

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

**Thursday, April 13, 2017; 9:00 a.m.**

5620 Birdcage Street, Suite 110

Citrus Heights, CA 95610

(916) 967-7692

**Agenda**

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 or 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. Public documents relating to any open session item listed on this agenda that are distributed to all or a majority of the members of the Board of Directors less than 72 hours before the meeting are available for public inspection in the customer service area of the Authority's Administrative Office at the address listed above. In compliance with the Americans with Disabilities Act, if you have a disability and need a disability-related modification or accommodation to participate in this meeting, please contact the Executive Director of the Authority at (916) 967-7692. Requests must be made as early as possible, and at least one full business day before the start of the meeting.

**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**

a. Minutes of February 9, 2016 meeting

**Action: Approve February 9, 2017 meeting minutes**

**4. ADOPT RESOLUTION 2017-03 AUTHORIZING SOCIAL SECURITY COVERAGE FOR SGA EMPLOYEES**

**Action: Adopt Resolution 2017-03 Authorizing Social Security Coverage for SGA Employees**

**5. DEVELOPMENT OF SGA FISCAL YEAR 2017 – 2018 BUDGET**

Information Presentation and Discussion of FY 2016 – 2017 Budget

**Action: Adopt Resolution No. 2017-02 to fund the administrative and program budgets for FY 2017 – 2018, and providing for the collection of said funds**

**Action: Designate \$98,300 to FY18 for Groundwater Modeling**

**6. SUSTAINABLE GROUNDWATER MANAGEMENT ACT (SGMA) UPDATE**

Information Update: John Woodling, Executive Director

**7. GROUNDWATER MANAGEMENT PROGRAM UPDATE**

Information Update: Rob Swartz, Manager of Technical Services

**8. EXECUTIVE DIRECTOR'S REPORT**

**9. DIRECTORS' COMMENTS**

**ADJOURNMENT**

**Next SGA Board of Director's Meeting** – June 8, 2017, 9:00 a.m., RWA/SGA office, 5620 Birdcage Street, Ste. 110, Citrus Heights.

Sacramento Groundwater Authority Board Meeting  
April 13, 2017

**AGENDA ITEM 3: CONSENT CALENDAR**

**STAFF RECOMMENDATION:**

**Action: Approve February 9, 2017 meeting minutes**



## **1. CALL TO ORDER**

Chair Allen 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

John Wallace, Carmichael Water District  
Caryl Sheehan, Citrus Heights Water District  
Marcus Yasutake, City of Folsom  
Noelle Mattock, City of Sacramento  
Darrell Eck, County of Sacramento  
Rich Allen, Del Paso Manor Water District  
Paul Schubert, Golden State Water Company  
Brett Gray, Natomas Central Mutual Water Company  
Craig Davis, Orange Vale Water Company  
Paul Green, Rio Linda/Elverta Community Water District  
Pam Tobin, San Juan Water District  
Jack De Wit, Agriculture

### Staff Members

John Woodling, Rob Swartz, Adam W. Robin, Nancy Marrier, Cecilia Partridge, Monica Garcia and Chris Sanders, legal counsel.

### Others in Attendance

Robert Matteoli, Hilary Straus, Rob Roscoe, Keith Durkin, Roger Kohme, Christine Kohn, Al Dains, Richard Shatz, Kristen Pringle, Brian Hensley, Ali Taghavi, Steve Nugent, Alan Driscoll, Greg Zlotnick, Paul Helliker, Abigail Madrone and Charles Duncan.

## **2. PUBLIC COMMENT**

None.

## **3. CONSENT CALENDAR**

a. The minutes of the December 8, 2016 meeting

Motion/Second/Carried (M/S/C) Mr. Schubert moved, with a second by Mr. Yasutake, to approve the December 8, 2016 SGA Board minutes. The motion carried by the unanimous voice vote of all directors present.

- b. Resolution 2017-01 Nominating Director Kathleen J. Tiegs to the ACWA JPIA Executive Committee

(M/S/C) Ms. Tobin moved, with a second by Mr. Eck, to approve Resolution 2017-01 Nominating Director Kathleen J. Tiegs to the ACWA/JPIA Executive Committee. The motion carried by the unanimous voice vote of all directors present.

#### **4. APPOINT A BUDGET SUBCOMMITTEE FOR FISCAL YEAR 2017- 2018**

Staff is beginning preparation of the 2017-18 SGA budget. The Chair generally appoints a budget subcommittee to provide feedback in preparing a draft budget for consideration by the full board.

Chair Peifer appointed Paul Schubert, Pam Tobin, Noelle Mattock, Caryl Sheehan and Darrell Eck to the SGA Budget Subcommittee for Fiscal Year 2017 – 2018.

#### **5. SUSTAINABLE GROUNDWATER MANAGEMENT ACT (SGMA) UPDATE**

John Woodling, Executive Director, gave a presentation on the implementation of the Sustainable Groundwater Management Act (SGMA) and on the efforts to form as many as four additional GSAs in the Sutter and Placer County portions of the subbasin. SGA remains the only Groundwater Sustainability Agency that has been formed within the North American Subbasin.

Staff has met with other entities involved in groundwater management in the North American Subbasin to discuss the development of a Groundwater Sustainability Plan (GSP). There is broad support for preparing a single GSP for the subbasin. The Department of Water Resources has indicated that the application process for grant funding from Proposition 1 to support Sustainable Groundwater Management will occur later in 2017. It is important that we identify a scope of work for our North American Subbasin GSP over the next few months.

The West Placer Groundwater Group is planning to submit to the state its intent to become the GSA for Placer County. South Sutter Water District is planning to declare their district to be a GSA and the remaining part of Sutter County is planning to go to the Board of Supervisors and become the GSA.

Proposition 1 t provided \$100 million for sustainable groundwater management. The Department of Water Resources (DWR) awarded \$7 million to counties in the first round of grant funding. In the fall of 2017 there will be approximately \$83 million remaining to be awarded in one round. We need to begin preparations so SGA can respond to the grant opportunity in 2017 and complete our plan by January 31, 2022. In the short term, the GSP timeline includes selecting a consultant to prepare the scope of work for GSP development, developing a scope of work prior to April 30, 2017, developing cost sharing agreements, commenting on the draft grant guidelines in early summer 2017 and developing and submitting a grant application in late summer or early fall 2017. The GSP timeline in the longer term includes

soliciting consultants to prepare a GSP in late 2017, data compilation and gap identification, hydrologic model development, developing measurable objectives, identifying management action in 2019, developing long term management agreements in 2019 or early 2020, completing a draft GSP in 2020, maintaining public outreach throughout the timeline and submitting the GSP to DWR in late 2020 or early 2021.

In response to a requirement of the SGMA, DWR has released the draft report entitled *Water Available for Replenishment*. Staff provided input on the development of the draft report, and will review the report and provide comments by the March 10, 2017 deadline. The draft report includes DWR's best estimate of average annual water available for replenishment by hydrologic region and planning area.

## **6. GROUNDWATER MANAGEMENT PROGRAM UPDATE**

Rob Swartz, Manager of Technical Services, provided an update on recent activities under the SGA groundwater management program. Staff monitors a set of wells on a monthly basis to provide current information and data to determine how the groundwater basin has responded compared to last year's use in the wet period. As of 2016 we saw water elevations higher than in 2015. The winter levels are above where we would expect for this time of year. The two monitoring wells on the river, one near SSWD's Enterprise facility and the other at the sheriff's training facility, indicate that in general the water levels are pretty static along the river. The wells are monitoring the groundwater basin immediately off of the American River. In the past couple of months the elevation of the water at the locations has increased.

Christine Kohn gave a preview of the new RWA website demonstrating how to use it as a tool to provide information about groundwater and how it is managed. She gave highlights of the test website and how easy it is to use to explore with a combination of promotional tabs. The website has the basin management report in easy to read and understandable language. The basin conditions, regional groundwater use, groundwater quality information, and maps and charts are available with the new website features.

Monica Garcia demonstrated how information on the monitoring is accessed. On the website, when you click on a monitoring well the hydrograph will come up. This feature will be updated on a monthly basis.

Ms. Kohn said that the next steps for the website would be to do a final review, look at the images and make final changes before the website is launched.

It was suggested that a pump station or a picture with a connection to groundwater be the feature picture on the website and that groundwater basics also should be added to educate the public.

## **7. EXECUTIVE DIRECTOR'S REPORT**

**Water Efficiency Update** – In 2016, the region saved 25% compared to 2013 or approximately 41.6 billion gallons. The December 2016 savings were 24%

compared to December 2013. The most current state savings information available is cumulative savings from June 2015 through November 2016 at 23% (658 billion gallons) compared to our regional savings of 28% (77 billion gallons) during the same timeframe.

**Drought Update** – Although we’ve seen significant changes in hydrology in the 2016-17 water year so far, the State of California remains in a statewide drought emergency under the Governor’s Executive Order B-37-16. The State Water Resources Control Board is set to act to potentially extend emergency water conservation regulations on February 8, 2017.

**SGA Outreach** – Mr. Woodling continues to act as Chair of the ACWA Groundwater Committee. They will meet on February 15, 2017. Mr. Woodling will also be a panelist at the ACWA Legislative Briefing on March 8, 2017. Mr. Woodling has been invited to serve on the newly formed advisory committee for the Maven’s Notebook water news service. Mr. Swartz has been invited to speak at a conference hosted by the Seminar Group on March 1, 2017 on the impacts of SGMA on regional water supply planning.

## 8. DIRECTORS’ COMMENTS

Ms. Tobin reported that the new San Juan Water District General Manager, Paul Helliker, will begin his new position on March 6, 2017.

Mr. De Wit commented that it was good to be attending the SGA meeting. He said that the five feet of water over his farm is not a problem now but could be a problem in the spring.

### Adjournment

With no further business to come before the Board, Chair Allen adjourned the meeting at 9:55 a.m.

By:

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Chairperson

Attest:

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Nancy Marrier, Finance and Administrative Services Manager

Sacramento Groundwater Authority Board Meeting  
April 13, 2017

**AGENDA ITEM 4: ADOPT RESOLUTION 2017-03 AUTHORIZING SOCIAL SECURITY COVERAGE FOR SGA EMPLOYEES**

**BACKGROUND:**

SGA is attempting to mirror the Regional Water Authority's (RWA) contract with PERS. On February 13, 2017 SGA employees voted to participate in the federal social security program. The votes were tallied and sent to PERS. CalPERS is now requesting the SGA Board of Director's adopt Resolution 2017-03, which authorizes the execution of the application for social security coverage for the employees of the Sacramento Groundwater Authority who are members of the California Public Employees' Retirement System.

**STAFF RECOMMENDATION:**

**Action: Adopt Resolution 2017-03 Authorizing Social Security Coverage for SGA Employees**





P.O. Box 720720 Sacramento, CA 94229-0720  
888 CalPERS (or 888-225-7377)  
TTY: (877) 249-7442 |  
[www.calpers.ca.gov](http://www.calpers.ca.gov)

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California Public Employees' Retirement System

March 21, 2017

CalPERS ID# 2103885216

Nancy Marrier  
Finance and Administrative Services Manager  
Sacramento Groundwater Authority  
5620 Birdcage Street, Ste. 180  
Citrus Heights, CA 95610

Dear Ms. Marrier:

Thank you for the Social Security Referendum Election Ballots and Certification.

