

SACRAMENTO GROUNDWATER AUTHORITY
REGULAR MEETING OF THE BOARD OF DIRECTORS

Thursday, April 14, 2016; 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

Minutes of February 11, 2016 meeting

Action: Approve Consent Calendar items

4. CLOSED SESSION UNDER GOVERNMENT CODE SECTIONS 54954.5(C) AND 54956.9(D) – UPDATE ON CALPERS AUDIT OF RWA AND CALPERS CONTINUED OBLIGATION TO PROVIDE PENSION BENEFITS TO RWA EMPLOYEES

5. CONSIDER AND ADOPT RESOLUTION OF INTENTION TO APPROVE A CONTRACT WITH THE CALIFORNIA PUBLIC EMPLOYEES' RETIREMENT SYSTEM, RESOLUTION TO TAX DEFER MEMBER PAID CONTRIBUTIONS AND OTHER REQUIRED ACTIONS

Action: Approve the Resolution of Intention to Approve a Contract with the California Public Employees' Retirement System

Action: Approve Resolution to Tax Defer Member Paid Contributions – IRC 414(h)(2) Employer Pick-Up

Action: Approve the Reallocation Agreement and direct the Executive Director to execute the Reallocation Agreement on behalf of SGA

Action: Direct staff to submit the above referenced documents to CalPERS after the requisite employee elections are concluded

6. DEVELOPMENT OF SGA FISCAL YEAR 2016 – 2017 BUDGET

Information Presentation and Discussion of FY 2016 – 2017 Budget

Action: Adopt Resolution No. 2016-01 to fund the administrative and program budgets for FY 2016-2017, and providing for the collection of said funds

Action: Designate \$58,300 to FY17 for Groundwater Modeling

7. GROUNDWATER PROGRAM UPDATE

Information Update: Rob Swartz, Manager of Technical Services

8. SUSTAINABLE GROUNDWATER MANAGEMENT ACT (SGMA) IMPLEMENTATION UPDATE

Information Update: John Woodling, Executive Director

9. EXECUTIVE DIRECTOR'S REPORT

10. DIRECTORS' COMMENTS

ADJOURNMENT

Next SGA Board of Director's Meeting – June 9, 2016, 9:00 a.m., RWA/SGA office, 5620 Birdcage Street, Ste. 110, Citrus Heights

Sacramento Groundwater Authority Board Meeting
April 14, 2016

AGENDA ITEM 3: CONSENT CALENDAR

STAFF RECOMMENDATION:

Action: Approve minutes of February 11, 2016 meeting



1. CALL TO ORDER

Chair Sheehan 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
Al Dains, Citrus Heights Water District
Kerri Howell, City of Folsom
Darrell Eck, County of Sacramento
Rich Allen, Del Paso Manor Water District
Randy Marx, Fair Oaks Water District
Brett Gray, Natomas Central Mutual Water Company
Craig Davis, Orange Vale Water Company
Paul Green, Rio Linda/Elverta Community Water District
Neil Schild, Sacramento Suburban Water District
Pam Tobin, San Juan Water District
Rink Sanford, Self-Supplied Industry

Staff Members

John Woodling, Rob Swartz, Nancy Marrier, Monica Garcia and Chris Sanders, legal counsel.

Others in Attendance

Keith Durkin, Bob Churchill, Mike O'Hagan, Bob Kunz, Sharon Wilcox, Joe Duran, Vanessa Nishikawa, Hilary Straus, David Gordon, Brian Hensley, Rob Roscoe, Mary Henrici, Tom Gray and Jose Ramirez.

2. PUBLIC COMMENT

None.

3. CONSENT CALENDAR

- a) The minutes of the December 10, 2015 meeting

Motion/Second/Carried (M/S/C) Ms. Tobin moved, with a second by Mr. Schild, that the December 10, 2015 SGA Board minutes be approved.

4. APPOINT A BUDGET SUBCOMMITTEE FOR FISCAL YEAR 2016 – 2017

Chair Sheehan appointed the following individuals to the FY 2016-2017 SGA budget subcommittee: Caryl Sheehan, Citrus Heights Water District; Rich Allen, Del Paso Manor Water District; Mary Harris, Rio Linda/Elverta Community Water District; Pam Tobin, San Juan Water District; and Neil Schild, Sacramento Suburban Water District.

5. GROUNDWATER PROGRAM UPDATE

Rob Swartz, Manager of Technical Services, gave an update on the Groundwater Program. Staff continues to work on the following groundwater management priority areas: 1) the study of the occurrence of tetrachloroethylene (PCE) contamination in the California American Water Lincoln Oaks Service Area; 2) the effort to further characterize what would be considered a “normal” expected concentration of hexavalent chromium (CrVI) in the central portion of the SGA area in light of the recent health-based standard for CrVI; and 3) continued monthly monitoring of groundwater elevations in response to drought conditions.

For the PCE study, staff is working closely with California American Water (Cal Am) to identify data gaps with respect to available PCE information. The SGA portion of the PCE study is funded largely through a local groundwater assistance grant from the Department of Water Resources (DWR). SGA has successfully worked with DWR to extend the term of the grant to a completion date of June 30, 2016. This will provide the time needed to collect and interpret additional data.

For the CrVI study, data was collected from 15 monitoring wells, two shallow domestic wells and one shallow agricultural well in October 2015. Mr. Swartz said that there remains a theory of the possibility of CrVI being naturally occurring. Mr. Swartz gave an example of a process in which ammonium fertilizer could ultimately result in the occurrence of elevated CrVI under certain conditions. He indicated that the possibility remains that such a process could release it from accumulation on clays and put it into an aquifer system, which could at least partially explain some of the elevated CrVI concentrations.

Mr. Swartz said that staff is having conversations with representatives from the former McClellan Air Force Base to see how we could best work together in this area to determine if there is a relationship between the former known plating shops at McClellan and the presence of elevated CrVI in the aquifer.

Staff continues to monitor several wells on a monthly basis as the statewide drought declaration continues. Water levels are continuing to recover modestly in these wells as we progress toward winter. The key indicator for long-term conditions in the groundwater basin will be the spring elevations taken in the March/April timeframe of 2016. Staff provided updated hydrographs for the wells to the SGA Board.

Mr. Woodling said that State Prop 1 funding has restrictions, whether naturally occurring or caused by human activities. Cleaning something up that was a

released as a contaminant is different than treating water that naturally exceeds standards.

6. SUSTAINABLE GROUNDWATER MANAGEMENT ACT (SGMA) IMPLEMENTATION UPDATE

As directed by the SGA Board of Directors, staff submitted a letter of intent to become the Groundwater Sustainability Agency (GSA) for our jurisdictional area within the North American Groundwater Subbasin. After a 90-day public notice period, SGA was identified by the California Department of Water Resources (DWR) as the exclusive GSA for our portion of the North American Subbasin. No GSAs have yet been defined for the rest of the subbasin.

SGA shares the North American Subbasin with parts of Placer and Sutter Counties. SGA staff continues to convene quarterly meetings of parties pursuing SGMA implementation in Sacramento, Placer, and Sutter Counties to begin the required coordination and collaboration. The most recent meeting was held January 27, 2016. For the areas where an overlap has occurred, SB13 says that no one is the GSA. DWR and the State Water Board expect the entire basin to be covered by GSAs by July 2017. If an overlap occurs then you are required to go back to the beginning to determine how to have a GSA covering an entire basin or subbasin without an overlap. Staff is working with Placer and Sutter Counties to assure that they get GSAs established, so that everyone in the subbasin doesn't end up in the probationary designation together.

Staff has met with DWR on a number of occasions regarding the development of regulations for the evaluation of Groundwater Sustainability Plans. There are questions regarding the requirements for the coordination agreements among GSAs in the same basin. There will be comments when the status of the regulations is presented to the California Water Commission, which must approve the regulations. DWR expects to release the draft regulations sometime in early February.

DWR has been leaning towards encouraging people towards one GSP for a basin. Mr. Woodling suggested that agencies review the regulations and comment on them as quickly as possible, as they are to be completed by June 1st.

7. EXECUTIVE DIRECTOR'S REPORT

Government Affairs Update – The Legislative session for 2016 is underway. RWA staff is tracking the introduction of new bills and the status of two-year bills from last year. AB 647, dealing with groundwater recharge, is a priority. The deadline for the introduction of bills is February 19th.

The State Water Resources Control Board met February 2, 2016 to consider the adoption of modified emergency regulations for water conservation. The State Board approved minor changes, including an adjustment for climate, and adjustment for growth since the 2013 baseline, and an adjustment for drought-proof supplies

brought on since 2013. All water providers in the RWA area will get a 3% reduction in the conservation target based on the climate adjustment. The new regulation will be effective March through October, 2016.

Staff and SGA agencies lobbied for recognition of the sustainable groundwater supplies that were developed over the last two decades to serve the region's needs during dry years. While no adjustment was adopted, the Board directed their staff to go back and consider how such a credit could be included later in the year.

Drought Update – Water in storage in Folsom Reservoir reached its lowest recorded level in history in early December, dropping below 136 thousand acre-feet (TAF) on December 3, 2015. After a series of storms, Folsom storage is at 558 TAF on February 2, 2016, having added 300 TAF over the last month, and 150 TAF in the last week, and is now above average for this date. Similarly, storage in Shasta and Oroville has increased more than 1.5 million acre-feet in the last month. DWR reported the snowpack at 130% of average for the Phillips station in the American River watershed on February 2, 2016. While the Governor's Executive Order extended the drought emergency through October of 2016, water conditions in Northern California are far better than the previous two years.

There was discussion on determining priorities for messaging for 2016. If RWA will be a part of the messaging, how would the messaging be delivered to rate payers? With the mandatory conservation measures in place how do we explain water being let out of Folsom Dam? For the past two years the focus has been on conservation messaging and meeting targets. There needs to be a discussion with the RWA Executive Committee to decide what the regional message is this year while meeting the targets that have been assigned.

Ms. Tobin said that she will be attending the ACWA Federal Affairs Conference at the end of February. ACWA has requested input from agencies defining what their priorities are on a federal level. Ms. Tobin offered any agency who knows what their priorities are to email them to her and she will take them with her to the conference.

Mr. Woodling announced that the RWA is celebrating their 15th anniversary this year with umbrellas with the RWA 15 year logo on them. The umbrellas were given to all RWA and SGA Board Members and meeting attendees.

8. DIRECTORS' COMMENTS

Ms. Tobin said that they will be attending the ACWA Federal Affairs Conference February 23rd through the 25th in Washington, DC. Anyone who needs her email should contact her or the SGA office.

Mr. Wallace thanked the SGA staff for all their work in becoming a GSA. He announced that Carmichael Water District celebrated their 100th anniversary on February 8, 2016; 100 years to the day that the first Director's meeting for Carmichael Water District was held.

Ms. Sheehan commended RWA and SGA on their efforts to make the State Board realize that one size does not fit all. Being able to factor in the climate issue, a 3% reduction is small, but not insignificant.

9. CLOSED SESSION UNDER GOVERNMENT CODE SECTIONS 54954.5(C) AND 54956.9(D) – UPDATE ON CALPERS AUDIT OF RWA AND CALPERS CONTINUED OBLIGATION TO PROVIDE PENSION BENEFITS TO RWA EMPLOYEES.

It was determined that there was no need for a closed session.

Adjournment

With no further business to come before the Board, Chair Sheehan adjourned the meeting at 10:35 a.m.

By:

Chairperson

Attest:

Nancy Marrier, Finance and Administrative Services Manager

Sacramento Groundwater Authority Board Meeting
April 14, 2016

**AGENDA ITEM 4: CLOSED SESSION UNDER GOVERNMENT CODE SECTIONS
54954.5(C) AND 54956.9(D) – UPDATE ON CALPERS AUDIT OF RWA AND
CALPERS CONTINUED OBLIGATION TO PROVIDE PENSION BENEFITS TO RWA
EMPLOYEES.**

AGENDA ITEM 5: CONSIDER AND ADOPT RESOLUTION OF INTENTION TO APPROVE A CONTRACT WITH THE CALIFORNIA PUBLIC EMPLOYEES' RETIREMENT SYSTEM, RESOLUTION TO TAX DEFER MEMBER PAID CONTRIBUTIONS AND OTHER REQUIRED ACTIONS

BACKGROUND:

In early 2013, CalPERS' Office of Audit Services audited the Regional Water Authority (RWA). In July 2013, OAS issued a draft report finding that five out of six RWA employees work only part time for RWA on the basis that those employees also provide services to the Sacramento Groundwater Authority (SGA). The findings allowed SGA to apply for CalPERS membership. SGA submitted a new agency application to CalPERS on February 2, 2015. SGA has been informed by CalPERS that their membership is approved and they will begin making their own payments beginning in FY17.

In order to proceed with the implementation of a retirement contract through CalPERS, SGA must first adopt a Resolution of Intention to approve a contract between CalPERS and SGA and preform several required administrative tasks as discussed below.

For the foregoing purposes, the following documents have been attached:

- 1) Resolution of Intention to Approve a Contract between the Board of Administration California Public Employees' Retirement System and the Board of Directors Sacramento Groundwater Authority
 - a. Exhibit A – proposed Contract Between the Board of Administration California Public Employees' Retirement System and the Board of Directors Sacramento Groundwater Authority
- 2) Actuarial Valuation Report
- 3) Certification of Governing Body's Action
- 4) Certification of Compliance with Government Code Section 7507
- 5) Resolution to Tax Defer Member Paid Contributions – IRC 414(h)(2) Employer Pick-Up
- 6) Reallocation Agreement

As referenced in the Resolution of Intention, and detailed in Exhibit A to the Resolution of Intention, the following is a summary of the major provisions of the proposed CalPERS contract which mirrors RWA's CalPERS contract:

- Retirement Formulas
 - Classic Members: 2% @ 55
 - New Members: 2% @ 62
- Final Compensation Period – 3 Year Average
- Sick Leave Credit
- Post-Retirement Survivor Allowance

Sacramento Groundwater Authority Board Meeting
April 14, 2016

In connection with adopting the Resolution of Intention, Government Code Section 7507 requires that SGA disclose the future annual costs of retirement benefits, as determined by a qualified actuary, at a public meeting at least two weeks prior to the adoption of the CalPERS contract. A copy of the actuarial valuation report prepared by CalPERS is attached which discloses all such costs. As seen on the valuation report, the employer normal cost rate for classic members for the 2016/2017 fiscal year is estimated to be 9.055% of payroll (projected to be \$254,140) for an estimated employer contribution of \$29,230 attributed to normal costs. In addition, the monthly unfunded accrued liability (UAL) payment for this same period is \$518.17 or, alternatively, SGA has the option to make a lump sum prepayment of \$5997.00. The employer rate and the UAL payment are subject to change for subsequent fiscal periods as determined by CalPERS. The projected UAL as of June 30, 2016 is estimated to be \$117,217. In addition to the foregoing costs for classic members, SGA will pay 3% of the required 7% employee contribution as an employer paid member contribution. This amount will be reduced to 1% effective July 1, 2017 and eliminated effective July 1, 2018.

The employer normal rate for new members is estimated to be 6.930%. At this time, SGA does not employ any new members and, as such, there are no anticipated costs for this group.

Certification of SGA's compliance with Government Code Section 7507 must be made by the Board Secretary. By Board action approving staff's recommendation, the Board Secretary will be authorized to sign the required Certification of Compliance with Government Code Section 7507, provided as an attachment to this report. In addition to the foregoing certification, the Board Secretary must also sign the Certification of Governing Body's Action certifying to the authenticity of the Resolution of Intention once adopted by the Board.

After the Board's adoption of the Resolution of Intention, SGA will hold an election by secret ballot to permit each of SGA's five employees to either approve or reject SGA's membership in CalPERS. At least 3 votes in favor will be required in order for SGA to proceed with adoption of the CalPERS contract. Employees will also be asked to make an individual election regarding coverage under the CalPERS 1959 Survivor Benefits. Coverage under this benefit for those electing coverage will terminate once SGA's voluntary social security agreement becomes effective.

Assuming the Board's adoption of the Resolution of Intention and employee's approval of SGA's membership in CalPERS, the following documents (originals) will be forwarded to CalPERS:

- Resolution of Intention (certified copy)
- Certification of Governing Body's Action
- Certification of Compliance with Government Code Section 7507
- Certification of Employee Election
- Fourth Level of 1959 Survivor Benefits Ballot (for each employee)
- 1959 Survivor Benefits Certification of Employee Election

- **Reallocation Agreement**

Upon receipt of the foregoing documents, CalPERS will provide SGA with the final resolution and CalPERS contract for Board approval at the SGA Board meeting on June 9, 2016. The CalPERS contract will become effective July 1, 2016.

Subsequent to the Board's approval of the CalPERS contract, CalPERS will reallocate assets and liabilities from the RWA CalPERS contract to the SGA CalPERS contract in the amounts estimated in the actuarial valuation report which are in direct proportion to the service that employees perform on behalf of SGA. In order to accomplish this, both SGA and RWA will need to approve the Reallocation Agreement.

In addition to the foregoing, the Board will also need to approve a Resolution to Tax Defer Member Paid Contributions – IRC 414(h)(2) Employer Pick-Up. This resolution will permit SGA to treat employee designated contributions, whether paid by SGA or by employees pursuant to payroll deduction, as pre-tax.

STAFF RECOMMENDATION:

Action: Approve the Resolution of Intention to Approve a Contract with the California Public Employees' Retirement System

Action: Approve Resolution to Tax Defer Member Paid Contributions – IRC 414(h)(2) Employer Pick-Up

Action: Approve the Reallocation Agreement and direct the Executive Director to execute the Reallocation Agreement on behalf of SGA

Action: Direct staff to submit the above referenced documents to CalPERS after the requisite employee elections are concluded

**RESOLUTION OF INTENTION
TO APPROVE A CONTRACT
BETWEEN THE
BOARD OF ADMINISTRATION
CALIFORNIA PUBLIC EMPLOYEES' RETIREMENT SYSTEM
AND THE
BOARD OF DIRECTORS
SACRAMENTO GROUNDWATER AUTHORITY**

WHEREAS, the Public Employees' Retirement Law permits the participation of public agencies in the Public Employees' Retirement System, making their employees members of said System, and sets forth the procedure by which participation may be accomplished; and

WHEREAS, one of the steps required in the procedure is the adoption by the governing body of the public agency of a resolution giving notice of intention to approve a contract for such participation of said agency in the Public Employees' Retirement System, which resolution shall contain a summary of the major provisions of the proposed retirement plan; and

WHEREAS, attached is a summary of the major provisions of the proposed plan;

NOW, THEREFORE, BE IT RESOLVED, that the governing body of the above agency gives, and it does hereby give notice of intention to approve a contract between said governing body and the Board of Administration of the Public Employees' Retirement System, providing for participation of said agency in said retirement system, a copy of said contract and a copy of the summary of the major provisions of the proposed plan being attached hereto, as an "Exhibit", and by this reference made a part hereof.

By: _____
Presiding Officer

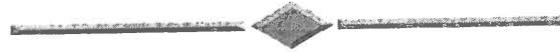
Title

Date adopted and approved



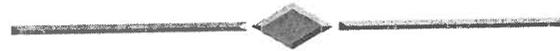
EXHIBIT

California
Public Employees' Retirement System



CONTRACT

Between the
Board of Administration
California Public Employees' Retirement System
and the
Board of Directors
Sacramento Groundwater Authority



In consideration of the covenants and agreement hereafter contained and on the part of both parties to be kept and performed, the governing body of above public agency, hereafter referred to as "Public Agency", and the Board of Administration, Public Employees' Retirement System, hereafter referred to as "Board", hereby agree as follows:

1. All words and terms used herein which are defined in the Public Employees' Retirement Law shall have the meaning as defined therein unless otherwise specifically provided. "Normal retirement age" shall mean age 55 for classic local miscellaneous members and age 62 for new local miscellaneous members.
2. Public Agency shall participate in the Public Employees' Retirement System from and after _____ making its employees as hereinafter provided, members of said System subject to all provisions of the Public Employees' Retirement Law except such as apply only on election of a contracting agency and are not provided for herein and to all amendments to said Law hereafter enacted except those, which by express provisions thereof, apply only on the election of a contracting agency.

PLEASE DO NOT SIGN "EXHIBIT ONLY"

3. Public Agency agrees to indemnify, defend and hold harmless the California Public Employees' Retirement System (CalPERS) and its trustees, agents and employees, the CalPERS Board of Administration, and the California Public Employees' Retirement Fund from any claims, demands, actions, losses, liabilities, damages, judgments, expenses and costs, including but not limited to interest, penalties and attorney fees that may arise as a result of any of the following:
 - (a) Public Agency's election to provide retirement benefits, provisions or formulas under this Contract that are different than the retirement benefits, provisions or formulas provided under the Public Agency's prior non-CalPERS retirement program.
 - (b) Any dispute, disagreement, claim, or proceeding (including without limitation arbitration, administrative hearing, or litigation) between Public Agency and its employees (or their representatives) which relates to Public Agency's election to amend this Contract to provide retirement benefits, provisions or formulas that are different than such employees' existing retirement benefits, provisions or formulas.
 - (c) Public Agency's agreement with a third party other than CalPERS to provide retirement benefits, provisions, or formulas that are different than the retirement benefits, provisions or formulas provided under this Contract and provided for under the California Public Employees' Retirement Law.
4. Employees of Public Agency in the following classes shall become members of said Retirement System except such in each such class as are excluded by law or this agreement:
 - a. Employees other than local safety members (herein referred to as local miscellaneous members).
5. Any exclusion(s) shall remain in effect until such time as the Public Employees' Retirement System determines that continuing said exclusion(s) would risk a finding of non-compliance with any federal tax laws or regulations. If such a determination is contemplated, the Public Employees' Retirement System will meet with the Public Agency to discuss the matter and coordinate any required changes or amendments to the contract.

In addition to the classes of employees excluded from membership by said Retirement Law, the following classes of employees shall not become members of said Retirement System:

- a. **SAFETY EMPLOYEES.**

6. The percentage of final compensation to be provided for each year of credited prior and current service as a classic local miscellaneous member shall be determined in accordance with Section 21354 of said Retirement Law (2% at age 55 Full).
7. The percentage of final compensation to be provided for each year of credited prior and current service as a new local miscellaneous member shall be determined in accordance with Section 7522.20 of said Retirement Law (2% at age 62 Full).
8. Public Agency elected and elects to be subject to the following optional provisions:
 - a. Sections 21624 and 21626 (Post-Retirement Survivor Allowance).
9. Public Agency shall contribute to said Retirement System the contributions determined by actuarial valuations of prior and future service liability with respect to local miscellaneous members of said Retirement System.
10. Public Agency shall also contribute to said Retirement System as follows:
 - a. Contributions required per covered member on account of the 1959 Survivor Benefits provided under Section 21574 of said Retirement Law. (Subject to annual change.) In addition, all assets and liabilities of Public Agency and its employees shall be pooled in a single account, based on term insurance rates, for survivors of all local miscellaneous members.
 - b. A reasonable amount, as fixed by the Board, payable in one installment within 60 days of date of contract to cover the costs of administering said System as it affects the employees of Public Agency, not including the costs of special valuations or of the periodic investigation and valuations required by law.
 - c. A reasonable amount, as fixed by the Board, payable in one installment as the occasions arise, to cover the costs of special valuations on account of employees of Public Agency, and costs of the periodic investigation and valuations required by law.
11. Contributions required of Public Agency and its employees shall be subject to adjustment by Board on account of amendments to the Public Employees' Retirement Law, and on account of the experience under the Retirement System as determined by the periodic investigation and valuation required by said Retirement Law.

