideal.

Chair Brett Ewart addressed Kerry Schmitz of the Sacramento County Water Agency asking what the County's perspective was on this. Kerry Schmitz stated that Zone 13 is a relatively small amount in the grand scheme of things. The assessment is roughly \$2.5 million annually. It's intended to pay for drainage and water supply planning activities. She stated almost half of the money goes towards Water Forum activities. Kerry Schmitz stated that her point to the entire group is that Zone 13 is not a funding mechanism for funding all groundwater management activities in the County. She said that it's an appropriate pot to help things get started but she doesn't think SCGA should count on Zone 13 funding to continue to fund groundwater management activities. She stated that she will continue to budget for assistance but there will come a time when the organization will need to be self-sufficient.

Chair Brett Ewart stated that what he heard from the group was that the next meeting will be a brainstorming session about the issues surrounding the different funding models, lists of concerns, and discussion time. Executive Director Darrell Eck provided November 9, 2016, as the date for the workshop immediately following the normal board meeting.

4. BUDGET SUBCOMMITTEE MEMBER COMMENTS

None

ADJOURNMENT

Chair Brett Ewart adjourned the meeting at 3:22 p.m.

UPCOMING MEETINGS

Next SCGA Board of Directors Meeting - Wednesday, October 12, 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: _____
Clerk, of the Sacramento Central
Groundwater Authority Budget Subcommittee

AGENDA ITEM 4: DRAFT ALTERNATIVE SUBMITTAL

BACKGROUND:

At the April 20, 2016 Board meeting staff was directed to perform various actions related to the submittal of a Sustainable Groundwater Management Act (SGMA) Alternative to state Department of Water Resources (DWR). According to the State Water Code the Alternative must be initially submitted to DWR no later than January 1, 2017.

Subsequent discussions at the Board indicated that the Public Draft Alternative Submittal would be released for public comment in October 2016.

As described at the September 14, 2016 Board meeting, SGMA legislation requires public participation in the development of an Alternative Submittal or a Groundwater Sustainability Plan. In part, public participation in SCGA's development, adoption, and implementation of an Alternative Submittal is through regular noticed Board and subcommittee meetings. Staff has also been working with the Water Forum to provide focused facilitation with specific stakeholder groups. The Water Forum is currently in the process of scheduling these focused facilitation meetings with this activity taking place in parallel with the general public comment period.

Today's presentation will focus on content highlights and specific guidelines that guided the preparation of the Alternative Submittal including the SGMA statute, GSP regulations, feedback from DWR, and the SCGA 2006 Groundwater Management Plan. The public review, CEQA, and Board approval schedule will also be provided. Jon Goetz and Rodney Fricke will be making the presentation.

STAFF RECOMMENDATION:

Recommended Action: Direct staff to release the Public Draft South American Subbasin Alternative Submittal for public review no later than October 12, 2016.



Sacramento Central Groundwater Authority
*Managing Groundwater Resources
in Central Sacramento County*

Darrell K. Eck
Executive Director

California-American
Water Company

City of Elk Grove

City of Folsom

City of Rancho Cordova

City of Sacramento

County of Sacramento

Florin Resource Conservation
District/Elk Grove Water
Service

Golden State Water Company

Orochumne-Hartnell
Water District

Rancho Murieta Community
Services District

Sacramento Regional
County Sanitation District

Agricultural Representative

Agricultural-Residential
Representative

Commercial/Industrial
Representative

Conservation Landowners

Public Agencies/Self-
Supplied Representative

NOTICE OF AVAILABILITY AND PUBLIC COMMENT PERIOD FOR DRAFT SOUTH AMERICAN SUBBASIN ALTERNATIVE SUBMITTAL

REVIEW PERIOD: October 12, 2016 - 5p.m. November 11, 2016

Date: October 12, 2016

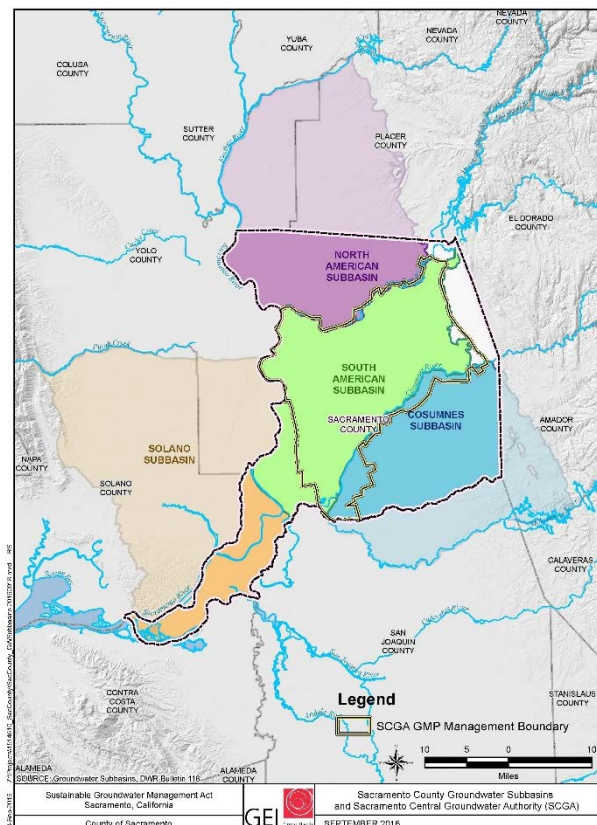
To: All Interested Parties

Subject: Notice of Availability and Public Comment Period for Draft South American Subbasin Alternative Submittal

NOTICE IS HEREBY GIVEN that the Sacramento Central Groundwater Authority (SCGA) has prepared a Draft South American Subbasin Alternative Submittal (Alternative), which is being distributed for public review and comment.