The next step is the adoption of the Resolution authorizing execution of the Application-Agreement for Social Security coverage for employees of the Sacramento Groundwater Authority who are members of the California Public Employees' Retirement System. We are enclosing a partially completed Resolution, Form SOC-33R, and Application-Agreement, Form SOC-32R. The forms contain the terms of coverage indicated in the Resolution adopted by the Board of Directors of the Sacramento Groundwater Authority. Nancy Marrier, as Authorized Agent, should sign all copies of the enclosed Application-Agreement. The original and one copy of the adopted certified Resolution and the original and one copy of the signed Application-Agreement should be returned to this office.

Upon receipt of the above, we will request the Federal Government to include the Sacramento Groundwater Authority in the Social Security program.

**Please do not retype the Resolution and /or agreement documents. Only documents provided by this Office will be accepted.**

If you have any questions regarding the enclosed information, please contact this office at (888) CalPERS (225-7377) or our Office's direct number (916) 795-0810 prior to presenting to your governing body for adoption.

Sincerely,

*J. Gaters*

Justin Gaters  
State Social Security Administrator Program

Enclosures

RESOLUTION NO. 2017-03  
(To Accompany Application and Agreement)

WHEREAS, a majority of the eligible employees of the Sacramento Groundwater Authority, hereinafter referred to as "Public Agency", who are members of and in positions covered by the CalPERS; at a referendum conducted in accordance with the provisions of Part 4, Division 5, of Title 2 of the California Government Code, Section 218 of the Federal Social Security Act, and regulations promulgated by the Board of Administration of the California Public Employees' Retirement System, hereinafter referred to as "State", voted in favor of coverage under the provisions of the Old-Age, Survivors, Disability and Health Insurance system established by the Federal Social Security Act; and

WHEREAS, the Public Agency desires to file an application with the State and to enter into an agreement with the State to extend to such retirement system members and to other eligible employees of the Public Agency in the same coverage group, as defined in Section 218(d)(4) of the Federal Social Security Act, coverage under the said insurance system on behalf of the Public Agency; and

WHEREAS, official form "Application and Agreement PERS-SOC-32R" containing the terms and conditions under which the State will effect such inclusion has been examined by this body;

NOW, THEREFORE, BE IT RESOLVED, that said Application and Agreement on said official form be executed on behalf of the Public Agency and submitted to the State to provide coverage under the California State Social Security Agreement of March 9, 1951, of all services performed by individuals as employees of the Public Agency as members of a coverage group (as defined in Section 218(d)(4) of the Social Security Act) of the CalPERS, except the following:

1. All services excluded from coverage under the agreement by Section 218 of the Social Security Act; and
2. Services excluded by option of the Applicant as indicated in Resolution No. 2016-14 adopted at a meeting of the Sacramento Groundwater Authority on August 11, 2016:

NONE

Effective date of coverage of services under said agreement to be July 1, 2016; and

BE IT FURTHER RESOLVED, that John Woodling, Executive Director, 5620 Birdcage Street, Suite 180, Citrus Heights, Ca 95610, is hereby authorized and directed to execute said Application and Agreement on behalf of and as Authorized Agent of the Public Agency and to forward same to the State for acceptance and further action; and

BE IT FURTHER RESOLVED, that authority hereafter to act as Authorized Agent, and so to conduct all negotiations, conclude all arrangements, submit all reports, and sign all agreements and instruments which may be necessary to carry out the letter and intent of the aforesaid application and agreement, in conformity with all applicable Federal and State laws, rules and regulations, is vested in the position of Executive Director.

Sacramento Groundwater Authority

\_\_\_\_\_  
Presiding Officer

\_\_\_\_\_  
Title

\_\_\_\_\_  
Date

CERTIFICATION

I, Nancy Marrier, Board Secretary of the Sacramento Groundwater Authority, State of California, do hereby certify the foregoing to be a full, true, and correct copy of Resolution No. 2017-03 adopted by the Board of Directors of the Sacramento Groundwater Authority at the regular/special meeting held on the 13<sup>th</sup> day of April, 2017, as the same appears of record in my office.

\_\_\_\_\_  
(Signature)

\_\_\_\_\_  
(Title)

\_\_\_\_\_  
(Date)

## APPLICATION AND AGREEMENT

For the purposes of this application and agreement, any reference made herein to any State or Federal statute or statutes, or regulations, or part thereof, applies to all amendments thereto now or hereafter made.

For the purposes of this application and agreement, "Federal System" means Old-Age, Survivors, and Disability and Health Insurance system established by the Federal Social Security Act, "Federal agency" means the Commissioner of Social Security, or successor in function to such officer, "Board" means the Board of Administration of the Public Employees' Retirement System, acting on behalf of the State of California.

The Sacramento Groundwater Authority, a public agency as defined in Section 22009 of the Government Code\* hereinafter called Applicant, hereby makes application to the Board to execute a modification to the California State Social Security Agreement extending thereunder the Federal System to all services performed by individuals as employees of the Applicant in a coverage group as defined in Section 218(d)(4) of the Social Security Act\* of the CalPERS, a deemed retirement system except the following:

1. Those services mandatorily excluded from said agreement by Section 218 of the Social Security Act.\*
2. The following services excluded by option of the Applicant pursuant to Resolution No. 2016-04, adopted on August 11, 2016:

NONE

\*See Attachment

In order to carry into effect the common governmental duties under such statutes and in consideration of the mutual promises hereinafter made, the Applicant and the Board agree as follows:

1. The Board will execute a modification to the California State Social Security Agreement to extend thereunder the Federal System to the services of employees of Applicant as hereinbefore applied for.
2. Applicant will comply promptly and completely, throughout the term of this application and agreement, with the letter and intent of all statutes of the State of California, and Section 218 of the Federal Social Security Act, and applicable Federal and State regulations adopted pursuant thereto.
3. Applicant shall pay to the Federal Government amounts equivalent to the sum of taxes (employer-employee contributions) imposed under the Federal Insurance Contributions Act if the services of employees covered by the application and agreement constituted employment as defined in such Act. Applicant shall keep or cause to be kept accurate records of all remuneration for such services, said records to be maintained as required by Federal or State regulations, and said records shall be available for inspection or audit by the Board or its designated representative.
4. Applicant will prepare and submit such wage reports as may be required.

5. Applicant shall pay and reimburse the State at such times as may be determined by the State:
  - (a) Any sums of money that the State may be obligated to pay or forfeit to the Federal Government by reason of any failure of the Applicant, for any cause or reason, to pay the contributions, penalties, or interest required by the agreement between the Federal agency and the State at such time or in such amounts as required by the said agreement and any State or Federal regulations adopted pursuant thereto.
  - (b) In such amounts as may be determined by the State, its proportionate share of any and all costs incurred by the State in the administration of the Federal System as it affects the Applicant and its employees.
  - (c) In such amounts as may be determined by the State, the cost of any and all work and services relating to any referendum for the purposes of coverage under the Federal System held with respect to the coverage group for which coverage under the Federal System is requested herein.
  - (d) In such amounts as may be determined by the State, the costs of any audits of the books and records of the Applicant made by the State or its designated representatives pursuant to Section 22559 of the Government Code.
6. The coverage herein provided for shall be effective 7-1-2016.
7. That, subject to the aforesaid provisions and applicable law, this application and agreement may be amended by the mutual consent of the parties in writing.



8. After the filing of this application and agreement, its acceptance and execution by the State shall constitute it a binding agreement between the Applicant and the State of California with respect to the matters herein set forth.

Sacramento Groundwater Authority

Signed by:

\_\_\_\_\_

(Authorized Agent)

And by:

\_\_\_\_\_

(Witness)

\_\_\_\_\_

(Title)

\_\_\_\_\_

(Date)

ACCEPTED: \_\_\_\_\_

BY \_\_\_\_\_

Theo K. Akana  
State Social Security Administrator  
Employer Account Management Division

## ATTACHMENT

Section 22009, Government Code:

"Public Agency" means the State, any city, county, city and county, district, municipal or public corporation or any instrumentality thereof, or boards and committees established under Chapter 10 of Division 6 of the Agricultural Code, Chapter 754 of Statutes of 1933, as amended, or Chapter 307 of the Statutes of 1935, as amended, the employees of which constitute one or more coverage groups or retirement system coverage groups.

Section 218(d)(4):

For the purposes of subsection (c) of this section, the following employees shall be deemed to be a separate coverage group:

- (A) all employees in positions which were covered by the same retirement system on the date the agreement was made applicable to such system (other than employees to whose services the agreement already applied on such date);
- (B) all employees in positions which became covered by such system at any time after such date; and
- (C) all employees in positions which were covered by such system at any time before such date and to whose services the insurance system established by this title has not been extended before such date because the positions were covered by such retirement system - including employees to whose services the agreement was not applicable on such date because such services were excluded pursuant to subsection (c)(3)(B).

The following services are mandatorily excluded:

- (a) service performed in a policeman's or fireman's position, covered by a retirement system at the time coverage is extended to the Public Agency;
- (b) service performed by an individual who is employed to relieve him from unemployment;
- (c) service performed in a hospital, home, or other institution by a patient or inmate thereof;
- (d) covered transportation service (as defined in Section 210(k) of the Social Security Act, as amended);

- (e) service (other than agricultural labor or service performed by a student) which is excluded from employment by any provision of Section 210(a) of the Social Security Act, other than paragraph 7 of such section, or service the remuneration for which is excluded from wages by paragraph (2) of Section 209(h);
- (f) service performed by an individual as an employee on a temporary basis in case of fire, storm, snow, earthquake, or similar emergency;
- (g) services performed by election officials or election workers for each calendar year in which the remuneration paid for such service is less than the threshold amount mandated by law. (The threshold amount as of January 1, 2017 was \$1,800.00).

## **AGENDA ITEM 5: DEVELOPMENT OF SGA FISCAL YEAR 2017 – 2018 BUDGET**

### **BACKGROUND:**

#### **FY 2017 – 2018 BUDGET**

The Fiscal Year 2017-2018 SGA Budget Committee met on March 23, 2017 via conference call. The members of the Committee include Paul Schubert, Golden State Water Company; Pam Tobin, San Juan Water District; Noelle Mattock, City of Sacramento; Caryl Sheehan, Citrus Heights Water District; and Darrell Eck, County of Sacramento. Both Paul Schubert and Pam Tobin could not participate on the call. The committee reviewed the significant budget topics.

