



SACRAMENTO GROUNDWATER AUTHORITY
Regular Board Meeting
Final Minutes
April 8, 2010

1. CALL TO ORDER

Chair Sadler called the meeting of the Board of Directors to order at 9:00 a.m. at the Regional Water Authority/Sacramento Groundwater Authority office. Individuals in attendance are listed below:

Board Members

Walt Sadler, City of Folsom (Chair)
Andy Soulé, California American Water
Sandy Kozlen, Carmichael Water District
Chuck Rose, Citrus Heights Water District
Herb Niederberger, County of Sacramento
Rich Allen, Del Paso Manor Water District
Randy Marx, Fair Oaks Water District
Paul Schubert, Golden State Water Company
David Simpson, Orange Vale Water Company
Mary Harris, Rio Linda/Elverta Community Water District
Pam Tobin, San Juan Water District
Jack DeWit, Agriculture
Rink Sanford, Self Supplied Industry

Staff Members

John Woodling, Rob Donlan (Legal Counsel), Rob Swartz, Nancy Marrier and Cecilia Partridge.

Others in Attendance

Al Dains, Sean Maguire, Jim Peifer, Steve Dalrymple, Debra Sedwick, Rob Roscoe, Jose Ramirez, Ali Taghavi, Shauna Lorange, Steve Nugent, Richard Shatz, Robert Churchill, Sharon Wilcox, Nicole Krotoski, Chris Petersen and Mychael Cardenas.

2. PUBLIC COMMENT

None

3. CONSENT CALENDAR

The minutes of the March 16, 2010 meeting.

Motion/Second/Carried (M/S/C) Mr. Kozlen moved, with a second by Mr. Rose, that the consent calendar items be approved.

4. FISCAL YEAR 2010-2011 SGA BUDGET

The budget committee met on March 22, 2010 to discuss and review the proposed SGA FY 2010-2011 (FY11) Budget. The FY11 Budget Committee members include Walt Sadler, City of Folsom; Randy Marx, Fair Oaks Water District; Pam Tobin, San Juan Water District; and Chuck Rose, Citrus Heights Water District. After discussion, the Committee directed staff to bring the proposed budget to the Board.

EXECUTIVE SUMMARY PROPOSED BUDGET FOR FY 2010-2011

In light of continued economic difficulties experienced by some members, the FY11 budget proposal was developed with no increase in the rate setting formula. No increase for FY 2010-2011 will maintain the operating reserves at approximately 5 months. The budget presented is very lean and defers some expenses to future years.

Major budget assumptions used in preparing the budget projections for FY11 include:

While the formula did not change, each agency's specific fee depends on the changes in connections and groundwater pumping from the previous year. In the proposed budget, the minimum base administrative fee is \$6,740 plus 85 cents per connection for connections over 6,000. The total base administrative fee would contribute approximately 38% to the overall budget. The pumped groundwater fee per acre-foot will remain the same at \$4.00 per acre foot. The total groundwater fees would contribute approximately 62% to the overall budget. Overall, the total fees for groundwater and base fees is approximately 2% less than the amount assessed in FY10. Even though the overall fees are declining, some agencies will pay more than in the previous year due their individual groundwater pumping average.

The proposed budget also includes receiving \$250,000 in grant reimbursements, over the two years (FY10 and FY11), along with the related consulting expenses.

The proposed FY11 budget maintains the principles adopted during the FY10 budget process. The FY11 budget proposed expenses assume the following:

- 1) The general assessment fee assumes an average annual groundwater extraction of 80,562 acre-feet, which is approximately 2,475 acre-feet lower than the previous year average. The acre-feet are based upon the five-year historical average data provided by member information.
- 2) Staff salaries include four full time positions for both SGA and RWA, each split equally between the organizations for a total of 2 FTEs for SGA. A 4% increase in the salaries budget is reflected, representing both the cost of living and possible merit adjustments, at the discretion of the Executive Director. This percentage is lower than years prior, in which a 6% increase was routinely budgeted, but higher than in FY10. For FY10, a 2% increase in the salaries budget was approved, but no merit or cost of living increases were granted to staff.
- 3) Common costs for staffing, office, some professional fees, and other expenses are shared with RWA at 50/50;
- 4) In FY11, it is anticipated that SGA revenues will be approximately \$18,920 less than expenses.
- 5) The SGA consulting budget reflects \$91,500 in out-sourced support activities in FY11, which includes completing the biennial report, grant application assistance, maintaining the data management system, regional contamination, monitoring water quality levels, and banking and exchange; and
- 6) The operating fund is targeted at approximately five months for FY11.