Project Location: The figure below shows the location of the South American Subbasin (located in the central portion of Sacramento County), the existing SCGA GMP area, and portions of the adjacent California Department of Water Resources' (State DWR's) Bulletin 118 (2003) groundwater subbasins located within Sacramento County.

Project Description: The Sustainable Groundwater Management Act (SGMA) was adopted in September 2014 with implementation beginning January 1, 2015. Uncodified legislative findings of SGMA state that properly managed groundwater resources help protect communities, farms, and the environment against prolonged dry periods and climate change, thereby preserving water supplies for existing and potential beneficial uses. The same legislative intent provides local and regional agencies the authority to



sustainably manage groundwater. SGMA authorizes a groundwater management agency within a basin compliant with the California Statewide Groundwater Elevation Monitoring (CASGEM) program to prepare and submit an Alternative if it satisfies the objectives of SGMA and is functionally equivalent to Articles 5 and 7 of the adopted GSP Emergency Regulations. This Alternative Submittal must be provided to DWR by January 1, 2017.

Prior to rendering a decision to submit the Alternative to State DWR, SCGA will comply with the provisions of the California Environmental Quality Act (CEQA) by submitting the Alternative to the County of Sacramento Department of Community Development, Planning and Environmental Review Division for preparation of the appropriate CEQA documentation. SCGA staff believes the Alternative may qualify for a categorical exemption pursuant to the California Code of Regulations Title 14, Section 15308.

Public Comment Period: The Draft Alternative Submittal and its technical appendices are available for a 30 day public review and comment period from October 12, 2016 through November 11, 2016.

Copy of Public Draft: The electronic Draft Alternative Submittal can be accessed on SCGA's website at: www.scgah2o.org. Due to its size, the Alternative is intended to be reviewed as an electronic document; however, a hardcopy of the Draft Alternative (not including reference documents) will be made available for review at SCGA's office at the following address:

Sacramento Central Groundwater Authority
827 7th St, Rm 301
Sacramento, CA 95814
Attn: Ramon Roybal
Email: roybalr@saccounty.net Phone: (916) 874-6851

Submitting Comments: Written comments on the Draft Alternative and appendices must be received by SCGA **NO LATER THAN 5:00 pm on November 11, 2016**. Written comments must be received by SCGA at the address above, or electronically via a link provided on the SCGA website (www.scgah2o.org). Electronic comment submittal features via the SCGA website will be available no later than October 17, 2016. Prior to this date, electronic comments can be emailed to roybalr@saccounty.net

If you have questions regarding the Alternative or submitting comments, please contact Ramon Roybal, [Assistant Engineer] at (916)874-6851; email: roybalr@saccounty.net

AGENDA ITEM 5: FISCAL YEAR 2016/2017 BUDGET QUESTIONS

BACKGROUND:

At the September 14, 2016 Board meeting there was a discussion regarding Rancho Murieta Community Services District (District) and the prospect of their continuing participation in the Groundwater Authority; the District's primary concern being the increase in cost for their individual contribution. At that time staff requested that this question be referred to the SGMA Subcommittee for additional consideration.

This topic was taken up by the SGMA Subcommittee at their meeting held on October 5, 2016. After considerable discussion the subcommittee recommends that the Board refer the matter to the Budget Subcommittee for further discussion and consideration.

Additionally, staff is in receipt of an email from Omoichumne-Hartnell Water District (OHWD) dated September 26, 2016 requesting an explanation of "changes to SCGA's financing structure" at OHWD's October 18, 2016 Board meeting. While the primary focus of OHWD's questions are on the use and availability of Zone 13 funds, these are questions best answered by the Sacramento County Water Agency and their Board who decides on how these funds are used. As far as changes to SCGA's financing structure this was a concern originally expressed by the Budget Subcommittee to the Board in early 2015. At the September 9, 2015 Board meeting this issue was referred to the SGMA Subcommittee and was a topic of discussion in that subcommittee, the Budget Subcommittees and the full Board. The fiscal year 2016/2017 budget and revised "financing structure" was approved at the June 8, 2016 Board meeting by a unanimous vote.

STAFF RECOMMENDATION:

Recommended Action: Refer discussion on budget matters to the Budget Subcommittee for further discussion and consideration.

AGENDA ITEM 6: STATUS REPORT ON AMENDING THE JPA

BACKGROUND:

At the June 8, 2016 meeting the Board adopted Resolution No. 2016-05 recommending that the governing bodies of the signatories to the Groundwater Authority's JPA consider and approve the First Amended and Restated Joint Powers Agreement Between the City of Elk Grove, the City of Folsom, the City of Rancho Cordova, the City of Sacramento, and the County of Sacramento.

This item provides a status report relative to progress made on amending the JPA

STAFF RECOMMENDATION:

Recommended Action: Information item

AGENDA ITEM 7: EXECUTIVE DIRECTOR'S REPORT

BACKGROUND:

- Budget Workshop