### **SIGNIFICANT BUDGET TOPICS**

#### **Proposed Fee Increase for FY 2018**

An increase in the proposed rate is approximately 9%, which was anticipated in last year's budget. For several years, SGA members have been advised that fees<sup>1</sup> would need to increase in future periods to compensate for rising costs. For several years, these rising costs have been absorbed by reserves that occurred from either project savings or program objective delays. The SGA membership had several years of nominal or no rate increases<sup>2</sup>. The expected CalPERS early unfunded liability payment of \$87,600 in FY16 also helped to decrease the carry over funds. An increase for FY18 is still needed to continue with program objectives and to implement the strategic decisions.

In September 2014, Governor Brown signed the Sustainable Groundwater Management Act (SGMA). The act requires the formation of local groundwater sustainability agencies (GSAs) that must assess conditions in their local water basins and adopt locally-based management plans. This requirement is expected to increase expenses and consequently fees for SGA out into future years. The Board agreed to increase fees to begin preparing for these requirements.

The current proposed fee increase of approximately 9% still results in an approximately \$175,350 negative cash shortfall that will be absorbed by designated and undesignated carry over funds from previous years.

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<sup>1</sup> The JPA agreement refers to fee assessment to fund the work of SGA whereas the joint powers code describes them as contributions. For purposes of common understanding, the staff report will use the term as expressed in the JPA agreement.

<sup>2</sup> From FY10 to FY15, overall fees declined during this period by almost 4%, while expenses increased by approximately 27%.

## **Program Objectives**

SGA is planning on accomplishing these program objectives during fiscal year 2018:

- 1) Evaluating Administrative Alternatives for Compliance with the Sustainable Groundwater Management Act
- 2) Updating the Groundwater Sustainability Plan
- 3) Monitor Water Quality Levels
- 4) Maintain/Improve the Data Management System
- 5) Monitor Regional Contamination Issues
- 6) Groundwater Modeling
- 7) Grant application assistance

In addition to sharing in 50% of non-WEP administrative staff time from RWA, SGA plans to continue to use 20% of RWA's project assistant to assist in accomplishing these objectives. SGA anticipates hiring additional outside consultants to accomplish some of the program objectives.

## **Update on CalPERS Unfunded Pension Liability**

Since FY13, the RWA and SGA Boards have been incrementally budgeting resources to pay the unfunded pension liability allocated to pooled plan members. SGA became a CalPERS entity and began making their own payments beginning July 1, 2016. Even though RWA and SGA have been paying 100% of the annually required contribution, and have paid off the side-fund, there is still an unfunded pension liability allocated to RWA and SGA. CalPERS has been amortizing these costs over time when determining the annual required contribution. Similarly to the adopted FY17 budget, the FY18 proposed budget for SGA reflects an additional payment of approximately \$26,900 towards the unfunded liability. The FY19 through FY22 budget also reflects a best guess at increased required costs and additional payments toward the unfunded liability that are now resulting from CalPERS reducing the discount rate from 7.5% to 7.0% as announced in December 2016. Staff will continue to work to quantify the unfunded pension liability and options for funding.

## **SUMMARY BUDGET OVERVIEW**

### **Revenues**

- 1) The overall combined fee increase is proposed at approximately 9%. Each agency's specific fee depends on the changes in connections and groundwater pumping from the previous year. Each agency will experience a different fee increase, depending upon their ground water pumping averages and their number of connections that have changed from year to year.
- 2) The fee calculations will continue to be based upon base fees plus groundwater fees. The base fees target objective is to cover 40% of costs, where groundwater fees are targeted to cover 60% of costs and is expected

- to be achieved over time once the accelerated pension plan payments are completed.
- 3) In the proposed budget, the minimum base administrative fee is \$10,100 plus \$1.31 per connection for connections over 6,000. The pumped groundwater fee per acre-foot is proposed at \$6.00 per acre foot. A five year trailing average of groundwater pumping is used to develop the groundwater fees for FY18. The five year trailing average of groundwater pumping is expected to continue to decline over time, but the expenses to support the work of SGA is not expected to decline. Declining groundwater pumping increases the per acre-foot charge.

### **Expenses**

- 1) SGA will continue to share 50/50 in the administrative costs incurred by RWA to run both organizations under the agreement between RWA and SGA for administrative and management services. Costs benefiting only RWA work will not be allocated to SGA. Likewise, costs benefiting only SGA will be paid by SGA.
- 2) Staff salaries are within ranges assigned by a 2012 total compensation survey and reflect a possible 5% increase for merit (including COLA), plus 2% to compensate for the employees picking up 2% of their PERS retirement contribution. By FY19, all employees will be paying their entire 7% portion of PERS.
- 3) In addition to sharing in 50% of non-WEP administrative staff time from RWA, SGA plans to continue to use 20% of RWA's project assistant. Total FTE count for SGA is proposed to be 2.2 FTEs.
- 4) Benefit costs also include projected increases for OPEB and health care, and a reduction of the 2% employer pick up of the employee portion of PERS retirement benefits.
- 5) RWA will conduct a compensation survey during fiscal year 2018. There may be additional changes that will result from this survey that are currently not reflected in the proposed budget.
- 6) A \$26,900 payment to RWA (or CalPERS) is budgeted in FY18 as an incremental early payment of SGA's allocated unfunded liability.
- 7) Professional fees include public relations, accounting, and legal. It also includes higher actuarial costs due to anticipated GASB rule changes for OPEB accounting.
- 8) The SGA consulting budget reflects \$150,000 in out-sourced support activities for a review of the groundwater management report, monitoring water quality, grant application assistance, maintaining the data management system, regional contamination, and groundwater modeling.
- 9) An additional \$98,300 in consulting fees will be designated from FY16 and FY17 to be spent in FY18 on groundwater modeling.
- 10) The operating fund is projected to be approximately five months for FY18, which meets policy guidelines and helps buffer anticipated costs related to recently passed legislation.

- 11) Staff negotiated a very favorable lease rate at the time ACWA JPIA moved out of the building. The building lease will expire in September 2018. Potential moving costs are included in the FY18 budget. There is a subcommittee through RWA that is working on negotiating a new lease. There may be a significant increase for a new lease beginning in FY19.

### **Future budget outlook**

SGA can anticipate an additional rate increases in the future of at least 5.0% in FY19 and could be higher depending upon the cost obligations that SGA will incur acting as the GSA for groundwater management. SGA does not yet know the extent and cost of these future obligations.

### **SGA BUDGET COMMITTEE RECOMMENDATION:**

**Action: Adopt Resolution No. 2017-02 to fund the administrative and program budgets for FY 2017 – 2018, and providing for the collection of said funds**

**Action: Designate \$98,300 to FY18 for Groundwater Modeling**



**Major Assumptions**

**Revenues**

- 1) Total Fees for groundwater and base fees proposed increase is approximately 9%. Each agencies fee increase is different depending upon their groundwater fees and number of connections.
- 2) Groundwater fees in FY18 are projected to increase by approximately 7%.
- 3) Base fee are projected to increase by approximately 12%. This increased is tied to the overall expense increases. The base fee should cover approximately 40% of costs.
- 4) Assumes 5 year acre foot average groundwater pumped of: 68,368  
In March 2013 the Department of Water Resources (DWR) announced results for another Local Groundwater Assistance Grant Program (AB 303) and awarded SGA a
- 5) grant in the amount of \$225,000. This grant was completed in FY16.
- 6) Interest income expected to decline due to declining available funds, compounded by low interest rates.
- 7)

**Expenses**

- 1) Staffing costs includes partial use of the Project Assistant. Total 2.2 FTEs allocated to SGA. Retired annuitant costs included in professional fees. Anticipates staff paying 2% of their employee share of pension plan contributions with a coincident 2% increase in salary independent of budget merit or cola raises of 5% (total budgeted at 7%). Overall staffing costs also budgeted for a 5% merit/cola increase and follow the compensation policy. This budget does not reflect any potential changes that could result from the compensation study in FY18.
- 2) Benefits include employer PERS, medical, vision, dental, disability insurance, OPEB and workers' compensation for 2.2 FTEs. FY 2018 budget anticipates an increase in medical costs of 7%, other costs at 3% and specific increases to OPEB costs. Retiree medical payments are now paid for through the CERBT Trust. Anticipates employees continuing to pay their portion of CalPERS contribution FY18 so that by FY19, classic employees pay their 7% share of CalPERS contribution.
- 3) An \$87,600 payment to RWA for SGA's allocated unfunded pension liability was paid in FY16. The June 30, 2016 amount is estimated to be \$171,771 after the payments made in FY16 based upon the June 30, 2015 CalPERS actuarial report. SGA's estimated allocated share is 39%, based upon CalPERS anticipated allocation of the unfunded liabilities. The June 30, 2016 amount does not reflect the expected increase to the unfunded liability due to lowering the discount rate from 7.5% to 7.0%. The budget does estimate the additional ongoing costs of this change and also increases the annual additional liability payments. The RWA EC will review future funding and funding policy of this unfunded liability.
- 4) Even though SGA will make partial payments towards the CalPERS unfunded liability, SGA can expect to reflect an accounting pension liability as it relates to the GASB 68 in the financial statements in future periods.
- 5) Professional fees include public relations, compensation study costs, accounting and legal. It also includes higher actuarial costs due to OPEB rule changes.
- 6) Program consultants for FY18 includes updating the basin management report, monitoring water quality levels, groundwater management plan, maintaining the data management system, regional contamination issues, grant application assistance, and groundwater modeling and include the retired annuitants costs. FY18 and beyond also anticipates increased costs for newly passed legislation related to the Sustainable Groundwater Management Act.
- 7) Special projects reflects the costs associated with the DWR grant.
- 8) Leasing costs are expected to increase in FY19 and potential moving costs are reflected in the FY18 budget.
- 9) General cost increases were projected at 3% unless specific cost increases could be identified.

**Expenses in Excess of Fees**

- 1) In FY18, it is anticipated that SGA fees will be approximately \$175,350 less than expenses. Expenses in excess of fees will be funded from designated and non-designated funds accumulated from previous years and from the operating fund.

**Designations/Restrictions**

- 1) Excluding any pension plan payments, the Operating fund is projected to be approximately five months for FY18, which meets policy guidelines.

**FY19 and Beyond**

- 1) In order to balance expenses with fees, it is projected that fees will increase approximately 6.0% in FY19, which approximates the FY17 projections of 6.0%. The unfunded liability payments are now expected to be higher than previously anticipated in the prior year. Additionally, program costs in each year is now projected to be higher than previous anticipated. However, approving the FY18 budget does not approve the FY19 budget or fees.