12. Contributions required of Public Agency and its employees shall be paid by Public Agency to the Retirement System within fifteen days after the end of the period to which said contributions refer or as may be prescribed by Board regulation. If more or less than the correct amount of contributions is paid for any period, proper adjustment shall be made in connection with subsequent remittances. Adjustments on account of errors in contributions required of any employee may be made by direct payments between the employee and the Board.

BOARD OF ADMINISTRATION
PUBLIC EMPLOYEES' RETIREMENT SYSTEM

BOARD OF DIRECTORS
SACRAMENTO GROUNDWATER
AUTHORITY

BY _____
RENEE OSTRANDER, CHIEF
EMPLOYER ACCOUNT MANAGEMENT DIVISION
PUBLIC EMPLOYEES' RETIREMENT SYSTEM

BY _____
PRESIDING OFFICER

Witness Date

Attest:

Clerk

CALIFORNIA PUBLIC EMPLOYEES' RETIREMENT SYSTEM
Employer Account Management Division
Retirement and Social Security Contracts Unit
P.O. Box 942709
Sacramento, CA 94229-2709
(888) CalPERS (225-7377)

CERTIFICATION OF GOVERNING BODY'S ACTION

I hereby certify that the foregoing is a true and correct copy of a Resolution adopted by the
_____ of the
(governing body)

(public agency)

on _____
(date)

Clerk/Secretary

Title



California Public Employees' Retirement System
Actuarial Office
P.O. Box 942709
Sacramento, CA 94229-2709
TTY: (916) 795-3240
(888) 225-7377 phone • (916) 795-2744 fax
www.calpers.ca.gov

February 17, 2016

CALPERS ID: 2103885216
Employer Name: Sacramento Groundwater Authority
Rate Plan: MISCELLANEOUS PLAN

Dear Requestor:

A new agency cost analysis for the valuation(s) requested and related information is enclosed.

The change in the employer contribution rate, as of the effective date of the proposed new agency, is displayed on page 3.

If you are aware of others interested in this information (i.e., payroll staff, county court employees, port districts, etc.), please inform them. Sections 20463 (b) and (c) of the California Public Employees' Retirement Law require the governing body of a public agency which requests a contract cost analysis to provide each affected employee organization with a copy within five days of receipt. Likewise if a cost analysis is requested by an employee organization, the employee organization is required to provide a copy of the analysis to the public agency within five days of receipt.

This cost analysis expires July 1, 2016. A Resolution of Intention (R of I) approved by the agency governing body to create the new agency must be received by this office on or before July 1, 2016 and the new agency effective date must be before July 1, 2017. If either of these two conditions is not met, an updated cost analysis is required to create the new agency. An updated cost analysis may be available as early as November 2016.

To complete the contract new agency process based on the enclosed analysis, you must do the following:

- Complete and return the enclosed Contract Request and Schedule of Agency Actions forms. Within 90 days, CalPERS staff will send your agency the R of I form for adoption.
- Complete and return the adopted R of I to CalPERS on or before July 1, 2016. Adoption of the Final Resolution/Ordinance by this date is not required.

Important Risk Disclosure

- **The Nature of Actuarial Work:** All actuarial calculations, including the ones in this cost estimate are based on numerous assumptions about the future. This includes demographic assumptions about the percentage of your employees that will terminate, die, become disabled, and retire in each future year, and economic assumptions about what salary increases each employee receives and the most important assumption, what the assets at CalPERS will earn for each year into the future until the last dollar is paid to current members of your plan. While CalPERS has set these assumptions as our best estimate of the real future of your plan, it must be understood that these assumptions are very long term predictors and will surely not be realized each year as we go forward. **This means that your employer contribution retirement rate can vary dramatically with or without any benefit changes when short term experience does not conform to the long term actuarial assumptions.**
- Investment return is much more volatile than liability fluctuations and can cause employer rates to vary significantly. For example, for the past twenty year period ending June 30, 2014, returns for each fiscal year ranged from -24% to +21.7%. The impact of investment return on employer contribution rates varies significantly based on the plan's volatility index (the ratio of the market value of assets to the payroll).

- **Projected Volatility Index:** As is stated above, the cost estimates supplied in this communication are based on a number of assumptions about very long term demographic and economic behavior. Even if these assumptions (terminations, deaths, disabilities, retirements, salary growth, and investment return) are exactly realized, there will be differences on a year to year basis. This year to year difference between actual experience and the assumptions is called a gain or loss which serves to lower or raise the employer's rates from year to year, respectively. So, the rates will fluctuate, especially due to the ups and downs of investment returns.

The volatility in annual employer rates may be affected by this new agency. The reason is that higher benefits and earlier retirement ages require the accumulation of more assets per member earlier in their career. Rate volatility can be measured by the ratio of plan assets to active member payroll. Higher asset to payroll ratios produce more volatile employer rates. To see this, consider two plans, one with assets that are 4 times active member payroll, and the other with assets that are 8 times active member payroll. In a given year, when assets rise or fall 10% above or below the actuarial assumption, the plan with a volatility index of 4 experiences a dollar gain or loss of 40% of payroll while the plan with a volatility index of 8 experiences a dollar gain or loss of 80% of payroll. If this gain or loss is spread over 20 years (and we oversimplify by ignoring interest on the gain or loss), then the first plan's rate changes by 2% of pay while the second plan's rate changes by 4% of pay.

When you amend your plan, the liability may change but assets do not. As a result, the volatility index does not change immediately. However, as assets grow to equal your new accrued liability, your volatility index will also grow. Therefore, we also disclose the ratio of accrued liability to payroll below to show what your future volatility index will become when you are 100% funded. The higher this ratio, the more volatile your future contribution rate will be. The table below contains these measures of potential future rate volatility. We call this the Projected Volatility Index.

As of June 30, 2014	Regional Water Authority (Before)	Regional Water Authority (After)	Sacramento Groundwater Authority
Accrued Liability	\$ 2,021,324	\$ 1,234,146	\$ 787,178
Payroll	566,301	333,727	232,574
Projected Volatility Index	3.6	3.7	3.4

It should also be noted that these ratios tend to stabilize as the plan matures. That is, all plans with no past service start their lives with zero assets and zero accrued liability – thus, asset to payroll ratio and liability to payroll ratio are equal to zero. However, as time goes by these ratios begin to rise and then tend to stabilize at some constant amount as the plan matures. Higher benefit levels and earlier expected retirements produce higher constant future ratios.

If you have questions about the cost analysis, please call (888) CalPERS (225-7377). Please ask to speak to a contract analyst for questions about the timing of the contract. Please ask to speak to me for questions about this cost analysis.



MAY SHUANG YU, ASA, MAAA
Senior Pension Actuary, CalPERS

Enclosures

**NEW AGENCY CONTRACT COST ANALYSIS - VALUATION BASIS: JUNE 30, 2014
MISCELLANEOUS PLAN OF SACRAMENTO GROUNDWATER AUTHORITY
CALPERS ID: 2103885216**

Benefit Description: To provide for a new agency with assets and liabilities as of 6/30/2014 moved from the Regional Water Authority to new agency Sacramento Groundwater Authority and to provide Section 21354 (2% @ 55 Full Formula) and Sections 21624 & 21626 (Post-Retirement Survivor Allowance) with 100% prior service for classic local miscellaneous members. Also to include Section 7522.20 (2% @ 62 Full Formula) and Sections 21624 & 21626 (Post-Retirement Survivor Allowance) with 100% prior service for new local miscellaneous members.

Actuarial Cost Estimates in General

What will this new agency cost? Unfortunately, there is no simple answer. There are two major reasons for the complexity of the answer:

- The first was described in the risk disclosure and involves the nature of actuarial work based on demographic and economic assumptions.
- The second is the fact that the actuarial funding process produces the answer to the question of cost as the sum of two separate pieces:
 1. The change in Normal Cost (i.e., the increase in future annual premiums in the absence of surplus or unfunded liability) expressed as a percentage of total active payroll, and
 2. The Past Service Cost (i.e., Accrued Liability – representing the current value of the benefits for all past service of eligible members) which is expressed as a lump sum dollar amount.

To communicate the total cost, the Past Service Cost (i.e., the lump sum) is converted to a percent of payroll and added to the Normal Cost to set the employer rate required. Converting the Past Service Cost lump sum to a percent of payroll requires a specific amortization period. For plans that merge, the amortization period is usually the weighted average of the two agencies merging.

Changes in the Present Value of Benefits

The table below shows the change in the plan's total present value of benefits for the proposed new agency. The present value of benefits represents the total dollars needed today to fund all future benefits for current members of the plan (i.e., without regard to future employees). The change in this amount must be paid by increases in the future employer and perhaps future employee contributions. As such, the change in the present value of benefits due to the new agency represents the total "cost" of the new agency. Some of this total cost may be covered by additional employee contributions and/or current side fund surplus.

As of June 30, 2014	Regional Water Authority (Before)	Regional Water Authority (After)	Sacramento Groundwater Authority
Plan's Present Value of Benefits	\$ 2,730,333	\$ 1,664,876	\$ 1,065,457

Changes in the Accrued Liability

It is not required, nor necessarily desirable, to have accumulated assets sufficient to cover the total present value of benefits until every member has left employment. Instead, the actuarial funding process calculates a regular contribution schedule of employee contributions and employer contributions (called normal costs) which are designed to accumulate with interest to equal the total present value of benefits by the time every member has left employment. As of each June 30, the actuary calculates the "desirable" level of plan assets as of that point in time by subtracting the present value of scheduled future employee contributions and future employer normal costs from the total present value of benefits. The resulting "desirable" level of assets is called the *accrued liability*.

A plan with assets exactly equal to the plan's accrued liability is simply "on schedule" in funding that plan, and only future employee contributions and future employer normal costs are needed. A plan with assets below the accrued liability is "behind schedule", or is said to have an *unfunded liability*, and must temporarily increase contributions to get back on schedule. A plan with assets in excess of the plan's accrued liability is "ahead of schedule", or is said to have *excess assets*. Of course, events such as plan amendments and investment or

**NEW AGENCY CONTRACT COST ANALYSIS - VALUATION BASIS: JUNE 30, 2014
 MISCELLANEOUS PLAN OF SACRAMENTO GROUNDWATER AUTHORITY
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demographic gains or losses can change a plan's condition from year to year. For example, a plan amendment could cause a plan to move from having excess assets to being in an unfunded position.

The changes in your plan's accrued liability, unfunded accrued liability, and the market value of assets funded ratio as of June 30, 2014 due to the new agency are shown in the table below.

As of June 30, 2014	Regional Water Authority (Before)		Regional Water Authority (After)		Sacramento Groundwater Authority
Entry Age Normal Accrued Liability (AL)	\$	2,021,324	\$	1,234,146	\$ 787,178
Market Value of Assets (MVA)	\$	1,732,042	\$	1,057,521	\$ 674,521
Unfunded Accrued Liability (UAL = AL - MVA)	\$	289,282	\$	176,625	\$ 112,657
Funded Ratio (MVA / AL)		85.69%		85.69%	85.69%

New Agency Plan's Amortization Bases

A pooled plan's amortization bases are the portion of the plan's liability/surplus that is not to be shared with the pool. The proposed new agency will inherit a portion of the unfunded accrued liability from the old Regional Water Authority.

These amortization bases will be implemented as necessary as of the June 30, 2015 actuarial valuation date. Shown below is the projected new agency plan's unfunded accrued liability.

Projected 6/30/2016 Amounts	Regional Water Authority (Before)		Regional Water Authority (After)		Sacramento Groundwater Authority
Plan's projected UAL	\$	302,713	\$	185,496	\$ 117,217

NEW AGENCY CONTRACT COST ANALYSIS - VALUATION BASIS: JUNE 30, 2014
MISCELLANEOUS PLAN OF SACRAMENTO GROUNDWATER AUTHORITY
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Changes in the Initial Employer Contribution Rate

The following tables show the change in your plan's employer contribution rates for fiscal 2016/17 due to the new agency. The information shown are the actual initial contribution rates that will apply during fiscal 2016/17 if you adopt the new agency prior to fiscal 2016/17.

	Regional Water Authority (Before)	Regional Water Authority (After)	Sacramento Groundwater Authority
Actuarially Determined Employer Contributions:	2016-17	2016-17	2016-17
Employer Contributions (in Projected Dollars)			
Plan's Employer Normal Cost	\$ 56,032	\$ 33,020	\$ 23,012
Plan's Payment on Amortization Bases	16,107 ¹	9,889	6,218
Total Employer Contribution	\$ 72,139	\$ 42,909	\$ 29,230
Projected Payroll for the Contribution fiscal year	\$ 618,812	\$ 364,672	\$ 254,140
Required Employer Contributions (% of Payroll)			
Pool's Base Employer Normal Cost	8.377%	8.377%	8.377%
Surcharge for Class 1 Benefits ²			
a) PRSA 50%	0.678%	0.678%	0.678%
Pools Expected Employee Contribution for Formula	6.886%	6.886%	6.886%
Plan's Total Normal Cost	15.941%	15.941%	15.941%
Plan's Employee Contribution Rate	6.886%	6.886%	6.886%
Employer Normal Cost Rate	9.055%	9.055%	9.055%

Required Employer Contribution for FY 2016-17			
Employer Normal Cost Rate³	9.055%	9.055%	9.055%
Plus Monthly Employer Dollar UAL Payment⁴	\$ 1,342.24	\$ 824.08	\$ 518.17
Annual Lump Sum Prepayment Option	\$ 15,535	\$ 9,538	\$ 5,997

¹ For FY 2016-17 the Plan's Payment on Amortization Bases reflects the sum of all UAL amortization bases including the Plan's Side Fund (where applicable).

² The Section 2 report contains a list of Class 1 benefits and corresponding surcharges for each benefit.

³ The minimum employer contribution for a PEPPA plan is the greater of the required employer contribution or the total employer normal cost.

⁴ The Plan's Payment on Amortization Bases Contribution amount for Fiscal Year 2016-17 will be billed as a level dollar amount monthly over the course of the year. Lump sum payments may be made through my|CalPERS. If you would like to prepay the entire Annual Payment toward your Plan's Unfunded Accrued Liability, you can submit the Annual Lump Sum Prepayment amount against the July Unfunded Accrued Liability receivable. The Annual Lump Sum Prepayment must be received in full on or before July 31. If there is contractual cost sharing or other change, this amount will change. § 20572 of the Public Employees' Retirement Law assesses interest at an annual rate of 10 percent if a contracting agency fails to remit the required contributions when due.

Your employer contribution rate assumes a transfer of assets between your agency and Regional Water Authority upon the effective date. **This transfer assumes both your agency and the Regional Water Authority accept the conditions of this transfer by CalPERS.**

**NEW AGENCY CONTRACT COST ANALYSIS - VALUATION BASIS: JUNE 30, 2014
 MISCELLANEOUS PLAN OF SACRAMENTO GROUNDWATER AUTHORITY
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The table below shows the change in your plan's employee contribution rate (if any) under classic formula for Fiscal Year 2016-17 due to the new agency.

Classic Members (2% @ 55)	Regional Water Authority (Before)	Regional Water Authority (After)	Sacramento Groundwater Authority
2016-17 Employee Rate	7.000%	7.000%	7.000%

Currently there is no PEPRA member in your plan. Should you acquire PEPRA members in the future, they will be in new and separated rate plans from the classic members, but still within the risk pool. Future PEPRA members' employee contribution rates are projected as the following:

PEPRA Members (2% @ 62)	Regional Water Authority (Before)	Regional Water Authority (After)	Sacramento Groundwater Authority
Plan's Net Employer Normal Cost	6.305%	6.305%	6.305%
Plan's Surcharges for Class 1 Benefits PRSA	<u>0.625%</u>	<u>0.625%</u>	<u>0.625%</u>
2016-17 Total Employer Rate	6.930%	6.930%	6.930%
2016-17 Employee Rate	6.500%	6.500%	6.500%

Additional Disclosure

If your agency is requesting cost information for two or more benefit changes, the cost of adopting more than one of these changes **may not** be obtained by adding the individual costs. Instead, a separate valuation must be done to provide a cost analysis for the combination of benefit changes.

Please note that the cost analysis provided in this document **may not** be relied upon after July 1, 2016. If you have not taken action to contract by this date, you must contact our office for an updated cost analysis, based on the new annual valuation.

Descriptions of the actuarial methodologies, actuarial assumptions, and plan benefit provisions may be found in the appendices of the June 30, 2014 annual report. Please note that the results shown here are subject to change if any of the data or plan provisions differ from what was used in this study.

**NEW AGENCY CONTRACT COST ANALYSIS - VALUATION BASIS: JUNE 30, 2014
MISCELLANEOUS PLAN OF SACRAMENTO GROUNDWATER AUTHORITY
CALPERS ID: 2103885216**

Benefit Description: To provide for a new agency with assets and liabilities as of 6/30/2014 moved from the Regional Water Authority to new agency Sacramento Groundwater Authority and to provide Section 21354 (2% @ 55 Full Formula) and Sections 21624 & 21626 (Post-Retirement Survivor Allowance) with 100% prior service for classic local miscellaneous members. Also to include Section 7522.20 (2% @ 62 Full Formula) and Sections 21624 & 21626 (Post-Retirement Survivor Allowance) with 100% prior service for new local miscellaneous members.

Certification

This actuarial valuation for the proposed new agency is based on the participant, benefits, and asset data used in the June 30, 2014 annual valuation, with the benefits modified if necessary to reflect what is currently provided under your contract with CalPERS, and further modified to reflect the proposed new agency. The valuation has been performed in accordance with standards of practice prescribed by the Actuarial Standards Board, and the assumptions and methods are internally consistent and reasonable for this plan, as prescribed by the CalPERS Board of Administration according to provisions set forth in the California Public Employees' Retirement Law.



MAY SHUANG YU, ASA, MAAA
Senior Pension Actuary, CalPERS

CALIFORNIA PUBLIC EMPLOYEES' RETIREMENT SYSTEM

Employer Account Management Division
Retirement and Social Security Contracts Unit
P.O. Box 942709
Sacramento, CA 94229-2709
(888) CalPERS (225-7377)

**CERTIFICATION OF COMPLIANCE WITH
GOVERNMENT CODE SECTION 7507**

I hereby certify that in accordance with Section 7507 of the Government Code the future annual costs as determined by the System Actuary for the increase/change in retirement Benefit(s) have been made public at a public meeting of the _____
(governing body)

of the _____ on _____
(public agency) (date)

which is at least two weeks prior to the adoption of the Resolution / Ordinance.

Adoption of the retirement benefit increase/change will not be placed on the consent calendar.

Clerk/Secretary

Title

Date _____

**RESOLUTION TO TAX DEFER MEMBER PAID CONTRIBUTIONS – IRC 414(h)(2)
EMPLOYER PICK-UP**

WHEREAS, the governing body of the Sacramento Groundwater Authority (Name of Agency) has the authority to implement the provisions of section 414(h)(2) of the Internal Revenue Code (IRC); and

WHEREAS, the Sacramento Groundwater Authority (Name of Agency) has determined that even though the implementation of the provisions of section 414(h)(2) IRC is not required by law, the tax benefit offered by section 414(h)(2) IRC should be provided to All Employees (All Employees, or All Employees In A Recognized Group or Class of Employment) who are members of the California Public Employees' Retirement System:

NOW, THEREFORE, BE IT RESOLVED:

- I. That the Sacramento Groundwater Authority (Name of Agency) will implement the provisions of section 414(h)(2) Internal Revenue Code by making employee contributions pursuant to California Government Code Section 20691 to the California Public Employees' Retirement System on behalf of all its employees or all its employees in a recognized group or class of employment who are members of the California Public Employees Retirement System. "Employee contributions" shall mean those contributions to the Public Employees' Retirement System which are deducted from the salary of employees and are credited to individual employee's accounts pursuant to California Government Code section 20691.
- II. That the contributions made by the Sacramento Groundwater Authority (Name of Agency) to the California Public Employees' Retirement System, although designated as employee contributions, are being paid by the Sacramento Groundwater Authority (Name of Agency) in lieu of contributions by the employees who are members of the California Public Employees' Retirement System.
- III. That employees shall not have the option of choosing to receive the contributed amounts directly instead of having them paid by the Sacramento Groundwater Authority (Name of Agency) to the California Public Employees' Retirement System.
- IV. That the Sacramento Groundwater Authority (Name of Agency) shall pay to the California Public Employees' Retirement System the contributions designated as employee contributions from the same source of funds as used in paying salary.
- V. That the amount of the contributions designated as employee contributions and paid by the Sacramento Groundwater Authority (Name of Agency) to the California Public Employees' Retirement System on behalf of an employee shall be the entire contribution required of the employee by the California Public Employees' Retirement Law (California Government Code Sections 20000, et seq.).
- VI. That the contributions designated as employee contributions made by Sacramento Groundwater Authority (Name of Agency) to the California Public Employees' Retirement System shall be treated for all purposes, other than taxation, in the same way that

member contributions are treated by the California Public Employees' Retirement System.

PASSED AND ADOPTED by the governing body of the Sacramento Groundwater Authority
(Name of Agency)

_____ (Date), _____ (Year).
this day of

BY

(Signature of Official)

(Title of Official)

RETURN ADDRESS:

FOR CALPERS USE ONLY

RESOLUTION TO TAX DEFER MEMBER PAID CONTRIBUTIONS - IRC 414(h)(2)

Approved by: _____

Title: _____

REALLOCATION AGREEMENT

THIS REALLOCATION AGREEMENT (this "Agreement") is made as of _____, _____ (the "Effective Date") by and among Regional Water Authority, Sacramento Groundwater Authority, and the California Public Employees' Retirement System ("CalPERS").

WHEREAS, the Regional Water Authority currently contracts with CalPERS for retirement benefits for its employees;

WHEREAS, each of the Regional Water Authority and the Sacramento Groundwater Authority hereby represent and warrant to CalPERS that it is an "agency or instrumentality of the state or political subdivision of a State" that is eligible to participate in a governmental plan within the meaning of Section 414(d) of the Internal Revenue Code of 1986, as amended (the "Code");

WHEREAS, concurrently with the execution of this Agreement, Sacramento Groundwater Authority is entering into a contract for retirement benefits with CalPERS (the "Contract") in substantially the same form as the contract between CalPERS and the Regional Water Authority;

WHEREAS, the Regional Water Authority and Sacramento Groundwater Authority have represented to CalPERS that certain CalPERS members listed on Exhibit A to this Agreement (the "Members") have historically been reported by the Regional Water Authority to CalPERS as full time employees of the Regional Water Authority, when in fact they should have been reported as part time employees of Sacramento Groundwater Authority;

WHEREAS, the Regional Water Authority and Sacramento Groundwater Authority have directed CalPERS to retroactively treat such Members as part time employees of Sacramento Groundwater Authority, and to reallocate all of the related assets and liabilities associated with such Members from the Regional Water Authority contract to Sacramento Groundwater Authority contract as though such assets and liabilities had always accrued under Sacramento Groundwater Authority contract (the "Reallocation"); and

WHEREAS, this Agreement shall not become effective until and unless the Contract is made effective.