Mr. Woodling explained that the purchase of a copier has been delayed by entering into a long term lease. He also indicated there was discussion in the budget committee meeting regarding the proposed salary increase of 4%. Mr. Kozlen mentioned his concern that legislation on groundwater reporting may necessitate the hiring of an additional program manager in the near future. He noted that SGA staff helps to keep costs at a minimum by consolidating issues and believes that this position could help keep consulting costs down for individual agencies.

Mr. Niederberger asked about the reserve policy and if we will continue to carry five months of reserves. The current policy is two to four months. It was noted that the reserves will be back down to the four month range in the next fiscal year. Mr. Woodling asked that members voice any feedback on the salary increases now so that we will be able to pass the budget in June. Ms. Tobin argued that unless there is a good reason to freeze salaries, we need to look at what the staff is worth and whether we want to retain them. She asked if we should freeze wages just because we can or because others are doing so and that we need to calculate what the loss of one staff member would cost the organization. She believes that no increases in salaries just because the economy is in bad shape would be irresponsible. Mr. Sadler asked there was any opposition to the increase in salary. There was none expressed.

Due to the lack of a double majority vote the adoption of the FY 2010-2011 budget will be postponed until the June board meeting.

5. ASSESSMENT OF WATER QUALITY RISKS STUDY UPDATE

In June 2008, SGA was awarded a \$249,930 grant through the California Department of Water Resources' Local Groundwater Assistance Grant Program (AB 303 Grant). The study is to conduct an assessment of the various threats to the long-term sustainability of groundwater quality underlying the SGA area. Commencement of the work was delayed for nearly a year due to the State's suspension of funds resulting from its ongoing fiscal concerns. In late 2009, SGA was notified that it is now authorized to commence work again on the project. We are now in the basic data collection phase of the project.

Mr. Swartz provided an overview of the project and the data that we anticipate from member agencies as part of the study. Future steps include completion of the data collection, development of a risk analysis method, assessing potential impacts and preparing a final report.

6. WATER ACCOUNTING FRAMEWORK UPDATE

In June 2007, the SGA Board adopted Phase II of the Water Accounting Framework and directed staff to develop a Model Groundwater Banking Program Element for member agencies interested in implementing a groundwater banking and exchange program. The intent of the Model Groundwater Banking Program is to encourage agencies to implement conjunctive use programs, while ensuring sustainability of the underlying groundwater basin.

On March 16, 2010, staff conducted a special workshop to receive comment on the latest draft version of the WAF Phase III document. Staff also met with the Model Groundwater Banking Program Oversight Committee on March 26, 2010 to receive additional feedback. While feedback received to date has been very positive, staff believes that there are issues that should be more fully discussed prior to adopting Phase III. In particular, we need to address the issue of whether groundwater conserved by agencies should be considered as potentially transferable from the region under a banking and exchange program. Additionally, the committee has requested that staff develop a series of example scenarios in order to better understand how potential transactions might be treated during implementation of Phase III.

Mr. Woodling reported that we are making good progress. There are details that need to be addressed and the changes since the March workshop that need to be discussed. Mr. Woodling showed how the basin sustainability goals could be tracked, reviewed issues with net banked water and showed

an example of how net banked water could be tracked. A handout of the Sacramento Groundwater Authority Water Accounting Framework Phase III with the updated changes was presented.

Mr. Donlan brought up the question of whether adoption of the Water Accounting framework constitutes a “project” under the California Environmental Quality Act (CEQA). He will conduct research and provide a recommendation to the board in June.