**Sacramento Groundwater Authority  
2017 - 2018 FYE Budget Summary**

Attachment A

5 year average Acre-feet Groundwater	70,093	69,373	69,373	68,368
Proposed Groundwater Fee	\$4.85	\$5.85	\$5.85	\$6.00
Proposed Minimum Base Fee	\$8,000	\$9,000	\$9,000	\$10,100
Proposed Per Connection Fee	\$1.05	\$1.17	\$1.17	\$1.31
Base admin fee as a % of budget	39.80%	39.24%	45.01%	40.50%
Overall Fee Change from Prior Year	15.94%	12.85%	12.86%	9.07%

	<b>Actual FY16</b>	<b>Budgeted FY17</b>	<b>Projected FY17</b>	<b>Proposed FY18</b>	<b>Notes</b>
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**Operating Revenues**

Groundwater Fees	\$ 339,960	\$ 385,000	\$ 385,000	\$ 410,200	Increase in GW fees needed to pay for costs that have been paid for out of undesignated funds over the last several years. Total GW fee increase is 15%.
Base Fee	\$ 264,532	\$ 297,200	\$ 297,200	\$ 333,900	Base fee increase of 12%. Goal is to shift fees to get base fee to 40%.
Grant Income	\$ 60,595	\$ -	\$ 11,250	\$ -	DWR grant evaluating the groundwater sustainability due to contamination in FY17.
Interest Income	\$ 3,566	\$ 1,300	\$ 7,400	\$ 3,300	Rates are fairly stable, but available cash is declining.
<b>Total</b>	<b>\$ 668,653</b>	<b>\$ 683,500</b>	<b>\$ 700,850</b>	<b>\$ 747,400</b>	

**Operating Expenses**

Staff	\$ 485,239	\$ 461,700	\$ 468,900	\$ 498,200	Reflects 2.2 FTE.
Office	\$ 43,695	\$ 58,300	\$ 56,750	\$ 59,750	No significant changes expected in FY18
Professional Fees	\$ 81,576	\$ 295,700	\$ 133,400	\$ 353,400	Support & PM consulting. Includes \$98,300 in costs from FY15, FY16, FY17 to FY18. See PM budget.
Other	\$ 800	\$ 1,300	\$ 1,300	\$ 11,400	Office equipment purchases and potential moving costs
Special Projects	\$ 53,268	\$ -	\$ -	\$ -	Reflects costs related to the AB 303 DWR grant
<b>Total Expenses</b>	<b>\$ 664,578</b>	<b>\$ 817,000</b>	<b>\$ 660,350</b>	<b>\$ 922,750</b>	

**Fees in Excess of Expenses/(Expenses in Excess of Fees)**

	<u>\$ 4,075</u>	<u>\$ (133,500)</u>	<u>\$ 40,500</u>	<u>\$ (175,350)</u>
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<b>Cash, beginning</b>	\$ 521,126	\$ 472,920	\$ 525,201	\$ 565,701
Source (Use) of Funds	\$ 4,075	\$ (133,500)	\$ 40,500	\$ (175,350)

<b>Cash, ending</b>	<u>\$ 525,201</u>	<u>\$ 339,420</u>	<u>\$ 565,701</u>	<u>\$ 390,351</u>
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**DESIGNATIONS**

Operating Fund	\$ 295,200	\$ 312,520	\$ 316,700	\$ 361,551
Pension Plan	\$ 26,900	\$ 26,900	\$ 26,900	\$ 28,800
Groundwater Modeling	\$ 58,300	\$ -	\$ 98,300	
Un-designated	\$ 144,801	\$ -	\$ 123,801	\$ -
	<u>\$ 525,201</u>	<u>\$ 339,420</u>	<u>\$ 565,701</u>	<u>\$ 390,351</u>

No. of months cash pays for operations	<u>10.1</u>	<u>5.1</u>	<u>8.3</u>	<u>5.4</u>
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	% increase expenses, unless specific increases identified				3.00%			3.00%	3.00%	3.00%	3.00%
	% increase consulting costs				5.00%			5.00%	5.00%	5.00%	5.00%
	% change in Acre Feet Pumped							-2.15%	0.00%	-0.85%	3.13%
<b>SGA</b>											
<b>Proposed FY' 2017-2018 OPERATING BUDGET PROJECTION</b>											
BUDGET ACRE FEET FY17 (5-yr. Ave)	69,373				70,154			70,317	68,538	67,692	
BUDGET ACRE FEET FY18 (5-yr. Ave)	ACRE FEET: 69,373				9.83	68,368		66,900	66,900	66,332	68,408
	<b>SGA FY 16</b>	<b>SGA FY 17</b>	<b>SGA FY 17</b>	<b>SGA FY 17</b>		<b>SGA FY 18</b>	<b>NOTES</b>	<b>SGA Projected FY 19</b>	<b>SGA Projected FY 20</b>	<b>SGA Projected FY 21</b>	<b>SGA Projected FY 22</b>
	<b>Per Audit</b>	<b>Budget</b>	<b>Actual at Jan. 2017</b>	<b>Projected</b>		<b>Proposed Budget</b>					
<b>ANNUAL REVENUES</b>											
<b>GW Fee FY 17 Final Budget</b>	<b>\$4.85</b>	<b>\$5.85</b>		<b>\$5.85</b>		<b>\$6.10</b>	<b>1</b>	<b>\$6.40</b>	<b>\$6.95</b>	<b>\$7.25</b>	
<b>Proposed GW Fee FY 18 Budget</b>						<b>\$6.00</b>	<b>1</b>	<b>\$6.50</b>	<b>\$7.35</b>	<b>\$8.25</b>	<b>\$8.00</b>
<b>Proposed Base Fee</b>	<b>\$8,000</b>	<b>\$9,000</b>		<b>\$9,000</b>		<b>\$10,100</b>	<b>2</b>	<b>\$10,520</b>	<b>\$11,134</b>	<b>\$11,690</b>	<b>\$12,538</b>
<b>Proposed Per Connection Fee</b>	<b>\$1.05</b>	<b>\$1.17</b>		<b>\$1.17</b>		<b>\$1.31</b>	<b>2</b>	<b>\$1.36</b>	<b>\$1.47</b>	<b>\$1.54</b>	<b>\$1.65</b>
<b>Overall Fee Change from Prior Year</b>	<b>15.94%</b>	<b>12.85%</b>		<b>12.86%</b>		<b>9.07%</b>	<b>3</b>	<b>5.20%</b>	<b>10.69%</b>	<b>8.56%</b>	<b>3.04%</b>
<b>Expense change from prior year</b>	<b>-0.36%</b>	<b>16.29%</b>		<b>17.92%</b>		<b>12.04%</b>	<b>4</b>	<b>4.18%</b>	<b>7.74%</b>	<b>4.99%</b>	<b>7.25%</b>
<b>Base admin fee as a % of budget</b>	<b>39.80%</b>	<b>39.24%</b>		<b>45.01%</b>		<b>40.50%</b>	<b>2</b>	<b>41.41%</b>	<b>42.48%</b>	<b>42.51%</b>	<b>44.98%</b>
<b>OPERATING REVENUES (Proposed Fee)</b>											
<b>General Assessments/Fees</b>											
→ Groundwater fees	\$ 339,960	\$ 385,000	\$ 385,020	\$ 385,000		\$ 410,200	1	\$ 434,900	\$ 491,700	\$ 547,200	\$ 547,300
→ Base Fee	\$ 264,532	\$ 297,200	\$ 297,196	\$ 297,200		\$ 333,900	2	\$ 347,900	\$ 374,800	\$ 393,500	\$ 422,000
→ Grant Income	\$ 60,595	\$ -	\$ 11,248	\$ 11,250		\$ -	5	\$ -	\$ -	\$ -	\$ -
Interest Income	\$ 3,566	\$ 1,300	\$ 3,694	\$ 7,400		\$ 3,300	6	\$ 3,300	\$ 2,500	\$ 2,600	\$ 3,300
<b>TOTAL REVENUE</b>	<b>\$ 668,653</b>	<b>\$ 683,500</b>	<b>\$ 697,158</b>	<b>\$ 700,850</b>		<b>\$ 747,400</b>		<b>\$ 786,100</b>	<b>\$ 869,000</b>	<b>\$ 943,300</b>	<b>\$ 972,600</b>
<b>STAFF EXPENSES (General):</b>											
Staff Salaries/Wages	\$ 268,156	\$ 282,900	\$ 166,094	\$ 283,600		\$ 303,200	7	\$ 321,100	\$ 337,000	\$ 353,700	\$ 371,200
Benefits	\$ 106,350	\$ 118,900	\$ 48,617	\$ 125,700		\$ 133,500	8	\$ 141,700	\$ 157,900	\$ 178,600	\$ 200,400
Pension - GASB/CALPERS	\$ 87,600	\$ 26,900	\$ -	\$ 26,900		\$ 26,900	9	\$ 28,800	\$ 32,000	\$ 35,200	\$ 38,400
Payroll Taxes	\$ 16,252	\$ 22,600	\$ 8,305	\$ 22,700		\$ 24,300	10	\$ 25,700	\$ 27,000	\$ 28,300	\$ 29,700
Meals/Travel/Conferences	\$ 6,881	\$ 7,800	\$ 4,832	\$ 7,500		\$ 7,800	11	\$ 8,000	\$ 8,300	\$ 8,500	\$ 8,800
Professional Development/Training	\$ -	\$ 2,600	\$ 125	\$ 2,500		\$ 2,500	12	\$ 2,600	\$ 2,700	\$ 2,800	\$ 2,900
<b>TOTAL STAFF EXPENSES</b>	<b>\$ 485,239</b>	<b>\$ 461,700</b>	<b>\$ 227,973</b>	<b>\$ 468,900</b>		<b>\$ 498,200</b>		<b>\$ 527,900</b>	<b>\$ 564,900</b>	<b>\$ 607,100</b>	<b>\$ 651,400</b>