NOW, THEREFORE, in consideration of the mutual agreements contained in this Agreement, and for good and valuable consideration, the parties hereby agree as follows:

1. Regional Water Authority and the Sacramento Groundwater Authority agree that the Recitals are hereby incorporated into and are a part of this Agreement.

2. Subject to the terms and conditions of this Agreement and contingent upon the Contract becoming effective, the Regional Water Authority and

Sacramento Groundwater Authority hereby consent to the Reallocation. The Regional Water Authority, on behalf of itself and any third party beneficiaries, disclaims any ongoing right or benefit to the assets associated with the membership under Sacramento Groundwater Authority, and Sacramento Groundwater Authority expressly assumes all obligations, liabilities and duties associated with the Members as a result of their membership under Sacramento Groundwater Authority.

3. That the participation of the employees and retirees of Regional Water Authority and Sacramento Groundwater Authority in CalPERS shall be subject to the determination of its status as an "agency or instrumentality of the state or political subdivision of a State" that is eligible to participate in a governmental plan within the meaning of Section 414(d) of the Code, upon publication of final Treasury Regulations pursuant to such Section (the "Final Regulations"). If it is determined that either the Regional Water Authority or the Sacramento Groundwater Authority would not qualify as an agency or instrumentality of the state or political subdivision of a State under such Final Regulations, CalPERS will be obligated to comply with the Final Regulations and terminate the Regional Water Authority's and/or the Sacramento Groundwater Authority's participation in CalPERS, as applicable, including cancellation of all benefits for employees and retirees of the Regional Water Authority and the Sacramento Groundwater Authority (the "Termination"). The Termination will comply with any remedial corrections required under the Final Regulations.

4. Notwithstanding, and in addition to, any existing or future obligation that the Regional Water Authority and the Sacramento Groundwater Authority may have to indemnify the CalPERS Parties (as defined below), the Regional Water Authority and the Sacramento Groundwater Authority hereby agree to jointly and severally indemnify and hold CalPERS and its trustees, agents and employees, the CalPERS Board of Administration, and the California Public Employees' Retirement Fund (together, the "CalPERS Parties") harmless from any claims, demands, actions, losses, liabilities, damages, judgments, expenses and costs, imposed on, sustained or incurred by the CalPERS Parties, to the extent they arise out of or relate to the Reallocation, compliance with the Final Regulations, or the Termination, including, without limitation, attorneys', accountants' and other investigatory fees and out-of-pocket expenses incurred by the CalPERS Parties.

5. Upon request from CalPERS from time to time, the Regional Water Authority and the Sacramento Groundwater Authority shall execute and deliver all documents and do all other acts that may be reasonably necessary to carry out and effectuate the intent and purpose of this Agreement.

6. This Agreement shall be governed by and construed in accordance with the laws of the State of California, without regard to its principles of conflicts of law.

7. This Agreement may be executed in two or more counterparts, each of which shall be deemed to be an original, but all of which together shall constitute one and the same instrument.

8. If any provision of this Agreement is held invalid or unenforceable, such decision shall not affect the validity or enforceability of any other provision of this

Agreement, all of which other provisions shall remain in full force and effect, provided that doing so does not materially alter the intent of the parties as contemplated hereby.

9. This Agreement may not be modified or amended in any respect except in a writing signed by all parties. No waiver shall be deemed to have been granted or created by any course of conduct or acquiescence, and no waiver shall be enforceable against any party hereto unless in writing and signed by the party against which such waiver is claimed.

IN WITNESS WHEREOF, the parties have caused this Agreement to be duly executed and delivered as of the date first above written.

Regional Water Authority:

By: _____
Name: _____
Title: _____

Sacramento Groundwater Authority:

By: _____
Name: _____
Title: _____

CALIFORNIA PUBLIC EMPLOYEES'
RETIREMENT SYSTEM:

By: _____
Name: _____
Title: _____

EXHIBIT A

EMPLOYEES

Active Employees

John K. Woodling
Robert J. Swartz
Nancy J. Marrier
Cecilia R. Partridge
Monica Garcia

Inactive Employees

Bethany De Angelis
Agridina Espino

Retirees

Edward Winkler
Edward Schnabel

AGENDA ITEM 6: DEVELOPMENT OF SGA FISCAL YEAR 2016 - 2017 BUDGET

BACKGROUND:

FY 2016-2017 BUDGET

The Fiscal Year 2016-2017 SGA Budget Committee met on March 16, 2016. The members include Caryl Sheehan, Citrus Heights Water District; Rich Allen, Del Paso Manor Water District; Mary Harris, Rio Linda/Elverta Community Water District; Pam Tobin, San Juan Water District; and Neil Schild, Sacramento Suburban Water District.

SIGNIFICANT BUDGET TOPICS

Proposed Fee Increase for FY 2017

An increase in the proposed rate is approximately 13%, which is less than anticipated from last year's budget at approximately 17%. For several years, SGA members have been advised that fees would need to increase in future periods to compensate for rising costs. For the last 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. FY16 had a fee increase to begin to close the gap between expenses versus fees. A fee increase for FY17 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 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 13% still results in an approximately \$133,500 negative cash shortfall that will be absorbed by designated and undesignated carry over funds from previous years. The expected CalPERS early unfunded liability payment of \$87,600 in FY16 also helped to decrease the carry over funds.

Program Objectives

SGA is planning on accomplishing these program objectives during fiscal year 2017:

- 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) Possible grant application funding

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 may also hire 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 reflect the payment of the unfunded pension liability allocated to pooled plan members. 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. CalPERS has been amortizing these costs over time when determining the annual required contribution. The latest CalPERS report, dated June 30, 2014, reflects an approximate allocated liability of \$302,700 as of June 30, 2016. RWA recently paid \$225,000 of the payment. SGA's portion of the obligation was \$87,600 (39%) to pay a portion of this unfunded liability since RWA has been providing support staffing services to SGA through a memorandum of understanding. Beginning in FY17, RWA and SGA will make their own payments since SGA is expected to become a CalPERS agency beginning July 1, 2016.

SUMMARY BUDGET OVERVIEW

Revenues

- 1) The overall combined fee increase is proposed at approximately 13%. 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 \$9,000 plus \$1.17 per connection for connections over 6,000. The pumped groundwater fee per acre-foot is proposed at \$5.55 per acre foot. A five year trailing average of groundwater pumping is used to develop the groundwater fees for FY17.

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 (from 5% to 3%).
- 5) An \$87,600 payment to RWA (or CalPERS) was recently made in FY16 as a partial early payment of SGA's allocated unfunded liability.
- 6) Professional fees include public relations, accounting and legal. Legal fees have been higher for FY15, FY16 and FY17 due to the CalPERS pension issues.
- 7) 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.
- 8) An additional \$58,300 in consulting fees will be designated from FY16 to be also spent in FY17 on groundwater modeling.
- 9) The operating fund is projected to be approximately five months for FY17, which meets policy guidelines and helps buffer anticipated costs related to recently passed legislation.

Specific Increased Expenses

Specific increased expenses are included in the projected FY2017-18 budget. RWA/SGA's lease will be coming up for renewal in calendar year 2018. Staff negotiated a very favorable lease rate at the time ACWA JPIA moved out of the building. SGA needs to plan for a significant increase (and a potential move) in the office lease in 2018.

The RWA Employee Compensation Policy 400.2 states that "The Executive Committee (EC) will conduct a compensation survey at least every five years to ensure that the compensation offered by the Authority is consistent with this policy." RWA last completed a compensation survey in November 2012 and will need to budget for a compensation survey to be completed in fiscal year 2018, as well as plan for potential increased payroll costs as a result of the survey.

Sacramento Groundwater Authority Board Meeting
April 14, 2016

Additional annual payments are currently projected to continue to pay towards the unfunded pension liability.

SGA can anticipate additional rate increases in the future of approximately 9% in FY18.

SGA BUDGET COMMITTEE RECOMMENDATION:

Action: Adopt Resolution NO. 2016-1 to fund the administrative and program budgets for FY 2016 – 2017, and providing for the collection of said funds

Action: Designate \$58,300 to FY16 for Groundwater Modeling



**Sacramento Groundwater Authority
2016 - 2017 FYE Budget Summary**

Attachment A

5 year average Acre-feet Groundwater	70,093	70,093	69,373
Proposed Groundwater Fee	\$4.85	\$4.85	\$5.55
Proposed Minimum Base Fee	\$8,000	\$8,000	\$9,000
Proposed Per Connection Fee	\$1.05	\$1.05	\$1.17
Base admin fee as a % of budget	32.94%	39.37%	39.24%
Overall Fee Change from Prior Year	15.94%	15.94%	12.85%

	Budgeted FY16	Projected FY16	Proposed FY17	Notes
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Operating Revenues

Groundwater Fees	\$ 340,000	\$ 340,000	\$ 385,000	Increase in GW fees needed to pay for costs that have been paid for out of undesignated funds over the last several years. Goal is to shift fees to get base fee to 40%. Total GW fee increase is 15%. Base fee increase of 12%. DWR grant evaluating the groundwater sustainability due to contamination. Rates are fairly stable, but available cash is declining.
Base Fee	\$ 264,500	\$ 264,500	\$ 297,200	
Grant Income	\$ 100,000	\$ 76,843	\$ -	
Interest Income	\$ 1,400	\$ 1,800	\$ 1,300	
Total	\$ 705,900	\$ 683,143	\$ 683,500	

Operating Expenses

Staff	\$ 543,100	\$ 495,300	\$ 461,700	Reflects 2.2 FTE. Includes paying a portion of the unfunded pension liability in FY16, with the largest payment of \$87,600 anticipated in FY16. Retired annuitant costs reflected in professional fees. No significant changes expected Support and PM consulting. Includes \$58,300 in costs from FY15 and FY16 to FY17. See PM detail budget. Office equipment purchases Reflects costs related to the AB 303 DWR grant
Office	\$ 58,000	\$ 57,050	\$ 58,300	
Professional Fees	\$ 251,700	\$ 119,400	\$ 295,700	
Other	\$ 1,300	\$ 6,300	\$ 1,300	
Special Projects	\$ 100,000	\$ 53,299	\$ -	
Total Expenses	\$ 954,100	\$ 731,349	\$ 817,000	

Expenses in Excess of Revenues

	\$ (248,200)	\$ (48,206)	\$ (133,500)
Cash, beginning	\$ 512,053	\$ 521,126	\$ 472,920
Source (Use) of Funds	\$ (248,200)	\$ (48,206)	\$ (133,500)

Cash, ending

	\$ 263,853	\$ 472,920	\$ 339,420
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DESIGNATIONS

Operating Fund	\$ 263,853	\$ 295,200	\$ 312,520
Pension Plan	\$ -	\$ 26,900	\$ 26,900
Monitor Water Quality	\$ -	\$ -	\$ -
Regional Contamination	\$ -	\$ -	\$ -
Groundwater Modeling	\$ -	\$ 58,300	\$ -
Un-designated	\$ -	\$ 92,520	\$ -
Total	\$ 263,853	\$ 472,920	\$ 339,420

No. of months cash pays for operations	4.7	7.9	5.1
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		% increase expenses, unless specific increases identified		3.00%		3.00%		3.00%		3.00%	
		% increase consulting costs		5.00%		5.00%		5.00%		5.00%	
		% change in Acre Feet Pumped				1.13%		0.23%		-2.53%	
SGA											
Proposed FY' 2016-2017 OPERATING BUDGET PROJECTION											
BUDGET ACRE FEET FY16 (5-yr. Ave)		70,093		70,890		69,104		73,206		75,440	
BUDGET ACRE FEET FY17 (5-yr. Ave)		ACRE FEET: 70,093		8.62		69,373		70,317		68,538	
										67,692	
	SGA	SGA	SGA	SGA		SGA		SGA	SGA	SGA	SGA
	FY 15	FY 16	FY 16	FY 16		FY 17		Projected	Projected	Projected	Projected
	Per Audit	Budget	Actual at	Projected		Proposed	NOTES	FY 18	FY 19	FY 20	FY 21
			Jan. 2016			Budget					
OFFICE EXPENSES:											
Rent & Utilities Contract	\$ 9,748	\$ 12,500	\$ 7,282	\$ 12,500		\$ 12,500	13	\$ 12,500	\$ 25,000	\$ 25,000	\$ 25,000
General Liability Insurance	\$ 11,871	\$ 12,500	\$ 11,918	\$ 12,500		\$ 12,500	14	\$ 12,900	\$ 13,300	\$ 13,700	\$ 14,100
Office Maintenance	\$ -	\$ 1,600	\$ -	\$ 1,500		\$ 1,600	15	\$ 1,600	\$ 1,700	\$ 1,700	\$ 1,800
Postage and Postal Meter	\$ 1,246	\$ 1,600	\$ 236	\$ 1,500		\$ 1,600	16	\$ 1,600	\$ 1,700	\$ 1,700	\$ 1,800
Telephone/internet/web hosting	\$ 4,751	\$ 5,700	\$ 2,666	\$ 5,500		\$ 5,700	17	\$ 5,900	\$ 6,100	\$ 6,300	\$ 6,500
Meetings	\$ 223	\$ 1,100	\$ 68	\$ 1,000		\$ 1,100	18	\$ 1,200	\$ 1,300	\$ 1,400	\$ 1,500
Printing/Supplies/Copier	\$ 7,887	\$ 12,900	\$ 3,166	\$ 12,800		\$ 13,200	19	\$ 13,600	\$ 14,000	\$ 14,400	\$ 14,800
Dues & Subscriptions	\$ 4,082	\$ 3,900	\$ 1,467	\$ 3,750		\$ 3,900	20	\$ 4,000	\$ 4,100	\$ 4,200	\$ 4,300
Computer hardware/software	\$ 2,401	\$ 2,600	\$ -	\$ 2,500		\$ 2,600	21	\$ 2,700	\$ 2,800	\$ 2,900	\$ 3,000
Computer maintenance	\$ 2,634	\$ 3,600	\$ 1,221	\$ 3,500		\$ 3,600	22	\$ 3,700	\$ 3,800	\$ 3,900	\$ 4,000
TOTAL OFFICE EXPENSES	\$ 44,843	\$ 58,000	\$ 28,024	\$ 57,050		\$ 58,300		\$ 59,700	\$ 73,800	\$ 75,200	\$ 76,800
PROFESSIONAL FEES:											
SGA Legal	\$ 31,942	\$ 40,000	\$ 6,166	\$ 30,000		\$ 40,000	23	\$ 32,700	\$ 34,300	\$ 36,000	\$ 37,800
Audit Fees	\$ 8,975	\$ 10,800	\$ 9,250	\$ 9,300		\$ 9,600	24	\$ 12,600	\$ 13,900	\$ 14,600	\$ 15,300
ADP & Banking Fees	\$ 770	\$ 1,000	\$ 462	\$ 1,000		\$ 1,000	25	\$ 1,000	\$ 1,200	\$ 1,200	\$ 1,300
SGA Support Services	\$ 26,198	\$ 40,000	\$ 10,097	\$ 39,100		\$ 36,800	26	\$ 49,100	\$ 43,200	\$ 49,400	\$ 47,500
SGA Consultants - Program Manager	\$ 47,853	\$ 110,000	\$ 17,010	\$ 40,000		\$ 150,000	27	\$ 96,500	\$ 98,800	\$ 126,400	\$ 130,300
Program Management - FY15 & FY16	\$ -	\$ 49,900	\$ -	\$ -		\$ 58,300	39	\$ -	\$ -	\$ -	\$ -
TOTAL PROFESSIONAL FEES	\$ 115,738	\$ 251,700	\$ 42,985	\$ 119,400		\$ 295,700		\$ 191,900	\$ 191,400	\$ 227,600	\$ 232,200
TOTAL OPERATING EXPENSES	\$ 540,256	\$ 852,800	\$ 284,681	\$ 671,750		\$ 815,700		\$ 738,100	\$ 766,500	\$ 830,000	\$ 862,400
OTHER EXPENSES:											
Office furniture/remodel/equip	\$ -	\$ 1,300	\$ -	\$ 1,300		\$ 1,300	28	\$ 1,400	\$ 1,400	\$ 1,500	\$ 1,500
Computer Server/website overhaul	\$ -	\$ -	\$ -	\$ 5,000		\$ -	28	\$ -	\$ -	\$ 7,500	\$ -
TOTAL Other Expenses	\$ -	\$ 1,300	\$ -	\$ 6,300		\$ 1,300		\$ 1,400	\$ 1,400	\$ 9,000	\$ 1,500
Special Projects Expenses											
Consulting - AB 303 Studies	\$ 171,701	\$ 100,000	\$ 32,002	\$ 53,299		\$ -	29	\$ -	\$ -	\$ -	\$ -
TOTAL Special Proj. Expenses	\$ 171,701	\$ 100,000	\$ 32,002	\$ 53,299		\$ -		\$ -	\$ -	\$ -	\$ -
TOTAL EXPENSES	\$ 711,957	\$ 954,100	\$ 316,683	\$ 731,349		\$ 817,000	30	\$ 739,500	\$ 767,900	\$ 839,000	\$ 863,900

						% 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						1.13%	0.23%	-2.53%	-1.23%
SGA															
Proposed FY' 2016-2017 OPERATING BUDGET PROJECTION															
BUDGET ACRE FEET FY16 (5-yr. Ave)						70,093	70,890	5-Year Projection				69,104	73,206	75,440	
BUDGET ACRE FEET FY17 (5-yr. Ave)						70,093	69,373	70,154	70,317	68,538	67,692				
	SGA FY 15	SGA FY 16	SGA FY 16	SGA FY 16		SGA FY 17		NOTES	SGA Projected FY 18	SGA Projected FY 19	SGA Projected FY 20	SGA Projected FY 21			
	Per Audit	Budget	Actual at Jan. 2016	Projected		Proposed Budget									
Net Income (Loss)	\$ (35,227)	\$ (248,200)	\$ 288,703	\$ (48,206)		\$ (133,500)		31	\$ 4,300	\$ 17,400	\$ (4,400)	\$ (3,000)			
CASH SUMMARY															
AVAILABLE CASH, Beginning	\$ 556,353	\$ 512,053	\$ 521,126	\$ 521,126		\$ 472,920		32	\$ 339,420	\$ 343,720	\$ 361,120	\$ 356,720			
SOURCE (USE) OF FUNDS	\$ (35,227)	\$ (248,200)	\$ 288,703	\$ (48,206)		\$ (133,500)		31	\$ 4,300	\$ 17,400	\$ (4,400)	\$ (3,000)			
CASH, Ending	\$ 521,126	\$ 263,853	\$ 809,829	\$ 472,920		\$ 339,420			\$ 343,720	\$ 361,120	\$ 356,720	\$ 353,720			
DESIGNATIONS															
Operating Fund (four to six mos)	\$ 283,900	\$ 263,853	\$ 263,853	\$ 295,200		\$ 312,520	5.1	33	\$ 327,720	\$ 345,120	\$ 340,720	\$ 337,720			
Pension Plan "Assignment"	\$ 99,000	\$ -	\$ -	\$ 26,900		\$ 26,900	0.4	34	\$ 16,000	\$ 16,000	\$ 16,000	\$ 16,000			
Groundwater Management Plan	\$ -	\$ -	\$ -	\$ -		\$ -			\$ -	\$ -	\$ -	\$ -			
Monitor Water Quality	\$ 11,600	\$ -	\$ -	\$ -		\$ -		35	\$ -	\$ -	\$ -	\$ -			
Regional Contamination	\$ 20,000	\$ -	\$ -	\$ -		\$ -		36	\$ -	\$ -	\$ -	\$ -			
Groundwater Modeling	\$ 18,300	\$ -	\$ -	\$ 58,300		\$ -		37	\$ -	\$ -	\$ -	\$ -			
Un-designated	\$ 88,326	\$ -	\$ 545,976	\$ 92,520		\$ -	0.0	38	\$ -	\$ -	\$ -	\$ -			
CASH IN BANK, Ending	\$ 521,126	\$ 263,853	\$ 809,829	\$ 472,920		\$ 339,420			\$ 343,720	\$ 361,120	\$ 356,720	\$ 353,720			
No. of months cash pays for oper.	8.3	4.7		7.9		5.1		33	5.5	5.5	5	4.8			

SGA
FY 2016-2017 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 13%. The total expected fee increase in FY17 when preparing the FY17 budget was about 18%. The groundwater fees are proposed at \$5.55 in FY17 versus \$4.85 in FY16. A trailing five-year pumping average is used (FY11- FY15). FY16 through FY20 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 \$5.55 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 \$9,000 plus \$1.17 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 FY17 from FY16 is anticipated at approximately 16%. SGA is funding approximately \$50,000 in programmatic expenses in FY17 that were budgeted for FY16 with the funds being designated in FY15 for spending in FY16. This lag effect of expenditures creates a larger than expected increase in expenses year to year for FY17. 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 office equipment, computer and special project expenses. It also does not include 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 will be completed in FY2016.

SGA
FY 2016-2017 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.
- 8 Benefits include employer PERS, medical, vision, dental, disability insurance, OPEB and workers' compensation for the six staff members. FY 2017 budget anticipates an increase in medical costs of 7.5%, other costs at 3% and OPEB costs. Reflects employees paying 2% of their CalPERS contribution (from 0% to 2%) in FY16. For FY17 and FY18, the projection includes employees picking up an additional 2% per year CalPERS. In FY18, an additional 1% pick up is forecasted, so that by FY18, classic employees are projected to 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 in FY2016 to RWA (or CalPERS) so that RWA may make the planned lump sum payment. This projected payment reflects the estimated funding calculation for prior unfunded costs now allocated to SGA under the Administrative Services Agreement.
- 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.
- 14 Minimal increase in costs for property and liability coverage obtained through ACWA JPIA forecasted for the coming year.
- 15 Includes costs for office maintenance needs.
- 16 Reflects mailing activities and cost of postage machine rental.

SGA
FY 2016-2017 BUDGET PROJECTION NOTES

- 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. Also includes shared legal fees with RWA for the CalPERS issue. In future periods, legal fees are projected to be lower since the CalPERS Pension issue is expected to be resolved by FY17.
- 24 Audit fees are set by the awarded proposal. FY17 is the last year of the five year contract.
- 25 Payroll service costs for 6 employees (2.2 FTE).
- 26 Represents member outreach, newsletters, actuarial, budgeting and accounting assistance, website, and public relations.
- 27 Fees for groundwater management program implementation. (See separate program consulting budget).
- 28 Anticipate a website overhaul in FY16 at \$5K and 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 (see footnote 5).
- 30 Total expenses for SGA.
- 31 Represents the difference between total monies received versus total expenses incurred during the year.