There was discussion and agreement on the principles and what the next steps and timeline should be. A subcommittee meeting will be set for further discussion and the final framework will be brought back to the board in June.

7. EXECUTIVE DIRECTOR’S REPORT

Legislation/Regulatory Update – The state of California passed a package of water bills in 2009. SBX7 6 requires monitoring of groundwater levels in all of the basins and sub-basins of the state. Areas that are not complying with the monitoring requirements would be ineligible for water-related grant funding. Entities that seek to undertake the required monitoring must notify the Department of Water Resources (DWR) by January 1, 2011. DWR is currently developing guidelines for the program. SGA would be eligible to become the monitoring entity, and our current monitoring would likely satisfy requirements. SBX7 2 authorizes an \$11 billion water bond for the November ballot. Among other things, the bond bill provides \$1 billion for projects to prevent or reduce the contamination of groundwater that serves as a source of drinking water.

Regional Water Authority staff is tracking a number of bills in the current legislative session. Of note related to groundwater is AB 2304. This bill would add coordination with local planning agencies to develop and implement land use strategies that protect priority recharge areas to the list of authorized components of a groundwater management plan.

U.S. EPA announced its intention to consider tightening standards on waterborne contaminants. Lowered standards for TCE and PCE could have significant impacts in our region.

Regional Contamination Issues Committee Update – The RCIC met on January 28, 2010. One significant item discussed was a proposed update to the regional contamination brochure originally developed in 2006. The update will be coordinated with the Sacramento Central Groundwater Authority (SCGA) and Placer County groundwater managers to expand the geographic coverage. Attendees heard from the California Department of Toxic Substances Control (DTSC) about a new state program to assist water providers in identifying the sources of contaminants detected in wells. Cal-

Am Water, California Department of Public Health, and DTSC will evaluate a partnership to explore potential sources of detected contaminants in wells near the Placer County line.

Grant Funding Update – SGA has received its first reimbursement check (\$18,944.55) from DWR for expenses on our AB 303 grant to study the potential future impacts of contaminants on our groundwater supplies. Staff has submitted a request to DWR to extend the project deadline to March 31, 2011.

Groundwater Model Evaluation Proposal – The development of a regional groundwater model by Roseville, along with recent improvements to our existing Integrated Groundwater – Surface Water Model (IGSM) provides two valuable tools with which to evaluate water management strategies in the region. However, there is some concern that the existence of two modeling platforms could lead to additional expense and potential conflict in model results. Staff recommends undertaking an evaluation of our future modeling needs and available tools to guide future investments in model development and application. Such a study would be coordinated with SCGA and Placer County groundwater users. Staff met with SCGA on March 10, 2010, and SCGA has expressed an interest in coordinating in this effort. Staff proposes to hire a consultant to facilitate and provide technical support to the process and seeks input from the board on the selection process.

LAO Report on Groundwater – On March 24, 2010, the Legislative Analyst's Office released a report entitled *Liquid Assets: Improving Management of the State's Groundwater Resources*. The report includes recommendations to the Legislature for improving statewide management of groundwater resources, including phasing in a statewide permitting system for groundwater.

SGA Board Appointments – The term of office for agencies appointed by the Sacramento County Board of Supervisors will expire on August 11, 2010. According to the SGA JPA, the term of office of each member of the governing board of the Authority shall be for a period of four (4) years. Please send a written request on your agency's letterhead to the SGA office as soon as possible so this item can be placed on the Board of Supervisor's agenda for action.

8. DIRECTORS' COMMENTS

Mr. Kozlen reported that there is a Time Magazine issue on water that members should read.

Ms. Harris talked about the Grand Jury report and acknowledged that the Rio Linda board has taken steps to deal with the problems within their district. She reported that the district will have a balanced budget this year.

Adjournment

With no further business to come before the Board, Chair Sadler adjourned the meeting at 10:55 a.m.

By:

Chairperson

Attest:

Nancy Marrier, Finance and Administrative Services Officer