	% increase expenses, unless specific increases identified				3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%
	% increase consulting costs				5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%
	% change in Acre Feet Pumped					-2.15%	0.00%	-0.85%		3.13%	
<b>SGA</b>											
<b>Proposed FY' 2017-2018 OPERATING BUDGET PROJECTION</b>											
BUDGET ACRE FEET FY17 (5-yr. Ave)	69,373				70,154	70,317	68,538	67,692			
BUDGET ACRE FEET FY18 (5-yr. Ave)	ACRE FEET: 69,373 9.83				68,368	66,900	66,900	66,332	68,408		
	<b>SGA FY 16 Per Audit</b>	<b>SGA FY 17 Budget</b>	<b>SGA FY 17 Actual at Jan. 2017</b>	<b>SGA FY 17 Projected</b>		<b>SGA FY 18 Proposed Budget</b>	<b>NOTES</b>	<b>SGA Projected FY 19</b>	<b>SGA Projected FY 20</b>	<b>SGA Projected FY 21</b>	<b>SGA Projected FY 22</b>
<b>OFFICE EXPENSES:</b>											
Rent & Utilities Contract	\$ 9,748	\$ 12,500	\$ 6,242	\$ 12,500		\$ 12,500	13	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000
General Liability Insurance	\$ 12,043	\$ 12,500	\$ 12,531	\$ 12,500		\$ 12,900	14	\$ 13,300	\$ 13,700	\$ 14,100	\$ 14,500
Office Maintenance	\$ -	\$ 1,600	\$ -	\$ 250		\$ 250	15	\$ 300	\$ 400	\$ 400	\$ 500
Postage and Postal Meter	\$ 1,333	\$ 1,600	\$ 258	\$ 1,500		\$ 1,600	16	\$ 1,600	\$ 1,700	\$ 1,700	\$ 1,800
Telephone/internet/web hosting	\$ 5,224	\$ 5,700	\$ 2,634	\$ 5,500		\$ 6,000	17	\$ 6,200	\$ 6,400	\$ 6,600	\$ 6,800
Meetings	\$ 220	\$ 1,100	\$ 706	\$ 1,100		\$ 1,100	18	\$ 1,200	\$ 1,300	\$ 1,400	\$ 1,500
Printing/Supplies/Copier	\$ 6,417	\$ 13,200	\$ 3,392	\$ 13,200		\$ 13,600	19	\$ 14,000	\$ 14,400	\$ 14,800	\$ 15,200
Dues & Subscriptions	\$ 4,089	\$ 3,900	\$ 4,055	\$ 4,100		\$ 5,500	20	\$ 5,700	\$ 5,900	\$ 6,100	\$ 6,300
Computer hardware/software	\$ 2,127	\$ 2,600	\$ 1,982	\$ 2,600		\$ 2,700	21	\$ 2,800	\$ 2,900	\$ 3,000	\$ 3,100
Computer maintenance	\$ 2,494	\$ 3,600	\$ 1,433	\$ 3,500		\$ 3,600	22	\$ 3,700	\$ 3,800	\$ 3,900	\$ 4,000
<b>TOTAL OFFICE EXPENSES</b>	<b>\$ 43,695</b>	<b>\$ 58,300</b>	<b>\$ 33,233</b>	<b>\$ 56,750</b>		<b>\$ 59,750</b>		<b>\$ 73,800</b>	<b>\$ 75,500</b>	<b>\$ 77,000</b>	<b>\$ 78,700</b>
<b>PROFESSIONAL FEES:</b>											
SGA Legal	\$ 15,841	\$ 40,000	\$ 5,079	\$ 30,000		\$ 40,000	23	\$ 42,000	\$ 44,100	\$ 46,300	\$ 48,600
Audit Fees and GASB report	\$ 10,238	\$ 9,600	\$ 10,125	\$ 10,100		\$ 11,500	24	\$ 14,000	\$ 14,700	\$ 15,500	\$ 16,200
ADP & Banking Fees	\$ 881	\$ 1,000	\$ 617	\$ 1,000		\$ 1,000	25	\$ 1,100	\$ 1,200	\$ 1,200	\$ 1,300
SGA Support Services	\$ 21,024	\$ 36,800	\$ 13,459	\$ 36,800		\$ 52,600	26	\$ 43,200	\$ 49,400	\$ 49,700	\$ 59,000
SGA Consultants - Program Manager	\$ 33,592	\$ 150,000	\$ 34,456	\$ 55,500		\$ 150,000	27	\$ 136,800	\$ 123,600	\$ 127,400	\$ 81,300
Program - FY16 & FY17	\$ -	\$ 58,300	\$ -	\$ -		\$ 98,300	27	\$ -	\$ -	\$ -	\$ -
<b>TOTAL PROFESSIONAL FEES</b>	<b>\$ 81,576</b>	<b>\$ 295,700</b>	<b>\$ 63,736</b>	<b>\$ 133,400</b>		<b>\$ 353,400</b>		<b>\$ 237,100</b>	<b>\$ 233,000</b>	<b>\$ 240,100</b>	<b>\$ 206,400</b>
<b>TOTAL OPERATING EXPENSES</b>	<b>\$ 610,510</b>	<b>\$ 815,700</b>	<b>\$ 324,942</b>	<b>\$ 659,050</b>		<b>\$ 911,350</b>		<b>\$ 838,800</b>	<b>\$ 873,400</b>	<b>\$ 924,200</b>	<b>\$ 936,500</b>
<b>OTHER EXPENSES:</b>											
Office furniture/remodel/equip	\$ 800	\$ 1,300	\$ 418	\$ 1,300		\$ 1,400	28	\$ 1,400	\$ 1,500	\$ 1,500	\$ 1,600
Office Move	\$ -	\$ -	\$ -	\$ -		\$ 10,000	28	\$ -	\$ -	\$ -	\$ -
Computer Server	\$ -	\$ -	\$ -	\$ -		\$ -	28	\$ -	\$ 7,500	\$ -	\$ -
<b>TOTAL Other Expenses</b>	<b>\$ 800</b>	<b>\$ 1,300</b>	<b>\$ 418</b>	<b>\$ 1,300</b>		<b>\$ 11,400</b>		<b>\$ 1,400</b>	<b>\$ 9,000</b>	<b>\$ 1,500</b>	<b>\$ 1,600</b>
<b>Special Projects Expenses</b>											
Consulting - AB 303 Studies	\$ 53,268	\$ -	\$ -	\$ -		\$ -	29	\$ -	\$ -	\$ -	\$ -
<b>TOTAL Special Proj. Expenses</b>	<b>\$ 53,268</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>		<b>\$ -</b>		<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>

% increase expenses, unless specific increases identified 3.00% % increase consulting costs 5.00% % change in Acre Feet Pumped -2.15% 0.00% -0.85% 3.13%											
SGA Proposed FY' 2017-2018 OPERATING BUDGET PROJECTION						5-Year Projection					
BUDGET ACRE FEET FY17 (5-yr. Ave)		69,373		70,154		70,317		68,538		67,692	
BUDGET ACRE FEET FY18 (5-yr. Ave)		ACRE FEET: 69,373		9.83		68,368		66,900		66,332 68,408	
	SGA FY 16 Per Audit	SGA FY 17 Budget	SGA FY 17 Actual at Jan. 2017	SGA FY 17 Projected	SGA FY 18 Proposed Budget	NOTES	SGA Projected FY 19	SGA Projected FY 20	SGA Projected FY 21	SGA Projected FY 22	
<b>TOTAL EXPENSES</b>	\$ 664,578	\$ 817,000	\$ 325,360	\$ 660,350	\$ 922,750	30	\$ 840,200	\$ 882,400	\$ 925,700	\$ 938,100	
<b>Net Income (Loss)</b>	\$ 4,075	\$ (133,500)	\$ 371,798	\$ 40,500	\$ (175,350)	31	\$ (54,100)	\$ (13,400)	\$ 17,600	\$ 34,500	
<b>CASH SUMMARY</b>											
AVAILABLE CASH, Beginning	\$ 521,126	\$ 472,920	\$ 525,201	\$ 525,201	\$ 565,701	32	\$ 390,351	\$ 336,251	\$ 322,851	\$ 340,451	
SOURCE (USE) OF FUNDS	\$ 4,075	\$ (133,500)	\$ 371,798	\$ 40,500	\$ (175,350)	31	\$ (54,100)	\$ (13,400)	\$ 17,600	\$ 34,500	
CASH, Ending	\$ 525,201	\$ 339,420	\$ 896,999	\$ 565,701	\$ 390,351		\$ 336,251	\$ 322,851	\$ 340,451	\$ 374,951	
<b>DESIGNATIONS</b>											
Operating Fund (four to six mos)	\$ 295,200	\$ 312,520	\$ 312,520	\$ 316,700	\$ 361,551	5.4 33	\$ 304,251	\$ 287,651	\$ 302,051	\$ 333,351	
Pension Plan "Assignment"	\$ 26,900	\$ 26,900	\$ 26,900	\$ 26,900	\$ 28,800	0.4 34	\$ 32,000	\$ 35,200	\$ 38,400	\$ 41,600	
Groundwater Modeling	\$ 58,300	\$ -	\$ 58,300	\$ 98,300	\$ -	35	\$ -	\$ -	\$ -	\$ -	
Un-designated	\$ 144,801	\$ -	\$ 499,279	\$ 123,801	\$ -	0.0 36	\$ -	\$ -	\$ -	\$ -	
CASH IN BANK, Ending	\$ 525,201	\$ 339,420	\$ 896,999	\$ 565,701	\$ 390,351		\$ 336,251	\$ 322,851	\$ 340,451	\$ 374,951	
No. of months cash pays for oper.	10.1	5.1		8.3	5.4	33	4.5	4.1	4.1	4.4	

**SGA**  
**FY 2017-2018 BUDGET PROJECTION NOTES**

- 1 SGA general assessment fees methodology splits the fee into two parts: a base fee based upon the number of connections per agency and a per acre foot fee based upon a trailing five-year average volume of groundwater pumped. This portion represents the per acre foot fee component. Overall, SGA is proposing to increase total fees by approximately 9%. The total expected fee increase in FY18 when preparing the FY18 budget was about 9%. The groundwater fees are proposed at \$6.00 in FY18 versus \$5.85 in FY17. A trailing five-year pumping average is used (FY12-FY16). FY17 through FY21 pumping extraction reflects members estimates provided to SGA using expected wet year data. As the amount of acre-feet pumped declines, revenues will decline, even though operations are independent of groundwater pumping. Consequently, the fee per acre feet must increase to continue to pay for existing services.
- 2 SGA total fees are calculated using the number of connections per agency, in addition to groundwater per acre foot. The groundwater fee is projected at \$6.00 per foot, using a five year average of groundwater pumped. The proposed base fee is to be calculated as follows: a minimum base fee of \$10,100 plus \$1.31 per connection for connections greater than 6,000. For each subsequent year, the base fee is set to increase as the overall expenses increases, exclusive of program management consulting services as these can vary year to year. The share of fees paid for by base fees may need adjusting from time to time to achieve or target 40% fees supported by base fees.
- 3 The overall fee change from the previous year is the total fee change. Each individual agencies change will be different and may be less or more than the overall change due to changes for individual groundwater acre feet pumping averages and number of connections.
- 4 The expenses increase for FY18 from FY17 is anticipated at approximately 12%. SGA is funding approximately \$98,300 in programmatic expenses in FY18 that were budgeted for FY17 with the funds being designated in FY17 for spending in FY18. This lag effect of expenditures creates a larger than expected increase in expenses year to year for FY18. The overall fee change from the previous year is calculated as follows: the year to year difference in total expenses which include staff, office, and professional fees. The calculation does not include special project expenses and one time expenses, such as additional pension plan payments.
- 5 DWR announced results for the Local Groundwater Assistance Grant Program (AB 303) and awarded SGA a grant in the amount of \$225,000. The grant is be a groundwater contamination study that began in FY2015 and was completed in FY2016. The grant income received in FY 17 relates to the final retention from DWR.