SGA
FY 2016-2017 BUDGET PROJECTION NOTES

- 32 Beginning cash for FY15 is reduced by FY14 year end accounts payables and increased for FY14 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.
- 34 In anticipation of PEPRA, CalPERS now provides estimated unfunded liabilities for pooled agency members, such as RWA. SGA's share of the total cost represents 39% of the total \$302,700 for FY16 based upon CalPERS June 30, 2014 report. In FY16, SGA will pay RWA \$87,600 for their share of the liability and will make their own payments after they become a member in July, 2016. The pension plan assignment sets aside amounts to make partial payments towards this unfunded pension liability in future years.
- 35 Approximately \$11,600 in unused funds from FY15 was proposed to be designated for spending in FY16.
- 36 Unused funds of approximately \$20,000 were designated at FY15 and projected to be spent in FY16.
- 37 Designating \$18,300 from the FY15 budget for Groundwater modeling to be spent in FY16.
- 38 Amount of cash over and above designation policy - "undesignated cash."
- 39 Represents program consulting costs designated from FY16 to be spent in FY17. See the minimum program budget.

5.00%										(1)
SGA Consulting Budget Approved and Proposed					4-Year Projection (1)					
	SGA FY 15 Per Audit	Approved (2) FY16 + Designation	FY 16 Actual at Jan 16	FY 16 Projected	Proposed FY 17	Projected FY 18	Projected FY 19	Projected FY 20	Projected FY 21	NOTES
Outside Consultant Assistance - Projects										
Annual Basin Management Report		\$ 10,000		\$ 10,000	\$ 10,000	\$ 10,500	\$ 11,000	\$ 11,600	\$ 12,200	1
Update GSP	\$ 17,881	\$ -		\$ -	\$ 50,000	\$ -	\$ -	\$ 50,000	\$ 50,000	2
Monitor water quality/levels (AB 303)	\$ 8,372	\$ 21,600	\$ 14,548	\$ 20,000	\$ 10,000	\$ 10,500	\$ 11,000	\$ 11,600	\$ 12,200	3
Grant Application Assistance		\$ 20,000		\$ -	\$ 20,000	\$ -	\$ -	\$ -	\$ -	4
Maintain/Improve DMS		\$ 10,000		\$ -	\$ 10,000	\$ 10,500	\$ 11,000	\$ 11,600	\$ 12,200	5
Pursue short-term banking/exchange		\$ -		\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	6
Regional contamination issues	\$ 11,617	\$ 40,000	\$ 2,462	\$ 10,000	\$ 10,000	\$ 15,000	\$ 15,800	\$ 16,600	\$ 17,400	7
Groundwater modeling	\$ 9,983	\$ 58,300		\$ -	\$ 40,000	\$ 50,000	\$ 50,000	\$ 25,000	\$ 26,300	8
Subsidence Monitoring	\$ -	\$ -		\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	9
TOTAL PROGRAM	\$ 47,853	\$ 159,900	\$ 17,010	\$ 40,000	\$ 150,000	\$ 96,500	\$ 98,800	\$ 126,400	\$ 130,300	

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

(2) Approved FY16 also includes additional designation total amount of approximately \$49,900 approved at the June 11, 2015 Board meeting. See program notes for how the amounts are allocated to the programs.

SGA Program
FY 2016-2017 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.
- 2 The 2014 Sustainable Groundwater Management Act (SGMA) requires a GSP for the North American Subbasin be submitted by January 31, 2022. In preparation of this report, funding is being identified in FY20 and FY21. As of March 2016, staff is considering submitting documentation to DWR that the North American Subbasin as being sustainably managed for a period of more than a decade. This alternative may leave flexibility in the required content of the GSP submitted in 2022. Staff is proposing budgeting for this report in FY17, as the alternative documentation is due to DWR by January 1, 2017.
- 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. Approximately \$11,600 in unused funds from FY15 was designated for spending in FY16.
- 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 FY17, because it is anticipated that DWR will release a grant funding opportunity for SGMA compliance in 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. These funds also support development of informational briefing pieces such as the "Groundwater Contamination in the Sacramento Region" brochure. Funds may be used to supplement data collection on PCE contamination in north Sacramento County. Unused funds of approximately \$20,000 were designated at FY15 and projected to be spent in FY16.
- 8 SGMA will likely require additional modeling work in the North American Subbasin to determine the sustainable yield and water budget for the basin. SGA is budgeting for a potential model update commencing in FY17, which would likely include additional funding partners from the North American and South American subbasins.

SGA Program
FY 2016-2017 BUDGET PROJECTION NOTES

- 9 Subsidence monitoring is a required component of GSPs developed under SB1938. SGA staff worked in 2005-2006 to compile existing land surface elevations collected by local, state, and federal agencies to avoid additional consulting costs. SGA also supported Sacramento Suburban Water District's AB303 grant application, which will provide additional subsidence data at no cost to SGA. This action is identified in the SGA 2008 GSP. There are currently no projected expenses identified.

SGA 2016-17 Administrative Budget Dues Structure

Attachment B

Agency	Retail Connections FY16	Retail Connections FY17	Base Fee	FY 16 Groundwater Average Extraction, Acre Feet (2010- 2014)	FY 17 Groundwater Average Extraction, Acre Feet (2011- 2015)	FY 17 Supplemental Groundwater Fees at \$5.55/ AF	Proposed FY 2016-2017 Total Estimated Fees	Actual FY 2016 Fees	\$ Diff from FY16 to Proposed	% Diff
California American Water	25,697	26,073	\$ 32,485	12,779	12,030	\$ 66,767	\$ 99,252	\$ 90,660	\$ 8,592	9.48%
Carmichael Water District	11,647	11,893	\$ 15,895	2,035	2,282	\$ 12,665	\$ 28,560	\$ 23,799	\$ 4,761	20.01%
Citrus Heights Water District	19,670	19,765	\$ 25,105	1,100	956	\$ 5,306	\$ 30,411	\$ 27,689	\$ 2,722	9.83%
Del Paso Manor Water District	1,797	1,797	\$ 9,000	1,431	1,359	\$ 7,542	\$ 16,542	\$ 14,940	\$ 1,602	10.72%
Fair Oaks Water District	14,278	13,894	\$ 18,236	1,585	1,520	\$ 8,436	\$ 26,672	\$ 24,379	\$ 2,293	9.41%
Folsom, City of	20,046	20,424	\$ 25,876	-	-	\$ -	\$ 25,876	\$ 22,748	\$ 3,128	13.75%
Golden State Water Company	1,682	1,683	\$ 9,000	1,054	1,004	\$ 5,572	\$ 14,572	\$ 13,112	\$ 1,460	11.13%
Natomas Mutual Water Company	-	125	\$ 9,000	20	35	\$ 194	\$ 9,194	\$ 8,097	\$ 1,097	13.55%
Orange Vale Water Company	5,751	5,752	\$ 9,000	-	-	\$ -	\$ 9,000	\$ 8,000	\$ 1,000	12.50%
Rio Linda/Elverta Water District	4,635	4,635	\$ 9,000	2,724	2,602	\$ 14,441	\$ 23,441	\$ 21,211	\$ 2,230	10.51%
Sacramento, City of	45,193	45,277	\$ 54,954	14,853	13,835	\$ 76,784	\$ 131,738	\$ 121,190	\$ 10,548	8.70%
Sacramento, County of	3,257	3,257	\$ 9,000	4,940	4,727	\$ 26,235	\$ 35,235	\$ 31,959	\$ 3,276	10.25%
Sacramento Suburban	46,158	46,414	\$ 56,284	27,574	29,023	\$ 161,078	\$ 217,362	\$ 183,900	\$ 33,462	18.20%
San Juan Water District	10,579	10,582	\$ 14,361	-	-	\$ -	\$ 14,361	\$ 12,808	\$ 1,553	12.13%
TOTALS	210,390	211,571	\$ 297,196	70,095	69,373	\$ 385,020	\$ 682,216	\$ 604,492	\$ 77,724	12.86%

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 @ \$9,000 plus \$1.17 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 \$5.55 per AF.

RESOLUTION NO. 2016-01

**A RESOLUTION OF THE
SACRAMENTO GROUNDWATER AUTHORITY
ADOPTING AND ASSIGNING COSTS
TO FUND THE ADMINISTRATIVE AND PROGRAM BUDGETS FOR FY 2016-2017,
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 2016-2017 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 2016-2017 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 2016-2017 administrative budget. Non-purveyor groundwater producers and surface water users have been exempted from FY 2016-2017 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 2016-2017 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 2016-2017 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 2016-2017 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 2016-2017 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 \$9,000 plus \$1.17 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 \$5.55 per acre-foot, based on a five-year average extraction from the North Area Groundwater Basin during 2011 through 2015. 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 \$9,000 regardless of water source or volume used.*

- G. The Board finds that the average groundwater production from 2011 through 2015 is a reasonable period upon which to base the Groundwater Pumping Fee component of the administrative budget for FY 2016-2017.
- 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 2016-2017 as specified in Attachment A is hereby adopted.
- 2. The administrative fees for this FY 2016-2017 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 14th of April, 2016.

By: _____
Chair

Attest: _____
John Woodling, Executive Director

AGENDA ITEM 7: GROUNDWATER PROGRAM UPDATE

BACKGROUND:

Staff continues to work on the following groundwater management priority areas: 1) the study of the occurrence of tetrachloroethene (PCE) contamination in the California American Water Lincoln Oaks Service Area; 2) the effort to further characterize what would be considered a “normal” expected concentration of hexavalent chromium (CrVI) in the central portion of the SGA area in light of the recent health-based standard for CrVI; and 3) continued monthly monitoring of groundwater elevations in response to drought conditions. Additionally, staff has collected updated groundwater extraction data for 2015 and is requesting additional detailed annual data from SGA member agencies as called for in the 2014 SGA Groundwater Management Plan.

For the PCE study, staff is working closely with California American Water (Cal Am) to identify and fill data gaps with respect to available PCE information. The SGA portion of the PCE study is funded largely through a local groundwater assistance grant from the Department of Water Resources (DWR). SGA has successfully worked with DWR to extend the term of the grant to a completion date of June 30, 2016. This will provide the time needed to collect and interpret additional data. Staff is also coordinating with Cal Am, the Central Valley Regional Water Quality Control Board (CVRWQCB) and the State Water Resources Control Board to discuss potential funding opportunities for additional study of the PCE contamination.

For the CrVI study, data was collected from 15 monitoring wells, two shallow domestic wells, and one shallow agricultural well in October 2015. Those results were shared with the SGA Board at its February 2016 meeting. Staff is continuing to coordinate with the CVRWQCB and Air Force Real Property Agency to better understand the effort to determine background and offsite concentrations of CrVI at the former McClellan Air Force Base.

Staff continues to monitor several wells on a monthly basis as the Executive Order declaring a statewide drought emergency continues. Water levels are continuing to recover in these wells as we progress into spring. The key indicator for long-term conditions in the groundwater basin will be the spring elevations to be taken by April 13th. Staff will provide updated hydrographs for the wells to the SGA Board.

Results of the SGA Water Accounting Framework through 2015 are enclosed. In 2015, all agencies met their target groundwater extraction for basin sustainability.

STAFF RECOMMENDATION:

Information Presentation: Rob Swartz, Manager of Technical Services

Water Accounting Framework, Phase III

Basin Sustainability Goal

Exchangeable Water

Basin	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
Carmichael Water District		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											
City of Sacramento		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											
California American Water		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											
Del Paso Manor Water District		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											
Golden State Water Company		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											
Rio Linda / Elverta CSD		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											
Sacramento County WA		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											
Sacramento Suburban Water District		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											

AGENDA ITEM 8: SUSTAINABLE GROUNDWATER MANAGEMENT ACT (SGMA) IMPLEMENTATION UPDATE

BACKGROUND:

Staff will meet with representatives of the Placer and Sutter County portions of the North American Subbasin to begin to discuss the preparation of a Groundwater Sustainability Plan or the alternative that is allowed under the Act.

Staff provided a comprehensive comment letter on the draft emergency regulations for groundwater sustainability plans and alternatives, and also coordinated an ACWA comment letter through the Groundwater Committee. RWA and NCWA submitted a joint letter commenting on the regulations (attached).

In summary, the draft regulations need significant modification to address the following concerns:

- The regulations go beyond both the language and intent of SGMA in a number of areas.
- The regulations call for data, information, and analysis that go far beyond what will generally be needed to plan for and demonstrate groundwater sustainability.
- Through excessively prescriptive requirements, the regulations undermine local control and flexibility that was intended to be the foundation of SGMA.
- Some of the requirements of the regulations may contribute to conflict rather than collaboration in managing a basin.

DWR will brief the California Water Commission on April 20, 2016 on the draft regulations, and will seek approval by the CWC in May.

STAFF RECOMMENDATION:

Information Update: John Woodling, Executive Director



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

5620 Birdcage Street, Suite 180
Citrus Heights, CA 95610

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Fax: (916) 967-7322
www.sgah2o.org

March 31, 2016

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

San Juan
Water District

Agricultural and
Self-Supplied
Representative

California Department of Water Resources
Attn: Lauren Bisnett, Draft GSP Emergency Regulations Public Comment
P.O. Box 942836
Sacramento, CA 94236

Via email to: sgmps@water.ca.gov

RE: Draft GSP Emergency Regulations Public Comment

The Sacramento Groundwater Authority (SGA) appreciates the opportunity to comment on the **Draft Emergency Regulations for Groundwater Sustainability Plans and Alternatives** under the Sustainable Groundwater Management Act (SGMA). The California Department of Water Resources is to be commended on the extensive efforts to solicit stakeholder input in the development of the regulations. SGA staff was closely involved in a number of aspects of the advisory process. SGA is the groundwater sustainability agency for a portion of the North American Subbasin.

SGA has been managing the groundwater basin in Sacramento County north of the American River since 1998. During that time, groundwater levels in the basin, which had declined over several prior decades, have recovered significantly. The investment in facilities by local water providers to establish the American River Basin Conjunctive Use Program has contributed to the health of the basin, which helped serve the region's water needs during the recent drought. Notably, Assemblymember Roger Dickinson, one of the authors of SGMA, referred to the effective management instituted by SGA as a model for what was needed throughout the state.

As the manager of a basin that has taken actions to achieve sustainability over the last two decades, we are concerned with the overwhelming scope of the requirements for GSPs in the draft regulations. Fully complying with the draft regulations as written would be extremely costly, with little significant improvement in the basin's sustainability. The regulations need significant modification to address the following concerns:

- The regulations go beyond both the language and intent of SGMA in a number of areas.
- The regulations call for data, information, and analysis that go far beyond what will generally be needed to plan for and demonstrate groundwater sustainability.
- DWR has not provided adequate justification of the purpose and need for each element prescribed in the draft regulations.

California Department of Water Resources
RE: Draft GSP Emergency Regulations Public Comment Letter
March 31, 2016
Page two of two

- Through excessively prescriptive requirements, the regulations undermine local control and flexibility that was intended to be the foundation of SGMA.
- Some of the requirements of the regulations may contribute to conflict rather than collaboration in managing a basin.

It's important to note three significant areas included in the regulations that should be retained and enhanced.

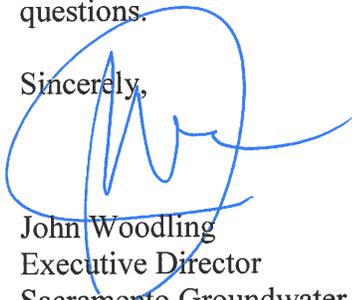
- In section 355.4, the regulations introduce the concept of "substantial compliance" as the standard for evaluation of Plans. This provision has great merit and properly implemented would help to ensure that only the work necessary in each basin be required.
- The identification of "management areas" is a useful concept in the regulations. Optimizing management by tailoring monitoring, thresholds, and actions to subareas of a basin will improve the effectiveness of GSAs.
- The "conditionally adequate" designation for plan review would recognize progress made in GSP development. Recognizing and assisting local efforts, rather than state intervention, will be the path to sustainability in most basins.

One of the greatest challenges to developing appropriate regulations to implement SGMA is the aggressive time schedule. The legislation recognized that achieving sustainability will be a long term effort in some basins. DWR and the Water Commission should recognize that getting the regulations right is a higher priority than adopting these comprehensive draft regulations by June 1, 2016. We highly recommend a drastically reduced regulatory framework be adopted, with the opportunity to modify it over time.

The specific comments provided herein (attached) suggest a number of modifications that will help to address our concerns. The comments and specific proposed modifications are organized according to the nine articles of the regulations. Examples are given in the comments, for the sake of brevity, while specific recommendations for modifying the language are presented comprehensively.

We look forward to working with DWR and the California Water Commission to finalize an emergency regulations package that will form the basis of groundwater sustainability for California over the next two decades. Please contact me at (916) 967-7692 if you have any questions.

Sincerely,

A handwritten signature in blue ink, appearing to read "John Woodling", is written over the typed name and title.

John Woodling
Executive Director
Sacramento Groundwater Authority

Sacramento Groundwater Authority
Specific Comments on Draft Emergency Regulations for
Groundwater Sustainability Plans and Alternatives

ARTICLE 1. Introductory Provisions

Section 355.4 introduces “substantial compliance” as the standard for review of plans. That is, rather than using the regulations like a checklist, the preparer and reviewer will consider what data and information are specifically needed to demonstrate sustainability. We believe this is the intent of SGMA, and that this substantial compliance standard should be fundamental to the entire regulation. This modification will help to ensure that local Groundwater Sustainability Agencies (GSA) have the flexibility necessary to develop and implement Groundwater Sustainability Plans (GSP) successfully.

In Section 350.2 and elsewhere throughout the draft regulations, DWR shows a bias toward a single plan for a basin. This is in strict opposition to the intent of SGMA. The regulations should reflect that “a Plan or Plans” may satisfy basin requirements. Similarly, there are many instances in which the information requirements for a GSP refer to “the basin.” Where GSAs are preparing a GSP for only a portion of the basin, these references should be to the “Plan area.” Basinwide sustainability will be addressed through coordination agreements among multiple GSAs.

Similarly, the regulations overinterpret the language in SGMA relating to “adversely affecting an adjacent basin.” While SGMA requires an assessment of adverse impacts on an adjacent basin, it does not preclude such impacts occurring nor cite such an impact as a basis for state intervention. Scenarios can be imagined where the actions a GSA takes to achieve sustainability may be legal and appropriate, but still impact an adjacent basin.

The regulation refers here and elsewhere to “20 years of plan implementation.” This language should be modified to reflect the possibility of time extensions that is included in SGMA.

Suggested modifications to Article 1 to address these concerns are provided below.

§ 350.2. General Principles

Consistent with the State’s interest in achieving groundwater sustainability through local management and the avoidance of undesirable results within groundwater basins, the following general principles shall guide the Department in the implementation of these regulations.

- (a) The Plan or Plans must achieve the sustainability goal for the entire basin within 20 years of Plan implementation ~~without adversely affecting, or as extended with the ability~~ approval of an adjacent basin to implement their Plan or achieve their sustainability goal the department.
- (b) The Plan shall describe a process for the collection, interpretation, and reporting of sufficient ~~reliable~~ information to permit the Department to evaluate the adequacy of the Plan.

- (c) The Department shall evaluate the adequacy of all Plans, ~~including subsequent modifications to Plans, and Plan amendments,~~ reports and periodic evaluations based on a ~~standard of~~ substantial compliance ~~standard as described in Article 6, provided that the goals of with~~ the Act ~~are satisfied, and this subchapter.~~ Notwithstanding the provisions of this subchapter, the Department may waive any specific requirement under this subchapter where it determines that such waiver is consistent with the intent of the Act. An agency may request a waiver, or the Department may waive any specific requirement based on its own initiative.
- (d) The Department may determine that ~~an initial a~~ Plan is adequate, notwithstanding identified deficiencies, provided that the Plan contains sufficient ~~credible~~ information to support reasonable interpretations about basin conditions and describes all of the following:
- (1) A process for prioritizing and filling data gaps throughout the course of Plan implementation.
 - (2) The specific actions and projects that will bring the Plan into compliance ~~within minimum standards and best management practices~~ on a reasonable schedule.
 - (3) A definite course to achieve the sustainability goal within 20 years of Plan implementation, or as otherwise extended with the approval of the Department.
 - (4) The institutional system that will maintain sustainability over the planning and implementation ~~horizon.~~
- (e) Adaptive management may be employed as a tool for improving local and regional management of the state's groundwater basins within 20 years of Plan implementation and over the planning and implementation horizon.
- (f) The processes for an Agency to develop and submit a Plan for evaluation by the Department, and for Department evaluation, as described in these regulations, ~~are made applicable~~ apply to multiple Agencies developing multiple Plans for a basin and to Alternatives, as described in Article 9.
- ~~(g) The Department may evaluate a Plan at any time, for compliance with the Act and this Subchapter.~~
- ~~(h)~~(g) Unless otherwise noted, all section references in these regulations refer to this Chapter.

Insert Section 350.4 as follows:

§ 350.4. Local Management of Basins and Plans

(a) In enacting the Sustainable Groundwater Management Act, the Legislature stated its intent "[t]o manage groundwater basins through the actions of local government agencies to the greatest extent feasible, while minimizing state intervention to only when necessary to ensure that local agencies manage groundwater in a sustainable manner."

(b) Consistent with the Legislature's intent, an Agency may vary or omit from its Plan or related reports any provisions in Articles 3, 5 or 7 if the Agency determines, based on findings supported by evidence, that the inclusion of the provision or provisions would not materially contribute to the Agency's ability to manage the basin to achieve the sustainability goal and that the Plan is in compliance with the Act.

(c) Consistent with the Legislature's intent, the Agencies that are parties to a coordination agreement may vary or omit from their agreement or related reports any provisions in Article 8 of these regulations if all of the Agencies determine, based on findings supported by evidence, that the inclusion of the provision or provisions would not materially contribute to the Agencies' ability to manage the basin to achieve the sustainability goal and the Plan is in compliance with the Act.

(d) The Department shall review the determinations and supporting evidence of the Agency or Agencies under subdivision (b) or (c) as part of its review of the Plan or Plans under Section 355.2.

ARTICLE 2. Definitions

To support the proposed changes in Article 1, a clear definition of “substantial compliance” is needed.

The concept of an “initial plan” seems unnecessary. In reality, plans will likely evolve over time as new information is developed and groundwater conditions change. The idea that an initial plan will be somehow distinct from future iterations, or that the regulations would apply differently is confusing and probably unnecessary.

Some definitions, such as “NAD83” and NAVD88 support overly prescriptive requirements in later Articles of the regulation and should be deleted.

Modify Section 351 as follows:

~~“NAD83” refers to the North American Datum of 1983 computed by the National Geodetic Survey.~~

~~“NAVD88” refers to the North American Vertical Datum of 1988 computed by the National Geodetic Survey.~~

~~“Initial Plan” refers to the first version of a Plan developed by an Agency and evaluated by the Department.~~

Add definition for:

“Substantial compliance” means the Plan meets the content requirements of the Act and contains sufficient data and analysis to support the Agency’s finding that the sustainability goal will be achieved, and the Department determines that any discrepancy would not materially affect the ability of the Agency to achieve the sustainability goal or of the Department to evaluate the likelihood of the Plan to attain that goal.

ARTICLE 3. Technical and Reporting Standards

Throughout, the regulations tend toward being overly prescriptive. Too much detail is included in terms of both “what to do” and “how to do it.” This has a number of implications for sustainable groundwater management. Where excessive information is required, GSAs will expend unnecessary resources on data collection and reporting that does not substantially contribute to basin sustainability. Similarly, by being overly prescriptive on methodology and practices, the regulations would lead to a cost to redo work already performed and would preclude the use of tools and procedures that may be better for a specific basin, but don't satisfy the regulations.

The inclusion of “best management practices” in the regulations is inappropriate. SGMA had a clear distinction between the minimum standards to be defined in regulation and best management practices. All reference to BMPs should be modified to refer to agency practices and procedures.

The survey accuracy and survey datum requirements are a good example of the overly prescriptive nature of the regulations. The accuracy of location and elevation of monitoring points should be based on the use of specific data in a specific basin. As is, the regulations could result in significant additional work that doesn't contribute to basin sustainability.

Suggested modifications to Article 3 to address these concerns are provided below.

§ 352. Introduction to Technical and Reporting Standards

This Article describes the use of ~~best management practices and~~ minimum standards for monitoring sites and other technical matters appropriate to develop or monitor the implementation of a Plan.

§ 352.4. ~~Best Management~~Agency Practices and Procedures

(a) Each Plan shall include ~~best management~~practices and procedures adopted by the Agency for management actions, data collection and analysis, and other necessary elements of the Plan.-
~~The Agency may rely on best management practices developed by the Department or shall adopt their own best management practices.~~

(b) ~~Best management practices~~Practices and procedures shall be reviewed at least every five years as part of the periodic evaluation of the Plan and modified as necessary.

~~(c) If best management practices developed by the Department are modified, an Agency shall not be required to amend the Agency's best management practices until the next five-year review.~~

§ 352.6. Data and Reporting Standards

- (a) The following reporting standards apply to all information required of a Plan, unless otherwise indicated:
- (1) Water volumes shall be reported in acre-feet.

- (2) Groundwater, surface water, and land surface elevations shall be measured and reported in feet relative to ~~NAVD88, or as modified, to an accuracy of at least 0.1 feet~~ a common datum for the basin, to an accuracy defined in the Agency practices and procedures that is appropriate to the purpose of each data type.
 - (3) Reference point elevations shall be measured and reported in feet relative to ~~NAVD88, or as modified~~ a common datum for the basin, to an accuracy defined in the Agency practices and procedures that is appropriate to the purpose of ~~at least 0.5 feet or the best available information~~ the data type, and the method of measurement described.
 - (4) Geographic locations shall be reported in GPS coordinates by latitude and longitude relative to ~~NAD83, or as modified~~ a common datum for the basin, in decimal ~~degree to five decimal places, and a minimum degrees~~ To an accuracy defined in the Agency practices and procedures that is appropriate to the purpose of ~~30 feet~~ each data type.
- (b) The following minimum standards apply to wells and monitoring sites, unless otherwise indicated:
- (1) All monitoring sites shall include the following information, as appropriate:
 - (A) A unique site identification number and narrative description of the site location.
 - (B) A description of the type of monitoring, type of measurement, and monitoring frequency.
 - (C) Location, elevation of the ground surface, and reference point, including a description of any reference point.
 - (D) A description of the standards used to install the monitoring site, and identification of any sites that do not conform to ~~best management~~ Agency practices and procedures.
 - (2) Wells used as the source of basic geologic or other information, including data used to develop the hydrogeologic conceptual model, to determine the water budget, or establish the basin setting, shall provide the best available information. ~~All available information about the wells shall be reported in the Plan, which shall include, at a minimum, well location, well construction, and well use.~~
 - (3) Wells used to monitor groundwater conditions shall be constructed according to standards described in DWR Bulletin 74-90, as amended, if practicable, and shall include the following identifying information presented in ~~both tabular and geodatabase-compatible shapefile~~ form, if available:
 - (A) CASGEM well identification number and, if available, a State well identification number and any local well identification.
 - (B) Well location, elevation of the ground surface, and reference point, including a description of the reference point.
 - (C) A description of the well use, such as public supply, irrigation, domestic, monitoring, or other type of well, whether the well is active or inactive, and whether the well is a single, cluster, or nested well.

(D) A list of all casing perforations, borehole depth, and total well depth if known.

~~(E) A copy of any well completion reports.~~

~~Any geophysical logs, well construction diagrams, or other relevant information, if available.~~

~~(F)(E)~~

~~(G)(F)~~ Identification of aquifers monitored, if applicable.

~~(H)(G)~~ Any other relevant well construction information, such as well capacity, casing diameter, casing modifications, or other information as available.

(4) If an Agency relies on wells that lack information on casing perforations, borehole depth, and total well depth ~~information~~ to monitor groundwater conditions ~~as part of an initial Plan~~, the Agency shall describe a schedule for acquiring monitoring wells with the necessary information, or demonstrate to the Department that such information is not necessary to understand and manage groundwater in the basin.

(c) Maps submitted to the Department shall meet the following requirements:

(1) Each map, including all data layers, shapefiles, geodatabases, and other information used to create the map, shall be submitted electronically to the Department in accordance with Article 4.

(2) Each map shall contain a level of detail and be clearly labeled to ensure that the map is informative and useful.

(3) The datum shall be clearly identified on the maps or in an associated legend or table included in the Plan.

(d) Hydrographs submitted to the Department shall meet the following requirements:

(1) Hydrographs shall be submitted electronically to the Department in accordance with Article 4.

(2) Hydrographs shall include the state well number or CASGEM well identifier, if available, and any local well designation, and elevation of the ground surface, and reference point.

(3) Hydrographs shall use the same datum and scaling to the greatest extent practical ~~and contain a level of detail and be clearly labeled to ensure that they are informative and useful.~~

(e) Groundwater and surface water models developed or utilized as part of or in support of a Plan shall ~~be consist of public domain open source software that meets~~ meet the following requirements:

(1) Shall have publically available supporting documentation that establishes its ability to represent groundwater and surface water flow.

(2) Shall be calibrated against site-specific field data.

(3) Shall be based on actual field or laboratory measurements, or equivalent methods, that document the validity of chosen parameter values.

(f) The Agency shall provide a list of references and technical studies relied upon by the Agency

in developing the Plan. The Agency shall provide electronic copies of ~~all~~ reports and other documents and materials that are not otherwise generally available to the public. ~~Proprietary data and reports need not be disclosed unless requested by the Department to resolve interbasin disputes, as described in Section 355.12.~~

§ 352.8. Data Management and Recordkeeping

Each Agency shall develop and implement a ~~coordinated~~ data management system that is capable of storing, maintaining, and reporting all relevant ~~information~~data related to the development or implementation of the Plan.

ARTICLE 4. Procedures

The legal certification requirements are excessive for a planning document of this type.

While SGMA requires DWR to accept public comment on GSPs, the regulations should be clear that this is not a substitute for individuals or entities participating in the local development of the GSP, nor a forum for rehashing issues already resolved at the local level. SGMA does not provide for DWR to accept comments on a “proposed” plan as stated in the draft regulations.

The use of the word “all” is rampant throughout the regulations. It is the responsibility of the GSA to evaluate available information and then synthesize and present representative and useful data and information.

Suggested modifications to Article 4 to address these concerns are provided below.

§ 353.4. Reporting Provisions

Plans, Plan amendments, annual reports, and five-year assessments shall be submitted by each Agency in accordance with the requirements of this section.

- (a) ~~All materials~~ Materials shall be submitted electronically to the Department through an online reporting system, in a format provided by the Department as described in Section 353.2.
- (b) ~~All materials~~ Materials shall be accompanied by a transmittal letter signed by a person duly authorized ~~under California law~~ by the Agency to bind the party submitting the report, and including the following certification:

~~“I certify under penalty of law that this document and all attachments were prepared under my direction or supervision in accordance with a system designed to assure that qualified personnel properly gather and evaluate the information submitted. Based on my inquiry of the person or persons who manage the system, or those persons directly responsible for gathering the information, the information submitted is, to the best of my knowledge and belief, true, accurate, and complete.”~~

- (c) ~~All~~ Materials submitted to the Department shall be posted on the Department’s Internet Web site.

§ 353.6. Initial Notification

- (a) Each Agency shall notify the Department, in writing, ~~within 30 days prior to initiating~~ development of ~~an Agency’s decision to develop~~ a Plan. The notification shall provide general information about the Agency’s process for developing the Plan, including the manner in which interested parties may contact the Agency and participate in the development and implementation of the plan. The Agency shall make the information publicly available by posting relevant information on the Agency’s Internet Web site.
- (b) The Department shall post the initial notification required by this Section, including Agency contact information, on the Department’s Internet Web site within 20 days of receipt.

- (c) Upon request, prior to adoption of a Plan, the Department shall provide reasonable assistance to an Agency regarding the elements of a Plan required by the Act and this Subchapter. Notwithstanding any advice provided by the Department, the Agency is solely responsible for the development and adoption of a plan that is capable of achieving sustainable groundwater management.

§ 353.8. Public Comment

Any person may provide comments to the Department regarding any ~~proposed or~~ adopted Plan submitted to the Department.

~~(a) The Department shall accept public comment on any aspect of an Agency's decision to develop a Plan as described in Section 353.6, including all elements of the proposed Plan as it may be developed by the Agency.~~

~~(b)~~(a) The Department shall establish a comment period of no less than provide 60 days for persons to submit comments on an adopted Plan following posting on its internet website of a Plan that has been accepted by the Department for evaluation pursuant to Section 355.2.

~~(c)~~(b) The following guidelines apply to all public comments:

(1) Public comment shall be submitted by written notice, and shall include the name, address, and electronic mail address of the person or entity providing the comments and information, with a duplicate copy of the comment provided to the Agency at the same time.

(2) Public comment should include a clear statement of relevant issues that are the subject of the comments and information.

~~(3) The level of detail provided by public comment need not be as comprehensive as that contained in the proposed or adopted Plan, but should rely on similar scientific and technical information, including the reliance upon the best available information and best available science.~~

~~(3) All comments~~Public comments should document the commenters participation in development of the Plan and any efforts to raise and address the issues during development of the plan.

~~(d)~~(c) Comments and other information received shall be posted on the Department's Internet Web site.

~~(e)~~(d) The Department is not required to respond to comments, but ~~will~~may consider comments as part of its evaluation of a Plan.

~~(f)~~(e) The Department shall give the Agency a reasonable opportunity to respond to public comment, including the opportunity to modify the Plan consistent with Section 355.2. The agency shall not be required to respond to any public comment.

ARTICLE 5. Plan Contents

Article 5 of the draft regulations is the generally overly prescriptive. Much of the information called for is excessive, well beyond the scope of the statute, and would be very costly to collect and compile, without commensurate benefit to the management of the basin. Because of the magnitude of this Article and the extensive need for modifications, comments are subdivided by Subarticle as follows.

Subarticle 1 Administrative Information

The financial and other administrative information called for in Section 354.6(e) is excessive, and may not actually be fully available at the time of adoption of the GSP. It is also probably beyond the ability of DWR to evaluate without significant new resources.

Much of the information required in the draft regulation is excessive to meeting the needs of sustainable groundwater management. A good example is the well density map. Because of the large number of wells in some basins and the variable information that is available for wells this map will be costly to compile and potentially not very useful. SGA is not aware of any currently well managed basin that compiles information of this type.

The requirements relating to coordination of groundwater management and land use exceeds both the language and intent of SGMA. For example, SGMA did not envision a role for GSAs in managing future land use activities that could impact groundwater quality (354.8(g)(3)). Similarly, coordination with land use plans and agencies outside the basin was not envisioned by SGMA.

Suggested modifications to Article 5, Subarticle 1 to address these concerns are provided below.

§ 354.6. Agency Information

When submitting an adopted Plan to the Department, the Agency shall include a copy of the information provided pursuant to Water Code Section 10723.8, with any updates, if necessary, along with the following information:

- (a) The name and mailing address of the Agency.
- (b) Documentation of the organization and management structure of the Agency. The documentation shall identify persons with management authority for implementation of the Plan.
- (c) The name and contact information, including phone number, mailing address and electronic mail address, of the plan manager.
- (d) The legal authority of the Agency with specific reference to citations setting forth the duties, powers, and responsibilities of the Agency, including information demonstrating that the Agency has the necessary legal authority to implement the Plan.

~~(e) A description of anticipated revenues and costs of implementing the Plan, including programs, projects, contracts, administrative expenses and other expected costs, and information demonstrating that the Agency has the necessary financial ability to implement the Plan.~~

§ 354.8. Description of Plan Area

Each Plan shall include a description of the geographic areas covered, including the following information:

(a) One or more maps of the basin that depict the following:

- (1) The area managed ~~by~~under the Plan and name and location of any adjacent basins.
- (2) Jurisdictional boundaries of federal land, state land, tribal land, cities and counties and other land use agencies, ~~and all general plans.~~
- (3) Adjudicated areas, all Agencies within the basin, and areas governed by Plan alternatives.
- (4) Designation of existing land uses ~~and the identification of each water use sector and water source type.~~

~~(5) The density of wells per square mile, by dasymetric or similar mapping techniques, showing the distribution of all agricultural, industrial, and domestic water supply wells in the basin, including de minimis extractors, and the location and extent of communities dependent upon groundwater. Each Agency shall utilize data available from the Department, as specified in Section 353.2, or the best available information.~~

(b) A written description of the Plan area, including a summary of the jurisdictional areas and other features depicted on the map.

(c) A description of existing water resource monitoring and management programs including, but not limited to, agricultural water management plans, urban water management plans, the California Statewide Groundwater Elevation Monitoring Program, the Irrigated Lands Regulatory Program, and the Groundwater Ambient Monitoring Assessment Program, Salt Nutrient Management Plans. To the extent existing programs require information similar to that required by this Subchapter, the Plan may incorporate data from existing programs.

~~(d) How existing water resource monitoring and management programs and agencies with water management authority, could affect the ability of the Agency to achieve sustainable groundwater management, and how the Plan addresses potential effects.~~

~~(e) A description of coordination between the Plan, Integrated Regional Water Management Plans, and Flood Management Plans, if applicable.~~

~~(f) A description of conjunctive use programs and infrastructure in the basin.~~

~~(g)~~(d) A plain language general description of the land use ~~elements or topic categories of any applicable general plans in the basin~~ that includes the following:

- (1) A summary listing of general plans or other land use plans governing the basin.

(2) A description of how implementation of existing land use plans are expected to change water demands within the basin.

~~(3) An identification and assessment of proposed land use activities that may pose a risk to groundwater quality or quantity in the basin.~~

~~(4) An assessment of how implementation of the Plan may affect applicable land use plans.~~

~~(5) summary of land use plans outside the basin, for any area the Agency determines to be linked to the hydrology of the basin governed by the Plan.~~

~~(6)~~(3) A summary of the process for permitting wells in the basin.

~~(7) How implementation of existing land use plans may affect the ability of the Agency to achieve sustainable groundwater management, and how the Plan addresses potential effects.~~

~~(8) How implementation of existing land use plans outside the basin, including a description of how implementation of those land use plans could affect the ability of the Agency to achieve sustainable groundwater management, for any area the Agency determines to be linked to the hydrology of the basin governed by the Plan.~~

~~(h)~~(e) A description of any ~~of the~~ additional Plan elements included in Water Code Section 10727.4 that the Agency determines to be appropriate.

§ 354.10. Notice and Communication

Each Plan shall include a summary of information relating to notification and communication by the Agency with other agencies and interested parties including the following:

(a) The list of interested persons established and maintained by the Agency.

(b) A description of the interests of beneficial uses and users of groundwater in the basin, and the persons or entities representing those interests, and the nature of consultation with those interests.

(c) A ~~summary~~listing of public meetings at which the Plan was discussed or considered by the Agency.

(d) A ~~copy~~summary of all comments regarding the Plan received by the Agency and a summary of any responses made by the Agency.

(e) A communication plan adopted by the Agency, including the following;

(1) An explanation of the Agency's decision-making process and how stakeholder input and public response will be ~~used~~.

(2) Identification of opportunities for stakeholder engagement.

(3) A description of how the Agency encourages the active involvement of diverse social, cultural, and economic elements of the population within the basin.

~~(4) A schedule of milestones and scheduled dates for known projects or actions.~~

~~(5)(4) A description of the roles and responsibilities of local agencies and the public.~~

SUBARTICLE 2. Basin Setting

Much of the information required in the draft regulation in Subarticle 2 is excessive and overly prescriptive. The evaluation and presentation of data and information necessary to describe the basin and groundwater conditions will be basin-specific and must be developed by the responsible professional developing the GSP. As an example, there is absolutely no basis for the requirement to identify all surface water bodies with water supply diversions in excess of 10 acre-feet per year. Such information may be important in one basin and insignificant in another.

One of the areas of major concern in the draft regulations is the focus on information related to groundwater quality. The suggestion that the GSP become the repository of all information relating to groundwater contamination, cleanup, waste discharge and the potential impacts on wells is beyond GSA authority and overlaps into a number of other local, state, and federal regulatory programs.

The water budget requirements are overly detailed and prescriptive. The SGMA statute mentions the term water budget exactly one time beyond the definitions, yet three full pages of regulations resulted. The regulations do not reflect the fact that many water budget elements will be estimated to varying degrees of accuracy. Additionally, the regulations indicate that DWR may be confused about whether they are seeking a water budget for the groundwater basin or for the geographic area overlying the basin. For example, exhaustive information on supplies and demands on surface waters that have little or no interaction with the groundwater basin go beyond the intent of SGMA.

Similarly, while a current and projected future water budget may be useful for management, the exhaustive detail expected for a historical water budget will provide limited benefit relative to the cost to develop it. In many cases, the necessary historical information may not be available. The regulations should be scaled back to require historical information on groundwater conditions – not a historic water budget.

The regulations identify a number of data sets and tools that will be provided by DWR. These should be discretionary for GSAs to use in their plans, not mandatory. In addition, there must be strict timelines for DWR to provide the data and tools if GSAs will be relying on them.

To close on a positive note, we appreciate DWR's inclusion of "management areas" as an element of groundwater management. This is an important recognition of the need for locals to have flexibility in implementation of SGMA.

Suggested modifications to Article 5, Subarticle 2 to address these concerns are provided below.

§ 354.14. Hydrogeologic Conceptual Model

(a) Each Plan shall include a hydrogeologic conceptual model of the basin consisting of a written description, map, and cross-sections, based on technical studies or qualified maps. The written description shall include a discussion of the following:

- (1) Regional geologic and structural setting of the basin and surrounding area.
- (2) Lateral basin boundaries, including major geologic features that significantly impede or impact groundwater flow.
- (3) The definable bottom of the basin.
- (4) Principal aquifers and aquitards, including the following information:
 - (A) Formation names, if defined.
 - (B) The physical properties of aquifers and aquitards, including their lateral and vertical extent, hydraulic conductivity, and storativity, which information may be based on existing technical studies or other sources of information.
 - (C) The structural properties of the basin that restrict groundwater flow within the principal aquifers, including information regarding stratigraphic changes, truncation of units, or other features.
 - (D) General water quality of the principal aquifers, which may be based on information derived from existing technical studies or regulatory programs.
 - (E) Identification of the aquifers used for domestic, irrigation, or municipal water supply.

(5) Other relevant information ~~required identified~~ by the ~~Department as Agency that is~~ necessary to evaluate the Plan.

(b) The hydrogeologic conceptual model shall be represented graphically by ~~at least two scaled cross-sections, approximately perpendicular to one another and extending the length and width of the basin, that one or more scaled cross-sections that~~ display the information required by this section.

(c) Physical characteristics of the ~~basin Plan area~~ shall be represented on one or more maps that depict the following:

- (1) Topographic information, of adequate scale, derived from the U.S. Geological Survey or another qualified source.
- (2) Surficial geology ~~derived from a qualified map~~, including the locations of ~~basin-wide~~ cross-sections required by this Subarticle.
- (3) Soil characteristics such as ~~hydraulic conductivity or permeability and~~ other ~~water-transmitting relevant~~ properties as described by the appropriate Natural Resources

Conservation Service (NRCS) soil survey or other applicable studies.

(4) Delineation of existing recharge areas that substantially contribute to the replenishment of the basin, ~~potential recharge areas~~, and significant discharge areas, including active springs, seeps, and wetlands within or adjacent to the basin.

(5) Surface water bodies ~~with water supply diversions greater than 10 acre-feet per year, storage facilities with a capacity that are significant to the management of greater than 100 acre-feet.~~ the basin.

(6) The source ~~location, distribution system,~~ and point of diversion delivery for imported water supplies.

(d) A summary of any gaps in the information identified in this section, and an evaluation of whether it significantly limits management of the basin.

§ 354.16. Basin Conditions

The Plan shall characterize current and historical groundwater conditions in the ~~basin~~ Plan area. The Plan shall rely on the best available data to characterize historical conditions prior to January 1, 2015. The description ~~of historical basin conditions~~ shall specifically include conditions that existed as of January 1, 2015, and a comparison with present conditions. The description shall also contain all of the following:

(a) Groundwater elevation data demonstrating flow directions, lateral and vertical gradients, and regional pumping patterns, including:

(1) Groundwater elevation contour maps depicting the current seasonal high and seasonal low for each principal aquifer within the basin.

(2) Hydrographs depicting long-term groundwater elevations, ~~historical highs and lows, and hydraulic gradients between principal aquifers.~~

(b) Groundwater storage ~~data~~ information demonstrating the annual and cumulative change in storage based on seasonal high groundwater conditions, water use, and water year type.

(c) Seawater intrusion conditions in the ~~basin~~ Plan area that includes maps and cross-sections of the seawater intrusion front for each principal aquifer, if applicable.

(d) Groundwater quality issues that may impact the supply and beneficial uses of groundwater, including a description and map of the following:

(1) The location of known groundwater contamination ~~sites and plumes including current or historical waste discharge requirements, known historical or ongoing cleanup activities, and superfund sites~~ plumes.

(2) ~~Horizontal and vertical~~ A summary discussion of the proximity of wells to known sources of groundwater contamination.

(e) The extent, cumulative total, and annual rate of land subsidence, ~~including maps depicting total subsidence.~~ Each Agency ~~shall~~ may utilize data available from the Department, as specified in Section 353.2, ~~or the best available information.~~

- (f) Identification of interconnected surface water ~~systems and groundwater-dependent ecosystems~~bodies within the ~~basin~~Plan area. Each Agency shall utilize data available from the Department, as specified in Section 353.2, or the best available information

§ 354.18. Water Budget

The Plan shall include a water budget for the basin that provides an ~~accounting and~~assessment of the total annual amount of groundwater and surface water entering and leaving the basin, including ~~change in the amount of water stored under~~historical, current and projected water budget conditions,~~and the change in the amount. A summary~~ of water ~~stored. Water~~ budget information shall be reported in ~~narrative~~, tabular and graphical form.

- (a) The water budget shall quantify the following, ~~either through direct measurements or estimates~~:

- (1) ~~All water supplies~~Inflows to groundwater, including, but not limited to infiltration of precipitation, infiltration from applied water, infiltration from surface water systems, and subsurface groundwater inflow.
- (2) ~~All water demands~~Outflows from groundwater, including but not limited to evapotranspiration, groundwater extraction, groundwater discharge to surface water sources, and subsurface groundwater outflow.
- (3) ~~All water~~Water supplies by water source type.
- (4) ~~All water~~Water demands by water source type and water use sector.
- (5) The change in the annual volume of groundwater in storage between seasonal high conditions.
- (6) The water year type associated with the annual supply, demand, and change in groundwater stored.