**SGA**  
**FY 2017-2018 BUDGET PROJECTION NOTES**

- 6 Interest income from the SGA Local Agency Investment Fund (LAIF) account. As available cash decreases, interest earned is expected to decrease, compounded by low interest rates.
- 7 For budget purposes, staff salaries include 50% of four full time positions, and 20% of the assistant project manager or a total of 2.2 FTEs. This year's salaries reflect an increase of 7% to account for merit increases, shifting of classic employees paying 2% of their CalPERS contribution by increasing their salaries by 2%, and follows Compensation Policy 400.2. The retired annuitants salary and benefits is included in the consulting budget. No future salary adjustments are built into the budget as could occur as a result of the compensation study.
- 8 Benefits include employer PERS, medical, vision, dental, disability insurance, OPEB and workers' compensation for staff members. FY 2018 budget anticipates an increase in medical costs of 7%, other costs at 3% and increased OPEB costs. Reflects employees paying 2% more of their CalPERS contribution so SGA's contribution for the employees' share drops from 3% to 1%. In FY18, a salary compensation study will be done and will include the additional 1%, so that by FY19, classic employees pay their 7% share of CalPERS contribution.
- 9 Represents the estimated payment of the allocated unfunded pension liability to SGA over several years, with an installment payment made to RWA in FY2016 (or CalPERS). This projected payment in the future reflects the estimated funding calculation for prior unfunded costs now allocated to SGA, estimated at 39%. Starting in FY17, SGA is a PERS employer and will make its own unfunded liability payments. The budget in out years estimates increasing unfunded liability payments due to the decrease in discount rates as announced in December 2016.
- 10 Payroll taxes for five staff members (2.2 FTEs) and excludes the retired annuitant.
- 11 Includes meal costs. Also includes conference attendance and the associated travel costs (transportation, lodging, meals).
- 12 Includes computer training and other professional development classes.
- 13 In accordance with the building rental lease. RWA's lease includes full use of the Board room. The current lease expires in FY18 and is expected to increase. RWA EC has tasked a committee to begin the process of securing a new lease.
- 14 Minimal increase in costs for property and liability coverage obtained through ACWA JPIA forecasted for the coming year.

**SGA**  
**FY 2017-2018 BUDGET PROJECTION NOTES**

- 15 Includes costs for office maintenance needs.
- 16 Reflects mailing activities and cost of postage machine rental.
- 17 Includes telephone and conference call costs, web hosting for the website and internet service costs.
- 18 Miscellaneous meeting charges including food/refreshments.
- 19 Includes printing costs for letterhead. Also includes copier maintenance and copier lease costs.
- 20 Major cost component is ACWA dues. Other dues include AWWA, Groundwater Resources Association, Water Education Foundation and Sacramento Metro Chamber of Commerce. Subscriptions include Business Journal and Sacramento Bee.
- 21 Acquisition of new hardware/software to replace aging and out-of-date components.
- 22 General computer maintenance service.
- 23 Legal expenses in support of general SGA board meetings, resolutions, regulatory analyses, services related to contracts, and GMP development. Legal fees are projected to be lower since the CalPERS Pension issue was resolved.
- 24 Audit fees are set by the awarded proposal. FY17 is the last year of the contract and has been extended one additional year by the EC.
- 25 Payroll service costs for 6 employees (2.2 FTE).
- 26 Represents actuarial, budgeting and accounting assistance, website, and salary survey.
- 27 Fees for groundwater management program implementation. (See separate program consulting budget). Program FY16 & FY17 represents unused funds for these fiscal years which will be used in FY18 for groundwater modeling.
- 28 Includes potential moving costs related to the lease expiration in FY19. Also anticipates a possible replacement of the server in FY20.
- 29 Consulting expenses for grant-funded study to evaluate potential threats to groundwater sustainability resulting from contamination.

**SGA**  
**FY 2017-2018 BUDGET PROJECTION NOTES**

- 30 Total expenses for SGA.
- 31 Represents the difference between total monies received versus total expenses incurred during the year.
- 32 Beginning cash for FY17 is reduced by FY16 year end accounts payables and increased for FY16 year end accounts receivable to arrive at available cash.
- 33 Represents the operating fund designation to pay for operating expenditures. Per SGA policy #400.2, this fund range target is four to six months of operating expenses. Government Code Section 53646(b) (3) suggests that an agency should have sufficient cash flow to meet the next six months of budgeted expenses. Cash reserves can be used to pursue new grant opportunities unknown during the budget development. This calculation is based upon the ending cash in bank. It does not include special project expenses funded by grants or one time expenditures such as the unfunded pension liability payments.
- 34 CalPERS now provides estimated unfunded liabilities for pooled agency members, such as RWA and SGA. SGA's share of the total cost represented 39% of the total \$171,771 for FY16 based upon CalPERS June 30, 2015 report. In FY16, SGA paid RWA \$87,600 for their share of the liability and will make their own payments starting in FY17. The pension plan assignment sets aside amounts to make partial payments towards this unfunded pension liability in future years. The \$171,771 does not reflect CalPERS Dec 2016 memo stating the discount rate will decrease from 7.5% to 7.0% over three years, thereby increasing ongoing funding costs and increasing the unfunded liability. This budget estimates what the annual costs might be based upon the memo. However, the actual unfunded amounts will not be known until a new valuation is conducted by CalPERS. The RWA EC will review the funding policy and funding approach for this liability in the near future.
- 35 Designating \$98,300 from the FY16 & FY17 budget for Groundwater modeling to be spent in FY18.
- 36 Amount of cash over and above designation policy - "undesignated cash."



										5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%
<b>SGA Consulting Budget Approved and Proposed</b>					<b>4-Year Projection (1)</b>											
	<b>SGA FY 16 Per Audit</b>	<b>Approved FY17 + designation</b>	<b>FY 17 Actual at Jan 17</b>	<b>FY 17 Projected</b>	<b>Proposed FY 18</b>	<b>Projected FY 19</b>	<b>Projected FY 20</b>	<b>Projected FY 21</b>	<b>Projected FY 22</b>	<b>NOTES</b>						
<b>Outside Consultant Assistance - Projects</b>																
Annual Basin Management Report	\$ 4,650	\$ 10,000	\$ 7,715	\$ 7,700	\$ -	\$ -	\$ 10,000	\$ 10,500	\$ 11,000	1						
Update GSP	\$ -	\$ 50,000	\$ -	\$ 10,000	\$ 50,000	\$ 50,000	\$ 50,000	\$ 50,000	\$ -	2						
Monitor water quality/levels (AB 303)	\$ 14,548	\$ 10,000	\$ 10,000	\$ 10,000	\$ 10,000	\$ 10,500	\$ 11,000	\$ 11,600	\$ 12,200	3						
Grant Application Assistance	\$ -	\$ 20,000	\$ -	\$ -	\$ 15,000	\$ -	\$ -	\$ -	\$ -	4						
Maintain/Improve DMS	\$ -	\$ 10,000	\$ 6,425	\$ 10,000	\$ 10,000	\$ 10,500	\$ 11,000	\$ 11,600	\$ 12,200	5						
Pursue short-term banking/exchange			\$ -	\$ 7,500	\$ -	\$ -	\$ -	\$ -	\$ -	6						
Regional contamination issues	\$ 14,394	\$ 10,000	\$ 10,316	\$ 10,300	\$ 15,000	\$ 15,800	\$ 16,600	\$ 17,400	\$ 18,300	7						
Groundwater modeling	\$ -	\$ 40,000	\$ -	\$ -	\$ 50,000	\$ 50,000	\$ 25,000	\$ 26,300	\$ 27,600	8						
Groundwater modeling - carryover FY16/FY17		\$ 58,300			\$ 98,300											
Subsidence Monitoring	\$ -		\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	9						
<b>TOTAL PROGRAM</b>	<b>\$ 33,592</b>	<b>\$ 208,300</b>	<b>\$ 34,456</b>	<b>\$ 55,500</b>	<b>\$ 248,300</b>	<b>\$ 136,800</b>	<b>\$ 123,600</b>	<b>\$ 127,400</b>	<b>\$ 81,300</b>							

(1) Assumes 5% annual increase in consulting labor costs.

(2) Approved FY17 also included additional designation total amount of approximately \$58,300 approved at the April 14, 2016 Board meeting. These funds will be moved for use in FY18.

**SGA Program**  
**FY 2017-2018 BUDGET PROJECTION NOTES**

- 1 Assessing and reporting on the basin is defined in the Groundwater Sustainability Plan (GSP). This report is key to demonstrating that the Water Forum Agreement (WFA) is being complied with, and is also needed to show that the GSP is being implemented for purposes of receiving funding from state/federal partners. The report will be primarily prepared by SGA staff, but SGA lacks graphical support and some analytical support, such as preparation of annual water surface elevation maps. At this time, it is unclear how future annual reports will be coordinated with other Groundwater Sustainability Agencies in the North American Subbasin. We are assuming an expense of \$10,000 per year beginning in FY20.
- 2 The 2014 Sustainable Groundwater Management Act (SGMA) requires a GSP for the North American Subbasin be submitted by January 31, 2022. In anticipation of a grant funding opportunity to help prepare a GSP being released in mid to late 2017, staff is proposing to identify a budget of \$50,000 for early GSP tasks. This will ensure local cost share is available to begin activities with the other GSAs in the North American Subbasin. Funding is also being identified in FY19, FY20 and FY21.
- 3 This funding is to respond to any monitoring needs for issues that emerge of a regional interest during the course of the fiscal year.
- 4 This money is for consulting assistance in preparing grant applications and other funding requests. Examples include AB303 local groundwater assistance grants and federal programs such as local Groundwater Assistance Grant from DWR. Funds are proposed for FY18, because it is anticipated that DWR will release a grant funding opportunity for SGMA compliance in mid to late 2017.
- 5 Consulting support to enter data and perform maintenance on the Data Management System (DMS).
- 6 Much of this work has been assigned over to the RWA Integrated Regional Water Management Plan (IRWMP), so no projected expenses are identified at this time.
- 7 This activity is currently coordinated through the SGA Regional Contamination Issues Committee, and the intent is to have the planning funded by responsible parties and will be coordinated with RWA IRWMP effort. These funds will allow for consultant staff to support meetings as needed on regional contamination such as the McClellan Stakeholder's Forum and the Regional Contamination Issues Committee.

**SGA Program**  
**FY 2017-2018 BUDGET PROJECTION NOTES**

- 8 SGMA will require additional modeling work in the North American Subbasin to determine the sustainable yield and water budget for the basin. SGA budgeting for a model update commencing in FY17, which would likely include additional funding partners from the North American and South American subbasins. There were funds in the amount of \$58,300 that were approved at the SGA board meeting on April 14, 2016 that will be moved to FY18. Additionally, staff is requesting the designation of \$40,000 in approved funds from FY17 be moved to FY18. This would leave a designation for the modeling budget at June 30, 2017 of \$98,300. Staff is requesting this designation because they believe the model update will be ready to commence in FY18.
- 9 Subsidence monitoring is a required component of GSPs developed under SGMA. There are currently no projected expenses identified.