- (b) The Plan shall quantify the current, ~~historical~~, and projected water budget for the basin as follows:

- (1) ~~Current water budget information~~The Plan shall quantify a present-day ~~supply and demand water budget~~ using the most recent hydrology ~~and over a representative period and current~~ land use information.
- (2) Historical ~~water budget~~ information shall be used to evaluate past surface water supply reliability and aquifer response to water supply and demand trends ~~relative to water year type.~~ The historical ~~water budget analysis~~ shall include the following:
 - (A) ~~A quantitative~~An evaluation of the historical surface water supply reliability ~~as a function of the historical planned versus actual annual surface water deliveries,~~ by water year type, and based on ~~at least~~ the most recent ten years of surface water supply information.
 - (B) ~~A quantitative~~An assessment of the historical water budget, starting with the most recently available information and extending back a minimum of 10 years, or as is sufficient to ~~adequately calibrate and reduce the uncertainty of the tools and methods used to~~ estimate and project future water budget information and future aquifer response

SGA Comments on Draft GSP Regulations
to proposed sustainable groundwater management practices over the planning and implementation horizon.

- (C) A description of how historical conditions concerning hydrology, water demand, and surface water supply reliability have impacted ~~the basins ability to achieve sustainable yield groundwater conditions in he Plan area.~~
- (3) Projected water budgets shall be used to estimate future supply, demand, and aquifer response to Plan implementation, and to identify the uncertainties of ~~these~~ projected water budget components. The projected water budget shall utilize the following methodologies and assumptions ~~for historical baseline conditions~~ concerning hydrology, water demand and surface water supply reliability:
- (A) Hydrology: Projected hydrology shall utilize 50-years of historical precipitation, evapotranspiration, and streamflow information, if available, as the baseline hydrology over the planning and implementation horizon, while evaluating scenarios of future hydrologic uncertainty ~~associated with projections of climate change and sea level rise.~~
- (B) Water Demand: Projected water demand shall utilize the most recent land and water use, ~~evapotranspiration, and crop coefficient~~ information ~~as the baseline water demand over the planning and implementation horizon~~, while evaluating scenarios of future water demand uncertainty ~~associated with projections of local land use planning, future population growth, and climate change.~~
- (C) Surface Water Supply and Reliability: Projected water supply shall utilize the most recent water supply information ~~as the baseline surface water supply over the planning and implementation horizon~~, while evaluating scenarios of future water supply uncertainty ~~associated with historical surface water supply reliability, and projections of future local land use planning, future population growth, and climate change.~~
- (c) The Plan shall rely on identify and describe the ~~best available information and best available science to quantify the water budget for the basin in order to provide an adequate understanding of historical and projected hydrology, water demand, water supply, land use, population, climate change, sea level rise, groundwater surface water interaction, and subsurface groundwater flow. If a groundwater surface water model is not methods or tools used to quantify and evaluate the projected water budget conditions and the potential impacts to beneficial uses and users of water, the Plan shall identify and describe an equally effective method or tool to evaluate projected water budget conditions, or identify provisions for developing a groundwater surface water model capable of quantifying projected water budget conditions no later than the first five year assessment.~~
- (d) The following information shall be provided by the Department and ~~shall may~~ be used by Agencies in developing the water budget:
- (1) Historical ~~water budget~~ information for mean annual temperature, mean annual precipitation, water year type, and central valley land use.
- (2) Current ~~water budget~~ information for temperature, water year type, evapotranspiration, and Statewide land use.
- (3) Projected ~~water budget~~ information for population, population growth, climate change, and sea level rise.
- (e) The Department shall provide the California Central Valley Groundwater-Surface Water

SGA Comments on Draft GSP Regulations
Simulation Model (C2VSIM) and the Integrated Water Flow Model (IWFM) for use by Agencies in developing the water budget. Each Agency may choose to use a different flow model or other methodology to develop the water budget.

- (f) Information required to be provided by the Department pursuant to this Subchapter shall be provided on the Department's Internet Website not later than December 31, 2016.
- (g) The Agency may utilize other data and tools in addition to or in lieu of information provided by the Department if the Agency is able to demonstrate that the data is of sufficient quality to support development and implementation of the Plan.

§ 354.20. Management Areas

Each Agency may define one or more management areas within a ~~basin if local conditions for one or more critical parameters differ significantly from those of the basin at large, and~~ Plan area if the Agency has determined that subdivision into management areas will facilitate implementation of the Plan. Management areas may have different minimum thresholds and be operated to different measurable objectives ~~than the basin at large~~, provided that the goal of the Plan is to achieve sustainable management for the entire basin by the target date and that operation to different standards within a management area does not produce undesirable results elsewhere.

- (a) Plans that include management areas shall describe the following:
 - (1) The basis for the formation of each management area.
 - (2) The minimum thresholds and measurable objectives appropriate to each management area.
 - (3) The appropriate level of monitoring and analysis for each management area based on documented differences between the ~~area and the~~ basin at large areas.
- (b) If a Plan ~~creates~~ includes one or more management areas, the descriptions, maps, and cross-sections required by this Subarticle shall include information about those areas.

SUBARTICLE 3. Sustainable Management Criteria

As in previous sections, the draft regulations are overly prescriptive. In addition, in this subarticle, with the introduction of new terminology and concepts (such as minimum thresholds and measurable objectives) the regulations are overly wordy and lead to confusion.

The discussion of undesirable results in the draft regulations is missing a key component of SGMA, that they must be caused by “groundwater conditions occurring throughout the basin.” This is important to the understanding of how monitoring data at discrete points will be interpreted.

The definition of what metric will be used for each critical parameter is unnecessarily prescriptive. Multiple possible metrics may be appropriate depending on the specific basin.

Suggested modifications to Article 5, Subarticle 3 to address these concerns are provided below.

§ 354.22. Introduction to Sustainable Management Criteria

This Subarticle describes criteria for sustainable management of a basin, including the standards by which an Agency shall define undesirable results and minimum thresholds for each relevant critical parameter. ~~Critical parameter refers to chronic lowering of groundwater levels indicating a depletion of supply if continued over the planning and implementation horizon, reduction of groundwater storage, sea water intrusion, degraded water quality, land subsidence that substantially interferes with surface land uses, and depletions of surface water that have adverse impacts on beneficial uses of surface water that may lead to undesirable results, as described in Water Code Section 10721(x).~~ This Subarticle describes the following:

- (a) The interrelationship between minimum thresholds, undesirable results, and measurable objectives.
- ~~(b) The groundwater conditions for which critical parameters are significant and unreasonable, at a given location, which determines the minimum threshold.~~
- ~~(c)~~(b) The process for determining the point at which exceeding minimum thresholds has the cumulative effect of causing undesirable results.
- ~~(d) The operational range above the minimum threshold that defines the measurable objective.~~
- ~~(e)~~(c) The requirements for the Agency to establish measurable objectives and interim milestones necessary to achieve the sustainability goal in the basin within 20 years of Plan implementation, or as extended with approval of the Department and to maintain the sustainability goal over the planning and implementation horizon.

§ 354.24 Sustainability Goal

Each Agency shall establish a sustainability goal for the basin. The Plan shall include a description of the sustainability goal, including a discussion of the measures meant to ensure that the basin will be operated within its sustainable yield, and an explanation of how the sustainability goal will be achieved within 20 years of Plan implementation. The Agency will show that it has achieved the

sustainability goal by demonstrating that the management and use of groundwater in the basin can be maintained through the planning and implementation horizon without causing undesirable results.

§ 354.26. Undesirable Results

Each Agency shall describe the processes and criteria relied upon to define undesirable results applicable to the **basinPlan area**. Undesirable results occur when significant and unreasonable effects for any of the critical parameters are caused by groundwater conditions occurring throughout the basin.

(a) The description provided by the Agency shall include, but is not limited to, the following:

- (1) The groundwater conditions under which the critical parameters are significant and unreasonable, which shall define minimum thresholds for that critical parameter as described in Section 354.28.
- (2) An explanation of the criteria used to define when and where the cumulative effects of such groundwater conditions create undesirable results.
- (3) A description of known or projected effects on the beneficial uses and users of groundwater, and other potential effects that would occur or are occurring.
- (4) A description of the cause of groundwater conditions that would lead to undesirable results based on information developed in the hydrogeologic conceptual model, basin conditions, water budget, and other data or models as appropriate.

~~(b) Each Agency may apply different criteria and establish different definitions of the groundwater conditions giving rise to undesirable effects in management areas, provided that the interests of beneficial uses and users of groundwater have been adequately considered and that the Agency demonstrates that the use of different criteria in management areas does not adversely affect the ability of the Agency to achieve the sustainability goal for the basin.~~

~~(c)(b)~~ The Agency may need to evaluate multiple minimum thresholds to determine whether an undesirable result is occurring in the basin. The determination that undesirable results are occurring may depend upon measurements from a network of instruments, rather than a single point or the measurement value of one instrument.

~~(d)(c)~~ An Agency that is able to demonstrate that **conditions for** one or more critical parameters would not **be likely to** lead to undesirable results in the basin shall not be required to conduct the analysis for those critical parameters described in this Section.

§ 354.28. Minimum Thresholds

Each Agency shall establish minimum thresholds for each critical parameter based on the conditions under which the Agency determines that those critical parameters are significant and unreasonable, as described in Section 354.26. The minimum threshold refers to the point at which conditions for a given critical parameter are significant and unreasonable.

(a) Minimum thresholds shall be numeric values that define conditions that, if exceeded **and occurring throughout the basin**, could ~~lead to represent~~ undesirable results. The description of minimum thresholds shall include the following:

(1) The information and criteria relied upon in establishing minimum thresholds for each critical parameter. The justification for the minimum threshold shall be supported by information from the hydrogeologic conceptual model, basin conditions, water budget, and other data or models as appropriate.

~~(2) The interrelationship between critical parameters that explains how the minimum threshold for each critical parameter will not cause undesirable results for any other critical parameter.~~

~~(3)~~(2) A discussion of how the minimum thresholds ~~do not~~may adversely affect the ability of adjacent basins to achieve sustainability goals.

~~(4)~~(3) How minimum thresholds will affect the interests of beneficial uses and users of groundwater.

~~(5)~~(4) State, federal, or local standards that relate to the critical parameter for which the minimum threshold has been established.

~~(6)~~(5) How each minimum threshold will be quantitatively measured throughout the basin, consistent with the monitoring network requirements described in Subarticle 4.

(b) Minimum thresholds for each critical parameter shall be defined based on the following:

~~(1)~~ Chronic Lowering of Groundwater Levels. The minimum threshold for chronic lowering of groundwater levels shall be the groundwater elevation that indicates a significant and unreasonable depletion of supply. ~~Minimum thresholds for chronic lowering of groundwater levels shall be supported by the following:~~

~~(A) The rate of elevation decline calculated based on historical trends and projected water use in the basin, based on water year type.~~

~~(B) Potential effects on other critical parameters, including reduction of groundwater storage and land subsidence, and where appropriate, sea water intrusion, surface water depletion, and degraded water quality.~~

~~(C) Management of extractions and recharge to ensure that chronic lowering of groundwater levels or depletion of supply during periods of drought is offset by increases in groundwater levels or storage during other periods.~~

~~(2)~~ Reduction of Groundwater Storage. The minimum threshold for reduction of groundwater storage ~~shall~~may be a total volume of groundwater that can be taken out of storage without causing undesirable results. ~~Minimum thresholds for reduction of groundwater storage shall be supported elevation at one or more monitoring points, or other appropriate parameter identified by the following: Agency.~~

~~(A) The annual sustainable yield of the basin, calculated based on historical trends and projected water use in the basin, based on water year type.~~

~~(3)~~(1) Seawater Intrusion. The minimum threshold for seawater intrusion shall be the location where seawater intrusion is considered significant and unreasonable, and shall be defined by a ~~numeric~~ chloride concentration isocontour for each principal aquifer. chloride concentration at specific monitoring points, or other appropriate parameter identified by the Agency. Minimum thresholds for seawater intrusion shall be supported, if applicable, by the following:

(A) Maps and cross-sections of the chloride concentration isocontour that defines the minimum threshold, ~~interim milestones, and measurable objective~~ for seawater intrusion for each principal aquifer.

(B) A description of the consideration given to the effects of current and projected sea level rise on seawater intrusion of the following during development of the seawater intrusion minimum threshold.

~~(4)~~(2) Degraded Water Quality. The minimum threshold for degraded water quality shall be the significant and unreasonable degradation of water quality, including the migration of contaminant plumes that impair water supplies, ~~based on the number of supply wells, a volume of water, or a location of an isocontour that exceeds.~~ The minimum threshold shall be defined by concentrations of constituents determined by the Agency to be of concern for the basin.

~~(5)~~(3) Land subsidence. The minimum threshold for land subsidence ~~shall~~ may be defined as the rate of subsidence ~~that substantially interferes with surface land uses, the cumulative amount of subsidence, or other appropriate parameter identified by the Agency.~~ Minimum thresholds for land subsidence shall be supported by the following:

(A) Identification of land uses and property interests that have been affected or are likely to be affected by land subsidence in the basin, including an explanation of how those uses and interests were determined and considered, and the rationale for how minimum thresholds were established in light of those effects.

(B) Maps and graphs showing the extent and rate of land subsidence in the basin ~~that defines the minimum threshold, interim milestones, and measurable objectives.~~

~~(6)~~(4) Depletions of interconnected surface water. The minimum threshold for depletions of interconnected surface water shall be the rate or volume of surface water depletions caused by groundwater use that has significant and unreasonable adverse impacts on beneficial uses of the surface water. The minimum threshold established for depletions of interconnected surface water shall be supported by the following:

(A) The location, quantity, and timing of depletions of interconnected surface water. ~~If sufficient data to quantify depletions of interconnected surface water is not available, the Plan shall describe how the Agency will acquire sufficient information no later than the first five-year assessment.~~

(B) A description of the ~~groundwater-surface water model~~ methodology used to quantify surface water depletion. ~~If a groundwater-surface water model is not used to estimate surface water, and to assess whether such~~ depletion, ~~the Plan shall identify and describe an equally effective method or tool to accomplish this requirement, or identify provisions for developing a groundwater-surface water model capable~~ is a result of quantifying surface water depletion ~~no later than the first five-year assessment.~~ groundwater extraction

(d) An Agency, ~~after consultation with the Department,~~ may establish a representative minimum threshold for groundwater elevation to serve as the minimum threshold value for multiple ~~any~~ critical ~~parameters~~ parameter, as appropriate. The Agency shall demonstrate that the representative minimum threshold for groundwater elevation is a reasonable and effective surrogate ~~for multiple individual minimum thresholds and is supported by clear and convincing evidence in the Plan.~~

- (e) ~~If the~~The Agency ~~determines~~may demonstrate that minimum thresholds are not required for seawater intrusion, land subsidence, depletions of interconnected surface water, or water quality, ~~the Plan shall by providing adequate information to support this determination with clear and convincing evidence~~a low potential for these types of undesirable results.

§ 354.30. Measurable Objectives

Each Plan shall include one or more measurable objectives for each critical parameter that has an established minimum threshold. The measurable objectives shall ensure that the basin is managed to avoid undesirable results ~~within~~at the end of the 20 years of Plan implementation and groundwater is sustainably managed over the planning and implementation horizon.

- (a) Measurable objectives shall be represented by quantitative values using the same metrics as are used to define the minimum threshold for each measurable objective, and shall rely on the same monitoring sites as minimum thresholds.
- (b) The measurable objective shall be above the minimum threshold to provide a reasonable margin of operational flexibility under adverse conditions which shall take into consideration components such as historical water budgets, seasonal and long-term trends, and overdraft during a period of drought.
- (c) Each Agency may establish measurable objectives that exceed the reasonable margin of operational flexibility for the purpose of improving overall conditions in the basin, but failure to achieve those objectives shall not be grounds for a finding of inadequacy of the Plan.
- (d) Each Agency may ~~use representative minimum thresholds for groundwater levels developed pursuant to Section 354.26(d), as the basis for defining~~develop a representative measurable objective ~~that represents all for groundwater elevation for any~~ critical ~~parameters~~parameter. The Agency must demonstrate that the representative measurable objective ~~for groundwater elevation~~ is a reasonable and effective surrogate ~~for multiple individual measurable objectives supported by clear and convincing evidence in the Plan.~~
- (e) Each Plan shall include interim milestones for each measurable objective, in increments of five years, which outline a reasonable path to attaining the measurable objectives within 20 years of Plan implementation. Interim milestones shall be expressed numerically in the same units as the measurable objective.
- ~~(f) Each Plan may include measurable objectives and interim milestones for additional Plan contents described in Water Code Section 10727.4 where the Agency determines such measures are appropriate for sustainable groundwater management in the basin.~~

SUBARTICLE 4. Monitoring Networks

The monitoring network requirements in the draft regulations are overly prescriptive and too broadly defined. A number of objectives for monitoring networks are included that are actually a part of the evaluation of monitoring data rather than the function of the monitoring network per se. These evaluations are covered in other parts of the regulations and cause confusion when repeated here.

In several locations in this Subarticle there is reference to methods approved by the Department. The authority of DWR is to evaluate the GSP, not to approve specific methods for monitoring. Appropriate monitoring should be determined locally.

Suggested modifications to Article 5, Subarticle 4 to address these concerns are provided below.

§ 354.32. Introduction to Monitoring Networks

This Subarticle describes the monitoring network that shall be developed for each basin, including monitoring objectives, monitoring site summary, monitoring frequency, monitoring protocols, and data reporting requirements. The monitoring network shall promote the collection of data of sufficient quality, frequency, and from sufficient locations to adequately characterize ~~surface water and~~ groundwater conditions in the basin, evaluate management actions, and assess progress toward achieving the sustainability goal.

§ 354.34. Monitoring Network

Each Agency shall develop a monitoring network capable of collecting sufficient data to demonstrate short-term, seasonal, and long-term trends in ~~surface and~~ groundwater conditions and yields representative information about changes relative to the minimum thresholds and measurable objectives for the basin.

(a) Each Plan shall include a description of the monitoring network objectives for the basin, including an explanation of how the network will be developed and implemented to monitor surface water and groundwater conditions, and the interconnection of surface water and groundwater, with sufficient temporal frequency and spatial density to adequately evaluate the affects and effectiveness of Plan implementation. The monitoring network objectives shall be implemented to accomplish the following:

~~(1) Demonstrate progress toward achieving measurable objectives described in the Plan.~~

~~(2) Identify impacts to the beneficial uses or users of groundwater.~~

~~(3)~~(1) Identify changes in basin conditions relative to measurable objectives and minimum thresholds.

~~(4) Quantify annual changes in water budget components.~~

~~(5)~~(2) Identify impacts to the ability of adjacent basins to meet the sustainability goal.

(b) The monitoring network shall be designed to ensure adequate coverage of groundwater conditions related to critical parameters. If localized conditions warrant the formation of management areas, those areas shall be specifically monitored with a quantity and spacing of

monitoring sites sufficient to evaluate conditions in that area.

(c) A Plan may incorporate site information and monitoring data from existing sources into the monitoring network. Incorporated sources of data may include, but are not limited to, existing groundwater management plans, California Statewide Groundwater Elevation Monitoring data, or other Department programs, Salt and Nutrient Management Plans, the Irrigated Lands Regulatory Program, the Surface Water Ambient Monitoring Program, the Groundwater Ambient Monitoring Assessment Program, the Salt Nutrient Management Plans, as well as other relevant monitoring sites.

(d) The density of monitoring sites and frequency of measurements ~~required to demonstrate short-term, seasonal, and long-term trends shall be determined based upon the following factors: shall be adequate to measure progress in achieving measurable objectives and compliance with minimum thresholds.~~

~~(1) Level of current and projected groundwater use.~~

~~(2) Aquifer characteristics including, but not limited to, confined or unconfined aquifer conditions, or other physical characteristics that affect groundwater flow.~~

~~(3) Impacts on beneficial uses and users of groundwater and the ability of adjacent basins to meet the sustainability goal.~~

~~(4) Whether the Agency has adequate long-term existing monitoring results or other technical information that demonstrates an understanding of aquifer response.~~

(e) The Plan shall describe the following information about the monitoring network:

(1) Scientific rationale used for the site selection process.

(2) Monitoring site compliance with ~~best management practices~~policies and procedures. If a site is not consistent with ~~best management practices~~Agency policies and procedures for monitoring, the Plan shall explain why the site is necessary to the monitoring network ~~and provides useful information.~~

(3) For each critical parameter, the quantitative values for the minimum threshold, measurable objective, and interim milestones for each monitoring site if applicable.

(f) The location and type of each monitoring site within the basin shall be displayed on a map, and reported in tabular format, and shall include information regarding the monitoring site type, frequency of measurement, and the purposes for which the site is being monitored.

(g) The ~~best management practices~~policies and procedures developed by each Agency shall include a description of technical standards, data collection methods, and other procedures or protocols pursuant to Water Code Section 10727.2(f) for all monitoring sites or other data collection facilities to ensure that the monitoring network utilizes ~~on the~~ comparable data and methodologies. Best management practices related to construction and completion standards for wells or other monitoring sites developed for this purpose shall apply prospectively.

(h) The ~~best management practices~~policies and procedures for monitoring developed by each Agency shall include the following minimum standards:

~~(1)~~ Groundwater Elevations. The monitoring network shall be capable of demonstrating

groundwater occurrence, flow directions, and hydraulic gradients between principal aquifers and surface water features ~~that includes the following:~~

~~(A) A sufficient density of monitoring wells capable of collecting representative measurements through depth discrete perforated intervals to adequately characterize the potentiometric surface for— each of the principal aquifer.~~

~~(B)~~(A) Static groundwater elevation measurements shall be collected at least two times per year, to represent seasonal low and seasonal high groundwater conditions.

(2) Groundwater Storage. The monitoring network shall be capable of providing sufficient data to enable a reasonably accurate ~~and detailed~~ assessment of the change in annual groundwater storage.

(3) Seawater Intrusion. The network shall be capable of monitoring chloride concentrations, or other constituents ~~approved by the Department~~, and be sufficiently dense to calculate the current and projected rate of seawater intrusion for each principal aquifer.

(4) Water Quality. The monitoring network shall be capable of collecting sufficient spatial and temporal data from each principal aquifer to determine groundwater quality trends for established constituents of concern.

(5) Land subsidence. The monitoring network shall be capable of identifying the rate and spatial distribution of land subsidence, which may be measured by extensometers, GPS surveying, remote sensing technology, or other ~~appropriate~~ method ~~approved by the Department~~.

(6) Interconnected surface waters. The monitoring network shall be capable of monitoring surface and groundwater conditions where interconnected surface water exists. ~~Monitoring of interconnected surface water systems shall be sufficient to characterize—the spatial and temporal exchanges between surface water and groundwater, as—necessary and appropriate, to adequately calibrate and apply the tools and methods selected to identify interconnected surface water systems.~~The interconnected surface water monitoring network shall be able to characterize the following:

(1) Flow ~~conditions~~potential including, but not limited to, surface water ~~discharge, elevation and groundwater elevation in proximity to the surface water head, and baseflow contribution body.~~

(2) Identifying the approximate date and location where ephemeral or intermittent flowing streams and rivers cease to flow, if applicable.

~~(3) Monitor the conditions to adequately characterize temporal changes in conditions with varying stream discharges and regional groundwater pumping conditions.~~

~~(4)~~(3) Any other factor that is necessary to identify potential significant and unreasonable adverse impact on beneficial uses of the surface water.

§ 354.36. Representative Monitoring

Each Agency may designate a subset of monitoring sites as representative of conditions in the basin or an area of the basin for the purposes of establishing specific minimum thresholds, measurable objectives, and related interim milestones, as follows:

- (a) Representative monitoring sites may be designated by the Agency as the point at which critical parameters are monitored, and for which quantitative values for the minimum threshold, measurable objective, and interim milestones are defined.
- (b) Groundwater elevations may be used as a proxy for monitoring other critical parameters if the Agency demonstrates the following.
 - (1) A substantial correlation exists between groundwater elevations and the critical parameters for which groundwater elevation measurements serve as a substitute.
 - (2) Measurable objectives established for groundwater elevation shall include a reasonable margin of operational flexibility taking into consideration the basin conditions required to avoid undesirable results for the critical parameters for which groundwater elevation measurements serve as a substitute.
- (c) The designation of a representative monitoring site shall be supported by technical evidence demonstrating that the site adequately reflects general conditions in the area.

§ 354.38. Assessment and Improvement of Monitoring Network

Each Agency shall evaluate the monitoring network and include an assessment in the initial Plan and each five-year evaluation, including ~~an assessment of~~ whether there are data gaps that could affect the ability of the Plan to achieve the sustainability goal.

- (a) Each Agency shall identify data gaps wherever the basin does not contain a sufficient number of monitoring sites, does not monitor sites with sufficient frequency, or utilizes monitoring sites that are unreliable, including those that do not satisfy ~~best management practices policies and procedures~~ adopted by the Agency.
- (b) If the monitoring network contains data gaps, the Plan shall include a description of the following:
 - (1) The location and reason for gaps in the monitoring network.
 - (2) Local issues and circumstances that limit or prevent monitoring.
- (c) Each Agency shall describe steps that will be taken to fill any data gaps ~~within the first five years of implementation of the Plan or~~ before the next five-year assessment, including the location and purpose of newly added or installed monitoring sites.
- (d) Each Agency shall ~~adjust~~consider increasing the monitoring frequency and density of monitoring sites to provide a greater level of detail about site-specific surface and groundwater conditions and the effectiveness of management actions under circumstances that include, but are not limited to the following:
 - (1) If minimum thresholds are exceeded.
 - (2) Highly variable ~~spatial or temporal~~ conditions.
 - (3) ~~Adverse~~Unforeseen adverse impacts to beneficial uses and users of groundwater.

(4) ~~Adversely affects~~Conditions that adversely affect the ability of an adjacent basin to implement their Plan or ~~impedes~~impede achievement of sustainability goals in an adjacent basin.

(e) An Agency may reduce the monitoring frequency and density of monitoring sites where such action will improve the cost effectiveness of monitoring if it does not substantially reduce the ability to monitor the progress of Plan implementation and the achievement of the sustainability goal.

§ 354.40. Reporting Monitoring Data to the Department

All monitoring data shall be stored in the data management system developed pursuant to Section 352.8. A copy of that data shall be submitted electronically on forms provided by the Department according to the Department's data standards, in one of the following methods:

- (a) Each Agency shall compile and include all monitoring data in each Annual Report and, or
- (b) The Agency shall make all monitoring data available to the Department throughout the year, as collected or measured by the Agency.

SUBARTICLE 5. Projects and Management Actions

The “belt and suspenders” approach in this Subarticle is excessive, counterproductive, and not supported by SGMA. A GSA can be expected to make its best effort to develop projects and actions that will achieve sustainability, at significant cost and with significant time needed for discussion and negotiation. To suggest that another set of contingency projects and actions should be developed as well is unreasonable. While many GSAs may develop a set of progressive actions that will be implemented over time based on basin conditions, the regulations should not mandate such an approach.

Suggested modifications to Article 5, Subarticle 5 to address these concerns are provided below.

§ 354.42. Introduction to Projects and Management Actions

This Subarticle describes the criteria for actions and projects to be included in a Plan to meet the sustainability goal of the basin.

§ 354.44. Projects and Management Actions

(a) Each Plan shall include a description of ~~the any~~ projects and management actions adopted to meet measurable objectives and prevent undesirable results. The description shall include the following:

(1) A list and description of all projects and management actions proposed in the Plan ~~with a description of the measurable objective that is expected to benefit from the project or action..~~

(2) A summary of the permitting and regulatory process required for each project and management action.

(3) The status of each project and management action, including a time-table for expected initiation and completion, and the accrual of expected benefits.

(4) An explanation of the benefits that are expected to be realized from the project or management action, and how those benefits will be evaluated ~~and measured.~~

~~(5)~~ An explanation of how the project or management action will be accomplished ~~–If, including the Plan relies on water from outside parties that will implement the jurisdiction of the Agency, a project or action.~~

~~(5)~~(6) An explanation of the source and reliability of ~~that water shall be included any water supply that is needed to implement a project or action.~~

~~(6)~~(7) A description of the legal authority required for each project and management action, and the basis for that authority within the Agency.

~~(7)~~(8) A description of the financial requirement and sources of funding for each project and management action.

(b) ~~Each~~A Plan ~~shall~~may include contingency projects or actions as follows:

~~(1) For each contingency project or management action, and for each measurable objective, the Plan shall describe contingency projects or actions that will be implemented in the event that groundwater conditions have not adequately responded to measures described in the Plan, or if the measures are no longer feasible.~~

~~(2) The Plan shall describe emergency contingency projects or actions that will be implemented in the event that groundwater conditions in the basin have passed a minimum threshold or that undesirable results have occurred or are imminent. Emergency contingency projects or actions shall be designed to achieve immediate results such that the Agency is able to demonstrate that the emergency has been abated by or before the next annual report.~~

~~(3) Contingency projects or actions shall be supported by available scientific data, analytical methods, and groundwater models, if available, and quantify changes to groundwater use required to achieve the measurable objectives of the Plan or to avoid undesirable results in the basin.~~

~~(4) The Plan shall describe the following:~~

~~(A)(1) _____ Criteria the plan shall identify criteria that would trigger implementation and/or termination of contingency projects or actions, and the process by which the Agency shall determine that conditions require requiring implementation of contingency projects or actions have occurred. the information in subdivision (a), as available, and~~

~~(B) The process by which the Agency shall provide notice to the public and other agencies that the implementation of contingency projects or actions is being considered or has been implemented, including a summary of the anticipated consequences of those projects or actions.~~

~~(5)(2) _____ Implementation of a contingency project or action, if fully described in the approved Plan, shall not constitute an amendment to that Plan~~

ARTICLE 6. Evaluation and Assessment

As stated above for Article 2, the distinction of an “initial” plan should be removed.

The eleven criteria included for evaluation of the adequacy of a GSP is excessive and exceeds the intent of SGMA.

SGMA provides no authority to DWR to resolve conflicts as specified in section 355.10. The entire section should be stricken.

The determination of a plan as “conditionally adequate” will be beneficial to recognize progress. If a GSA is making good progress to develop and implement a plan, it is counterproductive to the intent of SGMA to find it probationary and will needlessly expend both state and local funds. However, the 180 day period for correction of deficiencies may be too short depending on the actions needed.

Suggested modifications to Article 6 to address these concerns are provided below.

§ 355.2. Department Review of ~~Initial~~ Adopted Plan

Upon adoption of a Plan the Agency shall submit a copy of the initial adopted Plan to the Department for evaluation.

- (a) Upon receipt of an adopted Plan, the Department shall assign a submittal date to the Plan based on the day the Plan is received.
- (b) The Department shall post the adopted Plan, submittal date, and all materials submitted by the Agency on the Department’s Internet Web site within 20 days of receipt.
- (c) The Department shall establish a period of no less than 60 days to receive public comments on the adopted plan, as described in Section 353.8.
- (d) If the Board has jurisdiction over the basin or a portion of the basin pursuant to section 10735.2, the Department, after consultation with the Board, may proceed with an evaluation of a Plan.
- (e) The Department shall evaluate a Plan within two years of its submittal date and issue a written assessment of the Plan that includes a description supporting the assessment, which will be posted on the Department’s website. The Department may include recommended corrective actions to address any deficiencies identified in the assessment. When Department review is final, the assessment will include a determination of whether the Plan as one the following:
 - (1) Adequate. The Department has determined that the Plan satisfies the goals of the Act and is in substantial compliance with this Subchapter.
 - (2) Conditionally adequate. The Department has determined that the Plan has minor deficiencies that preclude an adequacy determination, but that could be rectified by the Agency through corrective actions recommended by the Department as described in this Section.
 - (3) Inadequate. The Department has determined that the Plan as submitted is not complete

and does not satisfy the requirements of Section 355.4(a), that the Plan contains significant deficiencies that preclude an adequacy determination, and those deficiencies cannot be rectified by the Agency in a timely manner, or that the Agency has failed to address deficiencies in a Plan previously classified as conditionally adequate through corrective actions recommended by the Department as described in this Section. If the Department makes any of the determinations described in this subsection, the Department shall seek consultation with the Board to determine whether the Plan is inadequate.

- (f) For a Plan that is conditionally adequate, the Agency may modify a Plan based on a request for additional information from the Department or to include corrective actions to address any deficiencies identified by the Department and submit the modified adopted plan for further evaluation.
 - (1) The Department may consult with the Agency to determine the amount of time needed by the Agency to address any deficiencies.
 - (2) The Department may allow the Agency up to 180 days from the date the Department recommends corrective actions to submit a work plan and schedule to address deficiencies in a Plan, and up to 18 months to remedy deficiencies, unless a greater amount of time remains before the basin is required to be managed pursuant to a Plan established by Water Code Section 10720.7.
 - (3) No time limit shall apply to address deficiencies to Plans submitted for low or very low priority basins.
- (g) If an Agency fails to address deficiencies in its Plan so that the Department is able to determine the Plan to be adequate, the Department shall issue an assessment of the Plan as inadequate and seek consultation with the Board.

§ 355.4. Criteria for Plan Evaluation

The Department shall evaluate a Plan to determine whether implementation of the Plan has likely to have the overall effect of achieving the sustainability goal for the basin, ~~complies with the Act,~~ and is in substantial compliance with the Act and this Subchapter ~~substantial compliance with this Subchapter. Substantial compliance means that the Agency has attempted to comply with these regulations in good faith, that the supporting information is sufficiently detailed and the analyses sufficiently thorough and reasonable, in the judgment of the Department, to permit evaluation of the Plan, and the Department determines that any discrepancy would not materially affect the ability of the Agency to achieve the sustainability goal or of the Department to evaluate the likelihood of the Plan to attain that goal.~~

- (a) An initial A Plan will be deemed inadequate unless it satisfies all of the following conditions:
 - (1) The Plan was submitted within the statutory period established by Water Code Section 10720.7, if applicable.
 - (2) The Plan is complete and includes all information required by the Act ~~and this Subchapter~~, including a legally adequate coordination agreement, if necessary.
 - (3) The Plan ~~covers~~ Plans cover the entire basin.
 - (4) The Agency has taken corrective actions, within the period described in Section 355.2, to

address deficiencies in the Plan identified by the Department.

(b) The Department shall evaluate a Plan that satisfies the requirements of Subsection (a) to determine whether the Plan is likely to achieve the sustainability goal for the basin. When evaluating whether a Plan is likely to achieve the sustainability goal, the Department shall consider the following:

(1) Whether the Plan substantially complies with the requirements of the Act and this Subchapter.

(2) The ~~quality~~adequacy of information, data, monitoring, and scientific methods upon which the Plan relies.

(3) Whether the assumptions, criteria, findings, and objectives, including the sustainability goal, undesirable results, minimum thresholds, measurable objectives, and interim milestones, are reasonable and supported by the available evidence.

(4) Whether the interests of the beneficial uses and users of groundwater have been ~~adequately~~ considered, including access to safe, clean, affordable, and accessible water adequate for human consumption, cooking, and sanitary purposes.

(5) The feasibility of projects and management actions, ~~including contingency projects~~, and the likelihood that these actions will prevent undesirable results and ensure that the basin is operated within its sustainable yield.

~~(6) Whether the Plan will adversely affect the ability of an adjacent basin to implement their groundwater sustainability Plan or impede achievement of sustainability goals in an adjacent basin.~~

~~(7) Whether the coordination agreements ensure the Plans utilize the same data policies and methodologies specified in Water Code Section 10727.6.~~

~~(8) Whether the Agency has the legal authority and financing plan necessary to implement the Plan.~~

~~(9)(6) Whether the best management practices procedures adopted by the Agency cover the range of projects and management actions anticipated by the Plan or are consistent with the best management practices recommended by the Department or general industry standards.~~

~~(10)(7)~~ Public comments and other information indicating that impacts were not adequately considered in determining undesirable results or in developing the plan.

~~(11) Whether the Plan would impair the right to safe, clean, affordable, and accessible water adequate for human consumption, cooking, and sanitary purposes.~~

§ 355.6. Periodic Review of Plan by Department

The Department shall periodically review approved Plans to ensure the Plan, as implemented, remains in conformance with the Act and likely to achieve the sustainability goal for the basin.

(a) The Department shall evaluate existing Plans at least every five years and whenever the Plan is amended. Department review shall be based on information provided in the annual reports and the periodic evaluation of the Plan prepared and submitted by the Agency.

- (b) The Department shall consider the following in determining whether a Plan and its implementation is adequate:
- (1) The Agency is meeting all of its interim milestones.
 - (2) The Agency is implementing actions and contingencies outlined in the Plan.
 - (3) Amendments to the Plan are compatible with the measurable objectives and sustainability goal.
 - (4) The Agency is compliant with the annual reporting requirements and periodic evaluation requirements.
 - (5) The Department concludes that the Plan and its implementation are likely to achieve the sustainability goal ~~and not likely to adversely affect the sustainability goals of adjacent basins.~~
 - (6) The Department may request from the Agency any information the Department deems necessary to evaluate the progress toward achieving the sustainability goal and the potential for adverse effects on adjacent basins.
 - (7) The Department may identify deficiencies in a Plan or its implementation and coordinate with the Agency to correct deficiencies prior to the issuance of the assessment.
 - (8) The Plan satisfies the criteria ~~for an initial Plan as~~ described in Section 355.4.

§ 355.8. Consultation with Board

The Department shall consult with the Board if any of the following occur:

- (a) The Department determines that a Plan may be inadequate.
- (b) The Department determines that a groundwater sustainability program is not being implemented in a manner that will likely achieve the sustainability goal for the basin.
- (c) The Agency has not taken actions to address any deficiencies in a Plan that had been identified by the Department.

~~§ 355.10. Resolution of Conflicts by Department~~

~~The Department shall address disputes between Agencies or other entities responsible for groundwater management as follows:~~

- ~~(a) Disputes within a basin shall be the responsibility of the Coordinating Agency or other entities responsible for managing Plans and alternatives within that basin.~~
- ~~(b) Disputes between basins which claim that the implementation of Plans or alternatives in one basin affects the ability of an adjacent basin to implement its Plan, or impedes its ability to achieve the sustainability goal, shall be resolved by the Department.~~

~~(c) In resolving disputes, the Department may require additional information from each basin, including any proprietary data used by the Agency. Information withheld will be presumed not to support the interpretations that rely on that data.~~

~~(d) If the parties are unable to resolve disputes that relate to fundamental issues of sustainable groundwater management, the Department may find the relevant Plan or Plans and alternatives to be inadequate.~~

ARTICLE 7. Reports, Assessments, and Amendments

The reporting of water use and other information required in the draft regulations goes far beyond that specified in SGMA, in Water Code Section 10728.

As elsewhere in the draft regulations, the reference to best management practices should be removed.

The draft regulations suggests that a GSP that was previously approved by DWR would be subject to being found inadequate based on a single annual report. The variability of hydrology and the uncertainties involved in GSP implementation make a single year an inappropriate basis for this finding. Reconsideration of the adequacy of GSPs should be based on the five-year Agency assessment and DWR evaluation.

Suggested modifications to Article 8 to address these concerns are provided below.

§ 356. Introduction to Reports, Assessments, and Amendments

This Article describes the procedural and substantive requirements for annual reports, the periodic evaluation and assessments of Plans, and any proposed amendments to an approved Plan prepared by an Agency.

SUBARTICLE 1. Annual Reports

§ 356.2. Introduction to Reports

This Article describes the requirements for annual reports submitted by Agencies on or before April 1 of each year after the adoption of the Agency's Plan, including information required to demonstrate progress towards achieving the sustainability goal based on performance relative to measurable objectives described in the Plan, and Department review of those reports.

§ 356.4. Annual Report

Each Agency shall submit an annual report to the Department by April 1 of each year following the adoption of the Plan. The annual report shall include the following components:

- (a) General information, including a title page, a transmittal letter, as described in Section 353.4, a table of contents, an executive summary, and a location map depicting the basin covered by the report.
- (b) A detailed description and graphical representation of the following conditions of the basin

managed in the Plan:

- (1) Groundwater elevation data from all monitoring wells identified in the monitoring network shall be analyzed and displayed as follows:
 - (A) Groundwater elevation contour maps for each principal aquifer in the basin illustrating, at a minimum, the seasonal high and seasonal low groundwater conditions.
 - (B) Hydrographs of groundwater elevations and water year type using historical data to the greatest extent available, but at a minimum from January 1, 2015, to current reporting year.
- (2) Annual aggregated data identifying groundwater extraction for the preceding water year. Data shall be ~~collected from the best available measurement methods and shall be~~ presented in a table that summarizes groundwater extractions by water use sector, ~~location of extractions,~~ and identifies the method of measurement (direct or estimate) and accuracy of measurements, ~~and a map that illustrates the general location and volume of groundwater extractions.~~
- (3) Surface water supply used or available for use, for groundwater recharge or in-lieu use shall be reported based on quantitative data that describes the annual volume and sources for the preceding water year.
- (4) Total water ~~use shall be collected from the best available measurement methods and~~ shall be reported in a table that summarizes total water use by water use sector, and water source type, and identifies the method of measurement (direct or estimate) and accuracy of measurements. Existing water use data from the most recent Urban Water Management Plans or Agricultural Water Management Plans within the basin may be used, as long as the data are reported by water year.
- (5) Change in groundwater storage shall include the following:
 - (A) Change in groundwater storage maps for each principal aquifer in the basin.
 - (B) A graph depicting water year type and cumulative change in groundwater storage for the basin based on historical data to the greatest extent available, but at a minimum from January 1, 2015, to the current reporting year.
- (c) A synopsis of progress towards implementing the Plan, the ability of the Agency to achieve interim milestones and the implementation of any contingency measures.

§ 356.6. Department Review of Annual Reports

- (a) The Department shall acknowledge the receipt of annual reports by written notice and post the report and all related materials on the Department's Internet Web site within 20 days of receipt. If the Department determines that the annual report is incomplete, the Department shall provide written notice to the requesting agency of the need for additional ~~information.~~
- ~~(b)~~ The Department may provide recommended corrective actions to address any deficiencies in the annual report or implementation of the Plan based on Department may commence a periodic review of the annual report and shall treat notify the Agency of any necessary corrective actions, as described in Section 355.2, ~~akes appropriate actions to remediate any deficiencies.~~

SUBARTICLE 2. Periodic Evaluation of Plan

§ 356.8. Introduction to Agency Evaluation and Assessment

This Subarticle describes the requirements for periodic Plan evaluation and assessment undertaken by the Agency, including Department review of that assessment.

§ 356.10. Agency Evaluation and Assessment

Each Agency shall evaluate and assess the Plan at least every five years and whenever the Plan is amended. The assessment shall be submitted to the Department together with the annual report for that year. The assessment shall describe basin conditions relative to the previous five-year period and the long-term sustainability goal for the basin. The Agency's assessment shall include an objective evaluation of Plan implementation and management of groundwater in the basin, including the following:

- (a) A description of ~~each of the measurable objectives and~~ current groundwater conditions for each critical parameter relative to measurable objectives, interim milestones and minimum thresholds.
- (b) A description of the implementation of any corrective actions identified by the Agency or recommended by the Department, and the effect on groundwater conditions resulting from those actions.
- (c) A description of the implementation of any projects and management actions or contingency projects or actions, and the effect on groundwater conditions resulting from those projects or actions.
- (d) A description of new information that has been made available since adoption or amendment of the ~~initial~~ Plan, or since the last five-year evaluation. The description shall also include whether new information warrants changes to any aspect of the Plan, including, but not limited to, the evaluation of basin conditions, minimum thresholds, or the criteria defining undesirable results.
- (e) An evaluation of the hydrogeologic conceptual model, basin conditions, and the water budget in light of new information or changes in water use.
- (f) A survey of the monitoring network within the basin, and evaluation of whether any areas within the basin are represented by less data or by data of insufficient quality or control than required by the policies and procedures adopted by the Agency or best management practices provided by DWR. The survey shall include the following:
 - (1) An assessment of monitoring network function with an analysis of data collected to date, identification of potential data gaps, and the actions necessary to improve the monitoring network.
 - (2) If the Agency identifies areas that require more or better data or other information, the Plan shall describe a program for the acquisition of such data sources and incorporation of newly obtained information into the overall Plan.

(3) Gaps in data or data quality shall be ~~remediated~~remedied no later than the ~~first~~next five-year assessment by the ~~Department~~Agency.

~~(4)~~ (g) Elements of the Plan, including, but not limited to, the hydrogeological conceptual model, groundwater conditions, management areas, water budget, or the identification of undesirable results and the setting of minimum thresholds and measurable objectives, shall be reconsidered and revisions proposed, if necessary, for the ~~second~~next five-year assessment by the Department.

~~(5) The Plan shall prioritize the installation of new data collection facilities and analysis of new data based on the needs of the basin.~~

(4)

(g) Information describing any legislative actions, including a summary of regulations or ordinances related to the Plan adopted by the Agency.

(h) Information describing any enforcement or legal actions taken by the Agency.

(i) A description of completed or proposed Plan amendments.

(j) A summary of coordination that occurred between Agencies in a single basin and Agencies in hydrologically connected basins, and land use agencies where applicable.

(k) Other information the agency deems appropriate, along with any information necessary to the Department to conduct a periodic review as required by Water Code Section 10733.

SUBARTICLE 3. Plan Amendments

§ 356.12. Amendments and Modifications to Plan

Any amendment or other modification to a Plan shall be evaluated by the Department for consistency with the requirements of the Act and of this Subchapter.

(a) An Agency may modify a Plan at any time, and submit the modified Plan to the Department for evaluation.

(1) Prior to modifying a Plan, the Agency may submit the proposed modifications to the Department for evaluation.

(2) If the Department determines the proposed modifications are not significant, the Department shall notify the Agency that no further review shall be required and that the Agency may adopt the proposed modifications without formally amending the Plan.