## SGA 2017-18 Administrative Budget Dues Structure

Attachment B

Agency	Retail Connections FY17	Retail Connections FY18	Base Fee	FY 17 Groundwater Average Extraction, Acre Feet (2011- 2015)	FY 18 Groundwater Average Extraction, Acre Feet (2012- 2016)	FY 18 Supplemental Groundwater Fees at \$6.00 / AF	Proposed FY 2017-2018 Total Estimated Fees	Actual FY 2017 Fees	\$ Diff from FY17 to Proposed	% Diff
California American Water	26,073	26,073	\$ 36,396	12,030	11,728	\$ 70,368	\$ 106,764	\$ 99,252	\$ 7,512	7.57%
Carmichael Water District	11,893	11,693	\$ 17,558	2,282	2,272	\$ 13,632	\$ 31,190	\$ 28,560	\$ 2,630	9.21%
Citrus Heights Water District	19,765	19,874	\$ 28,275	956	998	\$ 5,988	\$ 34,263	\$ 30,411	\$ 3,852	12.67%
Del Paso Manor Water District	1,797	1,799	\$ 10,100	1,359	1,299	\$ 7,794	\$ 17,894	\$ 16,542	\$ 1,352	8.17%
Fair Oaks Water District	13,894	13,996	\$ 20,575	1,520	1,417	\$ 8,502	\$ 29,077	\$ 26,672	\$ 2,405	9.02%
Folsom, City of	20,424	20,538	\$ 29,145	-	-	\$ -	\$ 29,145	\$ 25,876	\$ 3,269	12.63%
Golden State Water Company	1,683	1,717	\$ 10,100	1,004	954	\$ 5,724	\$ 15,824	\$ 14,572	\$ 1,252	8.59%
Natomas Mutual Water Company	125	125	\$ 10,100	35	35	\$ 210	\$ 10,310	\$ 9,194	\$ 1,116	12.14%
Orange Vale Water Company	5,752	5,759	\$ 10,100	-	-	\$ -	\$ 10,100	\$ 9,000	\$ 1,100	12.22%
Rio Linda/Elverta Water District	4,635	4,635	\$ 10,100	2,602	2,541	\$ 15,246	\$ 25,346	\$ 23,441	\$ 1,905	8.13%
Sacramento, City of	45,277	45,501	\$ 61,846	13,835	13,744	\$ 82,464	\$ 144,310	\$ 131,738	\$ 12,572	9.54%
Sacramento, County of	3,257	3,270	\$ 10,100	4,727	4,607	\$ 27,642	\$ 37,742	\$ 35,235	\$ 2,507	7.12%
Sacramento Suburban	46,414	46,661	\$ 63,366	29,023	28,772	\$ 172,632	\$ 235,998	\$ 217,362	\$ 18,636	8.57%
San Juan Water District	10,582	10,582	\$ 16,102	-	-	\$ -	\$ 16,102	\$ 14,361	\$ 1,741	12.12%
<b>TOTALS</b>	<b>211,571</b>	<b>212,223</b>	<b>\$ 333,863</b>	<b>69,373</b>	<b>68,367</b>	<b>\$ 410,202</b>	<b>\$ 744,065</b>	<b>\$ 682,216</b>	<b>\$ 61,849</b>	<b>9.07%</b>

**Notes:**

(1) Retail connections are based on SGA boundaries or service area boundaries that are dependent upon SGA for management of the groundwater basin. Information derived from information collected from members and subject to refinement.

(2) Minimum base fee is set @ \$10,100 plus \$1.31 per connection for connections over 6,000. The base fee is set to increase annually by the overall percentage of expense increase for administrative costs. The groundwater fee is \$6.00 per AF.

## RESOLUTION NO. 2017-02

### A RESOLUTION OF THE SACRAMENTO GROUNDWATER AUTHORITY ADOPTING AND ASSIGNING COSTS TO FUND THE ADMINISTRATIVE AND PROGRAM BUDGETS FOR FY 2017-2018, AND PROVIDING FOR THE COLLECTION OF SAID FUNDS

The Board of Directors of the Sacramento Groundwater Authority SGA (“SGA”) does hereby make the following findings:

- A. SGA was created for the purposes of protecting, preserving, and enhancing the groundwater resources in the North Area Basin for current and future beneficial uses of all water users in SGA’s boundaries. SGA will manage the North Area Basin through conjunctive use programs and financial regulation of water use. SGA will utilize to the full extent necessary, and consistent with the Joint Powers Agreement, all of the common powers of the County of Sacramento, City of Sacramento, City of Citrus Heights, and City of Folsom to achieve its purposes.
- B. SGA’s administrative budget for FY 2017-2018 is specified in Attachment A. The budget includes projections of operating revenues, non-operating revenues, staff expenses, office expenses, professional fees, non-recurring expenses, program expenses, and cash balances. The administrative budget is required for SGA to finance the administrative activities necessary to implement SGA’s mission of protecting, preserving and managing the North Area Groundwater Basin.
- C. For reasons of economy and efficiency, the Board of Directors of SGA finds that it is in SGA’s best interest to allocate costs for the FY 2017-2018 administrative budget among water purveyors within the North Area basin. All other non-purveyor groundwater producers and surface water users are exempt from financing the costs of the FY 2017-2018 administrative budget. Non-purveyor groundwater producers and surface water users have been exempted from FY 2017-2018 because of the difficulty and costs associated with ascertaining information and locations of approximately 1,500 private wells and an unknown number of surface water diverters in the North Area basin. The costs associated with inclusion of all users in the North Area basin would have caused SGA’s FY 2017-2018 administrative costs to increase significantly, and could not presently be justified in light of the marginal increase in revenues that such users would contribute. In future fiscal years, if SGA determines that it would further the purposes of the SGA, other water users and groundwater producers in the North Area basin may also be required to contribute to the costs of the administrative budget.

- D. The Board finds that the FY 2017-2018 budget should be funded by established water purveyors in the North Area Basin because they can be economically and efficiently identified and because they will most likely be benefited and affected in the future by SGA's groundwater management and conjunctive use programs. The Board finds that the following established water purveyors should finance the administrative budget costs for FY 2017-2018 based on the equitable formula set forth herein: California American Water, Carmichael Water District, Citrus Heights Water District, City of Folsom, City of Sacramento, County of Sacramento, Del Paso Manor Water District, Fair Oaks Water District, Golden State Water Company, Natomas Central Mutual Water Company, Orange Vale Water Company, Rio Linda/Elverta Community Water District, Sacramento Suburban Water District, and San Juan Water District.
- E. The allocation of SGA's administrative costs among groundwater pumpers and surface water users is predicated upon the anticipated benefits to be received by each classification from SGA's administrative activities, in the context of SGA's purposes and objectives. The groundwater management program, because of conjunctive use, supports and strengthens surface water user supplies and water rights. Groundwater management enhances the overall availability and reliability of water supply for all water users in the North Area. Groundwater pumpers depend upon the North Area groundwater basin almost entirely for their supplies, while surface water users currently depend upon the basin, in varying degrees, for peak and emergency water needs to supplement their surface water supplies. In the future, when SGA implements its groundwater management and conjunctive use programs, surface water users may become more reliant upon the North Area groundwater basin not only during times of drought and for meeting peaking and emergency water demands, but also for normal operations; a sustainable and healthy North Area Groundwater Basin also increases opportunities for surface water users to transfer water to areas both inside and outside of the North Area. At this time, however, the benefits of SGA's administrative functions accrue primarily to groundwater producers, since management of the North Area groundwater basin is the primary purpose of SGA.
- F. The Board therefore finds that a reasonable and equitable allocation of costs for the FY 2017-2018 administrative budget should include a Base Fee component and a Groundwater Pumping Fee component. The Base Fee shall be assessed to all member entities based on the number of connections served by the member entity. The Base Fee shall be \$10,100 plus \$1.31 per connection for connections over 6,000, with no cap. The base fee is set to increase annually by the overall percentage of expense increase for administrative costs. The Groundwater Pumping Fee shall be \$6.00 per acre-foot, based on a five-year average extraction from the North Area Groundwater Basin during 2012 through 2016. Purveyors that pump

groundwater from the North Area Groundwater Basin shall pay both the Groundwater Pumping Fee and the Base Fee. *The minimum fee for all SGA member agencies will be \$10,100 regardless of water source or volume used.*

- G. The Board finds that the average groundwater production from 2012 through 2016 is a reasonable period upon which to base the Groundwater Pumping Fee component of the administrative budget for FY 2017-2018.
- H. The Board finds that such allocation is reasonable, equitable, and consistent with the purposes of the Authority. The Board further finds that the total amount of revenues to be collected by SGA pursuant to this Resolution is anticipated to support the adopted budget, when augmented with non-designated reserve funds.
- I. The Board further finds that it is necessary to review the allocation of administrative costs annually to determine its continued fairness and appropriateness.

**THEREFORE, BE IT RESOLVED THAT:**

- 1. The SGA administrative budget for FY 2017-2018 as specified in Attachment A is hereby adopted.
- 2. The administrative fees for this FY 2017-2018 budget will be collected from the water purveyors pursuant to Attachment B.
- 3. Billing for the administrative fees shall be mailed not later than seven days following adoption of this resolution with payment to be made within forty-five days. Payments shall be sent to the Sacramento Groundwater Authority at 5620 Birdcage Street, Suite 180, Citrus Heights, CA 95610 for deposit into SGA's account.

***PASSED AND ADOPTED*** by the Board of Directors, at their regular board meeting, on the 13th of April, 2017.

By: \_\_\_\_\_  
Chair

Attest: \_\_\_\_\_  
John Woodling, Executive Director

**AGENDA ITEM 6: SUSTAINABLE GROUNDWATER MANAGEMENT ACT (SGMA)  
UPDATE**

**BACKGROUND:**

SGA executed a task order for \$5,000 with GEI Consulting, in coordination with the other potential GSAs within the North American Subbasin to develop a scope of work for a Groundwater Sustainability Plan for the subbasin. The scope will serve as the basis for a grant application to seek funding to support the effort. Staff is meeting monthly with representatives of Sutter County, Natomas Central Mutual Water Company, Reclamation District 1001, Pleasant Grove-Verona Mutual Water Company, South Sutter Water District, and the West Placer Groundwater Management Group to coordinate SGMA compliance. Efforts are currently still on track to ensure that the entire subbasin is represented by Groundwater Sustainability Agencies before the July 1, 2017 deadline.

**STAFF RECOMMENDATION:**

Information Presentation: John Woodling, Executive Director



## **AGENDA ITEM 7: GROUNDWATER MANAGEMENT PROGRAM UPDATE**

### **BACKGROUND:**

Staff will provide an update on recent activities under the SGA groundwater management program. This includes collection of member agency groundwater extractions for 2016 and an update of the Water Accounting Framework (WAF) through 2016. During 2016, all agencies subject to the WAF met their basin annual basin sustainability target. In the five years of tracking, the area subject to the WAF has exceeded its sustainability goal by a cumulative volume of more than 120,000 acre-feet (see enclosed draft WAF table for 2016).

Staff will be collecting Spring 2017 semi-annual groundwater elevation measurements on April 12. Updated hydrographs will be provided to the Board at the SGA meeting.

### **STAFF RECOMMENDATION:**

Information Update: Rob Swartz, Manager of Technical Services

# Water Accounting Framework, Phase III

## Basin Sustainability Goal

## Exchangeable Water

	Total Demand	Target Pumping	Actual GW Pumped	Target minus Actual GW	Transfer of Credits	Basin Sustainability Balance	Surface Water Use	Water Transfer (out of basin)	Credits transferred	Net Banked Water	Exchangeable Water Balance
<b>Carmichael Water District</b>		6,646									40,049
2012	9,895		1,580	5,066	0	5,066	8,315	0	0	5,066	45,115
2013	10,400		2,031	4,615	0	9,681	8,369	0	0	4,615	49,730
2014	8,517		3,575	3,071	0	12,752	4,942	0	0	3,071	52,801
2015	7,353		2,755	3,891	0	16,643	4,598	0	0	3,891	56,692
2016	7,696		1,419	5,227	0	21,870	6,277	0	0	5,227	61,919
<b>City of Sacramento</b>		20,591									36,568
2012	38,084		13,554	7,037	0	7,037	24,530	0	0	7,037	43,605
2013	39,068		11,732	8,859	0	15,896	27,336	0	0	8,859	52,464
2014	31,724		13,602	6,989	0	22,885	18,122	0	0	6,989	59,453
2015	27,878		12,682	7,909	0	30,794	15,196	0	0	7,909	67,362
2016	28,962		17,151	3,440	0	34,234	11,811	0	0	3,440	70,802
<b>California American Water</b>		17,995									7,115
2012	14,186		13,595	4,400	0	4,400	591	0	0	591	7,706
2013	14,110		14,110	3,885	0	8,285	0	0	0	0	7,706
2014	11,260		11,260	6,735	0	15,020	0	0	0	0	7,706
2015	9,581		9,581	8,414	0	23,434	0	0	0	0	7,706
2016	10,313		10,096	7,899	0	31,333	217	0	0	217	7,923
<b>Del Paso Manor Water District</b>		1,465									0
2012	1,499		1,499	-34	0	-34	0	0	0	0	0
2013	1,571		1,571	-106	0	-140	0	0	0	0	0
2014	1,246		1,246	219	0	79	0	0	0	0	0
2015	1,052		1,052	413	0	492	0	0	0	0	0
2016	1,128		1,128	337	0	829	0	0	0	0	0
<b>Golden State Water Company</b>		1,098									0
2012	1,119		1,119	-21	0	-21	0	0	0	0	0
2013	1,184		1,184	-86	0	-107	0	0	0	0	0
2014	896		896	202	0	95	0	0	0	0	0
2015	778		778	320	0	415	0	0	0	0	0
2016	793		793	305	0	720	0	0	0	0	0
<b>Rio Linda / Elverta CSD</b>		2,882									109
2012	2,882		2,857	25	0	25	25	0	0	25	134
2013	3,052		3,052	-170	0	-145	0	0	0	0	134
2014	2,249		2,449	433	0	288	0	0	0	0	134
2015	2,109		2,109	773	0	1,061	0	0	0	0	134
2016	2,236		2,236	646	0	1,707	0	0	0	0	134
<b>Sacramento County WA</b>		4,288									0
2012	5,211		5,211	-923	0	-923	0	0	0	0	0
2013	5,316		5,316	-1,028	0	-1,951	0	0	0	0	0
2014	4,559		4,559	-271	0	-2,222	0	0	0	0	0
2015	3,887		3,887	401	0	-1,821	0	0	0	0	0
2016	4,064		4,064	224	0	-1,597	0	0	0	0	0
<b>Sacramento Suburban Water District</b>		35,035									183,034
2012	38,089		27,530	7,505	0	7,505	10,559	0	0	7,505	190,539
2013	38,554		38,145	-3,110	0	4,395	409	3,068	0	-2,659	187,880
2014	32,561		32,561	2,474	0	6,869	0	0	0	0	187,880
2015	27,502		27,422	7,613	0	14,482	80	0	0	80	187,960
2016	29,311		17,863	17,172	0	31,654	11,448	0	0	11,448	199,408
<b>Central Area Total</b>		90,000									266,875
2012	110,965		66,945	23,055	0	23,055	44,020	0	0	20,224	287,099
2013	113,255		77,141	12,859	0	35,914	36,114	3,068	0	10,815	297,914
2014	93,012		70,148	19,852	0	55,766	23,064	0	0	10,060	307,974
2015	80,140		60,266	29,734	0	85,500	19,874	0	0	11,880	319,854
2016	84,503		54,750	35,250	0	120,750	29,753	0	0	20,332	340,186

Sacramento Groundwater Authority Board Meeting  
April 13, 2017

**AGENDA ITEM 8: EXECUTIVE DIRECTOR'S REPORT**

**APRIL 13, 2017**

**TO: SACRAMENTO GROUNDWATER AUTHORITY BOARD**

**FROM: JOHN WOODLING**

**RE: EXECUTIVE DIRECTOR'S REPORT**

- a. Water Efficiency Update** – RWA is sponsoring two bills, AB 1654 and AB 968, authored by Assemblymember Blanca Rubio, that would make changes to the Urban Water Planning Act and set water efficiency standards beyond 2020, respectively.
- b. Drought Update** – DWR conducted the Sierra Nevada snow survey on March 30, 2017, and snowpack stands at more than 160% of the long term average for April 1.
- c. SGA Outreach** – Mr. Woodling continues as Chair of the ACWA Groundwater Committee, which will next meet on May 9, 2017 in Monterey. On April 20, Mr. Woodling will be a panelist to address the California Water Commission on local progress in implementing SGMA. Mr. Woodling has been invited to represent California on the National Water Resources Association Groundwater Committee.
- d. Financial Documents** – The financial reports for the period ending January 31, 2017 are attached.

# SACRAMENTO GROUNDWATER AUTH.

## Income Statement

Year-to-Date Performance, January 2017

	<i>7 Months Ended January 31, 2017</i>	<i>Annual Budget</i>	<i>Unused</i>	<i>% Used</i>
REVENUES				
Groundwater Fees Revenue	385,020.00	385,000.00	(20.00)	100.0 %
Base Administrative Fee	297,196.00	297,200.00	4.00	100.0 %
Miscellaneous Revenue	825.14	0.00	(825.14)	
PCE AB303 Grant (DWR)	11,248.45	0.00	(11,248.45)	
Cash Discount	79.45	0.00	(79.45)	
Interest Income	2,789.85	1,300.00	(1,489.85)	214.6 %
TOTAL REVENUES	697,158.89	683,500.00	(13,658.89)	102.0 %
Total REVENUE	697,158.89	683,500.00	(13,658.89)	102.0 %
GROSS PROFIT	697,158.89	683,500.00	(13,658.89)	102.0 %
OPERATING EXPENDITURES				
Staff Expenses				
General Salaries	166,093.88	282,900.00	116,806.12	58.7 %
Benefits/Taxes	56,922.44	168,400.00	111,477.56	33.8 %
Travel / Meals	4,830.84	7,800.00	2,969.16	61.9 %
Professional Development	125.00	2,600.00	2,475.00	4.8 %
TOTAL Staff Expenses	227,972.16	461,700.00	233,727.84	49.4 %
Office Expenses				
Rent & Utilities	6,241.86	12,500.00	6,258.14	49.9 %
Insurance	12,531.50	12,500.00	(31.50)	100.3 %
Office Maintenance	0.00	1,600.00	1,600.00	
Telephone	2,634.30	5,700.00	3,065.70	46.2 %
Dues and Subscription	4,054.91	3,900.00	(154.91)	104.0 %
Printing & Supplies	3,392.41	13,200.00	9,807.59	25.7 %
Postage	257.73	1,600.00	1,342.27	16.1 %
Meetings	705.99	1,100.00	394.01	64.2 %
Computer Equipment/Support	3,414.06	6,200.00	2,785.94	55.1 %
TOTAL Office Expenses	33,232.76	58,300.00	25,067.24	57.0 %
Office Furniture & Equipment				
Office Furniture	417.59	1,300.00	882.41	32.1 %
TOTAL Office Furniture & Equipment	417.59	1,300.00	882.41	32.1 %
Professional Fees				

	<i>7 Months Ended January 31, 2017</i>	<i>Annual Budget</i>	<i>Unused</i>	<i>% Used</i>
ADP / Banking Charges	617.03	1,000.00	382.97	61.7 %
Audit Fees	9,800.00	9,600.00	(200.00)	102.1 %
Legal Fees	5,078.54	40,000.00	34,921.46	12.7 %
GASB 68 reporting fee	325.00	0.00	(325.00)	
Consulting Expenses	0.00	10,000.00	10,000.00	
Budget/audit/actuarial	13,350.00	26,800.00	13,450.00	49.8 %
Recruiting	109.40	0.00	(109.40)	
TOTAL Professional Fees	29,279.97	87,400.00	58,120.03	33.5 %
Consulting - Program Management				
Annual Basin Management Report	7,715.25	10,000.00	2,284.75	77.2 %
Monitor water quality/levels (AB 303)	10,000.00	10,000.00	0.00	100.0 %
Grant application assistance	0.00	20,000.00	20,000.00	
Maintain/Improve DMS	6,424.59	10,000.00	3,575.41	64.2 %
Update GSP	0.00	50,000.00	50,000.00	
Regional Contamination Issues	10,316.35	10,000.00	(316.35)	103.2 %
Groundwater Modeling	0.00	98,300.00	98,300.00	
TOTAL Consulting Program Management	34,456.19	208,300.00	173,843.81	16.5 %
TOTAL OPERATING EXPENDITURES	325,358.67	817,000.00	491,641.33	39.8 %
OPERATING INCOME (LOSS)	371,800.22	(133,500.00)	(505,300.22)	-278.5 %
NET OPERATING INCOME (LOSS)	371,800.22	(133,500.00)	(505,300.22)	-278.5 %
NET INCOME (LOSS) OF PROGRAM	371,800.22	(133,500.00)	(505,300.22)	-278.5 %



Per California Government Code 6505.5 (e), SGA reports the following unaudited information:

For the period ending January 2017

Cash in checking account:	\$	39,905
LAIF Balance	\$	922,096

For the period of October 1, 2016 - January 31, 2017

Total cash receipts for the period:	\$	153,909
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Total cash disbursements for the period:	\$	198,642
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Local Agency Investment Fund  
 P.O. Box 942809  
 Sacramento, CA 94209-0001  
 (916) 653-3001

[www.treasurer.ca.gov/pmia-laif/laif.asp](http://www.treasurer.ca.gov/pmia-laif/laif.asp)  
 March 28, 2017

SACRAMENTO GROUNDWATER AUTHORITY  
  
 ADMINISTRATIVE SERVICES MANAGER  
 5620 BIRDCAGE STREET, #180  
 CITRUS HEIGHTS, CA 95610

PMIA Average Monthly Yields

Account Number:  
 90-34-020

Tran Type Definitions

January 2017 Statement

**Effective Transaction Tran Confirm**

Date	Date	Type	Number	Authorized Caller	Amount
1/13/2017	1/12/2017	QRD	1524831	SYSTEM	1,651.78

Account Summary

Total Deposit:	1,651.78	Beginning Balance:	920,444.65
Total Withdrawal:	0.00	Ending Balance:	922,096.43



Sacramento Groundwater Authority Board Meeting  
April 13, 2017

**AGENDA ITEM 9: DIRECTORS' COMMENTS**