(3) If the Department determines that the proposed modifications are or may be significant, the Department shall notify the Agency that the proposed modifications may only be adopted as formal amendments to the Plan.

(b) Whenever a Plan is amended, the Agency shall submit a copy of the amended Plan to the Department for evaluation pursuant to the requirements of this Subchapter for submission of a Plan.

- (c) The Department shall review and issue an assessment of the amended Plan that states whether the amended plan is adequate, conditionally adequate, or inadequate as described in Section 355.2.
- (d) The Department's evaluation shall focus on the amended portions of the Plan and any new information that is relevant to the amendments or other Plan elements. The Department will not evaluate any part of the Plan that has not been amended unless the Department has reason to believe the proposed amendment may result in changed conditions to other areas or to other aspects of the Plan.

ARTICLE 8. Coordination Agreements

Coordination agreement is strictly defined in SGMA as an agreement among two or more GSAs managing the same basin. A class of agreements between adjacent basins may be useful (interbasin agreements), but should be voluntary, and the content should be defined by the agreeing GSAs, rather than in regulation.

SGMA does not provide for a coordinating agency or submitting agency as defined in the draft regulations. If the coordinating agency concept is included, it should be based on a voluntary agreement among GSAs.

The requirements for a coordinating agreement proposed in the draft regulations far exceed that required by statute.

Suggested modifications to Article 8 to address these concerns are provided below.

§ 357. Introduction to Coordination Agreements

This Article describes the requirements for ~~voluntary coordination agreements between agencies in different basins and mandatory~~ coordination agreements between agencies within a basin developed pursuant to Water Code Section 10727.6, and voluntary agreements between Agencies in adjacent basins.

§ 357.2. Interbasin Agreements

Two or more Agencies in adjacent basins may enter into an ~~interbasin~~ agreement to establish compatible goals and understandings regarding fundamental elements of the Plans of each Agency as they relate to sustainable groundwater management. ~~Interbasin agreements should facilitate the exchange of technical information between Agencies and include a process to resolve disputes concerning the interpretation of that information. Interbasin agreements may include any information the participating Agencies deem appropriate, including the following: Such agreements may be included in the Plan to support a finding that implementation of the Plan will not adversely impact an adjacent basin's ability to implement its Plan or impede the ability to achieve its sustainability goal.~~

~~(a) General information:~~

- ~~(1) Identity of all basins participating in and covered by the terms of the agreement.~~
- ~~(2) For each basin, a list of all Agencies or other public agencies or other entities with groundwater management responsibilities.~~
- ~~(3) For each basin, a list of all Plan or alternatives or adjudicated areas.~~

~~(b) Technical information:~~

- ~~(1) An estimate of groundwater flow across basin boundaries, including consistent and coordinated data, methods and assumptions.~~
- ~~(2) An estimate of stream-aquifer interactions at boundaries.~~
- ~~(3) Establish a common understanding of the geology and hydrology of the basins and their~~

~~hydraulic connectivity as it applies to determining groundwater flow across basin boundaries, and describe the different assumptions utilized by different Plans and how the Agencies reconciled those differences.~~

~~(4) Establish measurable criteria and a monitoring network regarding threshold values that would confirm that no adverse impacts are resulting from managing groundwater in any basin pursuant to terms of the agreement. If minimum thresholds or measurable objectives differ substantially between basins, the agreement will specify how the Agencies will reconcile those differences and manage the basins to avoid undesirable results. The Agreement shall identify all differences that the parties consider significant and include a plan and schedule to reduce the uncertainties so that over time, they collectively resolve those important uncertainties and differences.~~

~~(c) A description of the process for identifying and resolving conflicts between Agencies that are party to the agreement.~~

~~(d) Interbasin agreements submitted to the Department shall be posted on the Department's Internet Web site.~~

§ 357.4. Intrabasin Coordination Agreements

(a) Agencies intending to develop and implement Plans pursuant to Water Code Section 10727(b)(3) shall enter into a coordination agreement to ensure that the Plans are developed and implemented utilizing the same data and methodologies and that elements of the Plans necessary to achieve the sustainability goal are based upon consistent interpretations of basin conditions.

(b) ~~Intrabasin coordination~~ Coordination agreements ~~shall~~ may establish or identify a Submitting Agency that ~~shall be~~ may serve as the single point of contact with the Department.

~~(c) The coordination agreement shall include the following: Each Agency shall submit to the Submitting Agency all Plans, Plan amendments, supporting information, all monitoring data and other pertinent information, along with annual reports and periodic evaluations.~~

~~(d) The Submitting Agency shall compile and rectify data and interpretations regarding basin conditions provided by the Agencies and produce a single report synthesizing and summarizing that information into a coherent and credible account of basin conditions. Reports produced by the Submitting Agency shall include the following:~~

(1) An explanation of how the Plans implemented together satisfy the requirements of the Act and are in substantial compliance with this Subchapter.

~~(2) An explanation of how the Plans have been integrated using the same data and methodologies to provide useful information regarding the following:~~

~~(A) Hydrogeologic conceptual models, as described in Section 354.12.~~

~~(B) State of the basin, as described in Section 354.14.~~

~~(C) Water budgets, as described in Section 354.16.~~

~~(D) Undesirable results, minimum thresholds, measurable objectives, as described in~~

~~Subarticle 3 of Article 5.~~

~~(E) Monitoring networks, and monitoring objectives, as described in Subarticle 4 of Article 5.~~

~~(F) Projects and management actions, as described in Subarticle 5 of Article 5.~~

~~(3)(2)~~ An explanation of how the integration of information and interpretations described in this section provides useful information regarding each of the assumptions described in Water Code Section 10727.6.

~~(4) Reports produced by the Submitting Agency shall accompany the initial Plan, any amendment to the Plan, annual reports, and the five year assessment by each Agency within the basin.~~

~~(3) Intrabasin coordination~~the basin.

~~(e)(c)~~ Coordination agreements shall describe the responsibilities of each Agency for meeting the terms of the agreement, the procedures for the timely exchange of information between Agencies ~~and with the Submitting Agency~~, and procedures for resolving conflicts between Agencies.

~~(f)(d)~~ ~~Intrabasin coordination~~Coordination agreements shall identify adjudicated areas within the basin, and any local agencies that have adopted an alternative that has been accepted by the Department.

~~(g)(e)~~ The ~~intrabasin coordination~~Coordination agreement shall be submitted to the Department together with the Plans for the basin and, if approved, shall become part of the Plan for each participating Agency.

~~(h)(f)~~ The Department shall evaluate the ~~Agreement~~Coordination agreement for compliance with the procedural and technical requirements of this section, to assure that the Agreement is binding on all parties, and that provisions of the Agreement are sufficient to address any disputes between or among Agencies that are party to the agreement.

~~(i)(g)~~ Plans subject to the requirement of this section shall not be deemed adequate without a legally binding agreement.

~~(j)(h)~~ Interagency agreements shall be reviewed as part of the five-year assessment, revised as necessary, dated, and signed by all parties.

ARTICLE 9. Alternatives and Adjudicated Areas

SGMA provided for alternatives to a GSP, where effective management was already in place or where groundwater conditions were demonstrably sustainable. SGMA did not envision that an alternative would be held to essentially the same standard as a GSP. The regulations should be modified to recognize the statutory direction that an alternative meet the objectives of the Act.

Suggested modifications to Article 9 to address these concerns are provided below.

§ 358.4. Alternatives to Groundwater Sustainability Plans

(a) A local agency that submits an alternative shall demonstrate that the alternative applies to the entire basin and satisfies the eligibility requirements of Water Code Section 10733.6, including an assessment that the alternative satisfies the objectives of the Act, and that the alternative is within a basin that is in compliance with Part 2.11 of the Water Code (commencing with Section 10920).

(b) An alternative shall be submitted to the Department by January 1, 2017, and every five years thereafter.

(c) A local agency shall include the following information based on the type of alternative submitted:

(1) An alternative submitted pursuant to Water Code Section 10733.6(b)(1) shall include a copy of the groundwater management plan.

(2) An alternative submitted pursuant to Water Code Section 10733.6(b)(2) that is not an adjudicated area described in Water Code Section 10720.8 shall do the following:

(A) Demonstrate that the adjudication submitted to the Department as an alternative is a comprehensive adjudication as defined by Chapter 7 of Title 10 of Part 2 of the Code of Civil Procedure (commencing with Section 830).

(B) Provide the Department with a copy of the adjudication order and any annual report submitted to the court pursuant to the adjudication.

(C) A local agency submitting an alternative based on an adjudication action described in Water Code Section 10733.6 (b)(4)(B) may, notwithstanding Water Code Section 10733.6 (c), submit the adjudication action to the Department for evaluation after January 1, 2017.

~~(3) An alternative submitted pursuant to Water Code Section 10733.6(b)(3) shall demonstrate that no undesirable results are present in the basin or have occurred between January 1, 2005, and January 1, 2015. Each subsequent submission shall demonstrate that no undesirable results are present in the basin or have occurred has been operated within its sustainable yield for ~~the preceding ten-year~~ a period of at least ten years.~~

(e) A local agency shall include ~~an explanation of the functional equivalence of terms and concepts used in sufficient data and analysis to demonstrate~~ the alternative ~~with the substantive and procedural requirements~~ satisfies the objectives of the Act and this Subchapter.

- (f) If a local agency submits an alternative for a basin that includes areas outside its jurisdiction or service area, the local agency shall enter into agreements with any local agency or other entity from which information will be required to comply with reporting requirements for the alternative and to demonstrate that basin satisfies ongoing requirements of the alternative. An agreement shall include a list and map of all local agencies or entities that are party to the agreement.
- (g) After an alternative has been approved by the Department, if one or more Plans are adopted within the basin, the alternative and any agreements shall be revised, as necessary, to reflect any changes that may have resulted from adoption of the Plan, and the local agency responsible for the alternative and Agency responsible for the Plan shall enter into an agreement that satisfies the requirements of Section 357.4.
- (h) Any person may provide comments to the Department regarding an alternative in a manner consistent with Section 353.8.

§ 358.6. Department Evaluation of Plan Alternatives

The Department shall evaluate an alternative to a Plan consistent with Article 6 of these regulations to determine whether the alternative satisfies the ~~goals~~objectives of the Act to achieve groundwater sustainability through local management and avoid undesirable results, ~~including to adjacent groundwater basins.~~



Association of California Water Agencies

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April 1, 2016

Delivered by e-mail to: SGMPS@water.ca.gov

California Department of Water Resources
Attn: Lauren Bisnett
P.O. Box 942836
Sacramento, CA 94236

Subject: "Draft GSP Emergency Regulations Public Comment"

Dear Ms. Bisnett:

The Association of California Water Agencies (ACWA) appreciates this opportunity to provide comments to the Department of Water Resources (DWR) on the Draft Groundwater Sustainability Plan Emergency Regulations (Draft GSP Regulations). ACWA represents over 430 public water agencies which are responsible for delivery of over 90% of the water that serves residential, commercial and agricultural needs throughout California. Many ACWA member agencies are "local agencies" which are or will be members of the Groundwater Sustainability Agencies (GSAs) that will be responsible for preparing and implementing Groundwater Sustainability Plans (GSPs) pursuant to the Sustainable Groundwater Management Act (SGMA).

The importance of sound GSP Regulations cannot be overstated. GSAs need to properly scope, prepare, and implement locally effective GSPs that have strong local support, and which will collectively deliver on the promise of sustainable groundwater management in basins throughout the state. Well-conceived and authoritative regulations will serve as the "rules of the road" for GSA preparation and implementation.

We appreciate the process that DWR staff used to frame the scope of these Draft GSP Regulations and solicit early input from a wide variety of stakeholders before preparing the draft proposal. ACWA has been engaged and has provided recommendations to inform this drafting process. We believe this early consultation has resulted in a generally well-crafted, if overly prescriptive, draft that is a valuable tool for soliciting public comments.

However, ACWA believes this draft of the GSP Regulations is too expansive and overly prescriptive and would likely result in significant and unnecessary burdens on GSAs in many basins. We believe that substantial revisions are needed to bring the Draft GSP Regulations into consistency with SGMA. Following are general comments on the Draft GSP Regulations, a summary of comments and requested changes organized by Article, and an attached track changes version of the Draft GSP Regulations which provides specific suggested text to implement the needed changes. If adopted, we believe these changes will bring the regulation into alignment with both the provisions and intent of SGMA.

General Comments

1. Revise the Regulations to Reduce State Prescription and Support Local Management of Groundwater

A fundamental principle of SGMA groundwater management is that management is performed at the local level. One of the primary goals of SGMA is to “manage groundwater basins through the actions of local government agencies to the greatest extent feasible, while minimizing state intervention to only when necessary to ensure that local agencies manage groundwater in a sustainable manner” (California Water Code, § 10720.1(h)). DWR recognizes the importance of local control, stating in the Draft GSP Regulations that “local control and management is a fundamental principle of SGMA.” Yet, the Draft GSP Regulations are overreaching in places, too prescriptive at times, and certain sections seem to be structured to uniformly manage groundwater basins from a “top down” State level instead of at the local level. Many of these prescriptive requirements appear to be intended to drive local GSAs to prepare one GSP per basin, although such a requirement was explicitly rejected during the legislative process that resulted in SGMA.

Although ACWA recognizes the need for the Draft GSP Regulations to prescribe certain consistent standards which can assist GSAs (and DWR) in plan preparation and review, we have identified many which are unnecessarily restrictive. Some of the more significant examples are noted in the following sections of this letter and are identified in the attached track changes version, where revised text is proposed to resolve specific cases.

2. Strengthen the Concept of “Substantial Compliance”

ACWA strongly supports the concept of “substantial compliance” proposed by DWR in the Draft GSP Regulations in the context of Criteria for Plan Evaluation (§ 355.4.) in Article 6. As each high- and medium-priority basin has its own unique characteristics, not all information or the same level of detail will be needed in all basins. This proposed standard for evaluation helps connect the standards and requirements of the Draft GSP Regulations as they are applied in specific GSPs to locally unique basin conditions and management priorities. The Draft GSP Regulations should be amended to include a definition of “substantial compliance” (§ 351) in Article 2, and a new narrative description of this standard as an overriding General Principle (§ 350.2.) in Article 1. We also propose adding related language in Article 1 to clarify that GSAs are able to exercise discretion regarding required GSP provisions and coordination agreements based on findings of substantial evidence related to achieving the sustainability goal of SGMA. A proposed definition and narrative descriptions are included in the attached track changes version.

3. Eliminate the Requirement for a “Coordinating Agency” and Clarify Provisions for Multiple GSAs and GSPs in a Basin

The Draft GSP Regulations propose to require a “Coordinating Agency” (also called “Submitting Agency”) in basins where there are several GSAs. Beyond serving as the “sole point of contact” for DWR, this proposed entity is to be tasked with synthesizing and interpreting all basin plans and resolving all

disputes among GSAs within the basin (§ 355.10.). This conceptual “super agency” is not authorized or envisioned by SGMA. Each GSA must be able to independently manage and communicate with DWR. SGMA allows more than one groundwater sustainability agency to manage groundwater in each basin (Water Code, § 10727(b)(3)). SGMA also allows the groundwater sustainability agencies to develop more than one plan per basin (Water Code, § 10727(b)(3), § 10727.6). Again, the model of “one GSA with one GSP per basin” may be adopted by local GSAs, but SGMA authorizes and provides for multiple GSAs and GSPs within a basin, and this option needs to be preserved and supported in the Draft GSP Regulations. Proposed text deletions or revisions to eliminate the requirement for a “Coordinating Agency” are included in the attached track changes version.

4. Clarify Scope of GSPs Regarding Water Quality Regulations and Interconnected Surface Waters

The Draft GSP Regulations lack specificity regarding the scope of GSPs with regard to data collection and analysis regarding groundwater contamination sources, plumes and historic waste discharges. The Draft GSP Regulations should be revised to require GSAs to: 1) coordinate with water quality regulatory agencies; and 2) utilize information provided by those agencies and to clarify that GSAs are not responsible for establishing minimum criteria for contaminated sites and groundwater plumes that fall under water quality laws and regulations, including water bearing zones that do not or are not expected to contribute to sustainability goals and thus are not required to manage or remediate these sites. Similarly, the Draft GSP Regulations should clarify that GSAs are not responsible for developing minimum thresholds for naturally occurring contaminants such as arsenic.

Additionally, although the Draft GSP Regulations require development of minimum thresholds for depletions of interconnected surface water as required by SGMA, it is not clear how to address situations where (1) diverters with appropriate or riparian water rights (surface water or well diversions) are the cause of depletions of interconnected surface water and are not within the jurisdiction of SGMA; and (2) in most areas, the boundary between surface water rights and groundwater are not well understood or are subject to change through time. ACWA looks forward to working with DWR and other stakeholders to address these policy issues, which are dependent on unique facts within each basin and cannot be resolved in the abstract in the Draft GSP Regulations.

5. Eliminate Contingency Plan Requirement

The proposed requirement that a GSP include “contingency projects and actions” ready to implement if the first set of actions do not achieve sustainability is not authorized by SGMA. It sets a tone of presumed failure for GSPs and would be unworkable in many cases. The Draft GSP Regulations appear to propose to require that GSAs evaluate, negotiate, and fund two sets of projects and actions. In working to achieve sustainability, GSAs must be given latitude to modify and adapt projects based on local conditions and needs. Given annual reporting and regular plan assessments, this contingency plan requirement is unnecessary.

6. Clarify “Adverse Effect” Determination and Responsibilities

While SGMA requires DWR to evaluate whether a GSP adversely affects an adjacent basin, it does not contemplate that DWR resolve conflicts, nor find a GSP inadequate if it affects a neighboring basin. It also does not empower DWR to deem that a GSP is adversely affecting a neighboring basin’s GSP. The draft regulation needs to be amended to conform to the statutory framework that defers resolution of “adverse effect” between basins to the responsible GSAs.

Summary of Recommended Amendments to the Draft GSP Regulations Organized by Article

ACWA recommends that the Draft GSP Regulations be systematically amended as shown on the attached track changes version, where deleted text is indicated in strikeout, and new text is underlined. Comments in the margins explain the rationale in many cases. The attached track changes version and the comments in the margins are hereby incorporated by this reference as part of this comment letter. The following section of this letter summarizes many of the most significant amendments.

Article 1. Introductory Provisions

Two significant changes in the Introductory Provisions are proposed to address fundamental purposes of SGMA regarding local basin management:

§ 350.2. Add the substantial compliance standard as a new general principle, where GSAs determine what information is needed to substantially comply and waiver provisions are added.

§ 350.4 (new) Add description of GSA authority to exercise discretion regarding required GSP provisions and coordination agreements based on findings of substantial evidence related to achieving the sustainability goal of SGMA.

Article 2. Definitions

Several changes to definitions are proposed, many to address overprescription. Several of the most significant include:

§ 351.(i) Redefine to eliminate “Coordinating Agency”

§ 351.(j) Redefine “Critical Parameter” as “Sustainability Condition”

§ 351.(ae) (new) Add definition of “Substantial Compliance”

§ 351.(u) Clarify that “Plan” refers to multiple Plans.

Article 3. Technical and Reporting Standards

A large number of changes are proposed to more narrowly craft data requirements and preserve local discretion according to basin conditions. For example, the word “all” is proposed to be used 48 times in reference to various types of data, which in most cases is neither necessary nor practical. The GSA

should be able to evaluate and report representative data. This “data dump” approach will divert attention and dollars away from implementation actions.

§ 352.4. Remove all references to “Best Management Practices” (which is addressed in SGMA but is mischaracterized in the Draft GSP Regulations). Replace with “Agency Practices and Procedures.” SGMA is clear that BMPs are not intended to be imposed as regulatory standards, and that methods and practices are to be selected and used at the discretion of the GSAs.

§ 352.6. Reduce excessively prescriptive requirements regarding surveying, well construction, public domain models, and specific metrics that local agencies must use to report groundwater data. For example, prescribing use of NAVD88 datum would require many GSAs to run expensive reference point elevation surveys even when the sustainability goals can be achieved in a basin by using existing datum.

Article 4. Procedures

§ 353.4. Remove “Certification Under Penalty of Law” provision, which is excessive and unnecessary for GSA decision-makers with professional certifications and/or are public agency officials, and is not required by SGMA.

Article 5. Plan Contents

§ 353.4. Delete GSA and Plan financial information requirements, which are excessive and could be extremely complex for multi-party GSAs, and which are not actionable in any case since SGMA does not authorize a determination by any state agency concerning the financial capabilities of GSAs.

§ 354.8. Description of the Plan Area. Reduce some of the generally unnecessary or unavailable information requirements that contribute little to this overview section, are difficult and expensive to produce (such as the proposed well density map), and/or are outside the scope of SGMA (such as “summary or description of land use plans”). For example, the regulations go beyond the statute in the area of groundwater quality, suggesting that GSAs would have to evaluate the impacts of future land uses on groundwater quality.

§ 354.14. Reframe requirement for “Hydrogeological Conceptual Model” to “Basin Setting and Description,” and reduce prescriptive technical parameters. Add identification of data gaps. Reduce scope of land use coordination that is not required in the statute, for example general plans outside the basin. Reduce information required and prescriptiveness, for example WDRs, proximity of wells to contamination of the Plan Area.

§ 354.16. Basin Conditions. Reduce scope and prescriptiveness of factors and timing upon which a local agency must define historical basin conditions.

§ 354.18. Water Budget. Reduce scope and prescriptiveness of water budget by deleting some elements and making some elements permissive. Exclusive use of DWR-prescribed water budget data and other requirements could unreasonably invalidate existing groundwater management data sources.

§ 354.20. Management Areas. ACWA strongly supports this concept, which provides a necessary recognition of the potential need to manage differently in recognition of different basin conditions and management requirements.

§ 354.22 – 354.30. Sustainable Measurement Criteria. Generally reduce the scope and prescriptiveness of standards, or make some standards permissive for the definitions of relevant critical parameters. Replace “clear and convincing evidence” standard with “substantial evidence” standard. This section generally, and properly, avoids prescribing specific metrics by which the relevant critical parameters would be measured. SGMA is clear that such metrics need to be locally developed in the context of specific basin conditions and that an attempt to do so at a statewide level would subvert the goal of local groundwater management.

§ 354.34. Monitoring Network. Monitoring requirements that specify the density of monitoring sites and frequency of measurements are extremely onerous, financially challenging, or entirely impractical for many agencies. The draft regulations should be revised to require that data gaps be filled within the first five years if currently available monitoring networks are currently suboptimal. Provisions should be added to allow for reducing monitoring frequency and density if warranted. Criteria for monitoring of surface water interaction are excessive and unnecessary (§ 354.34 (h)(6)).

§ 354.44 (b) Contingency Actions and Projects. Redundant “contingency actions and projects” may not be needed in all basins, could be highly speculative, and could undermine support for local GSPs by diverting attention away from the “Plan A” actions and projects. This should become a permissive element.

Article 6. Evaluation and Assessment

§ 355.2 (e)(2). Conditionally Adequate. ACWA strongly supports a DWR determination of “Conditionally Adequate” as proposed in the Draft GSP Regulations in order to avoid a “pass/fail” situation where minor deficiencies can be addressed in the GSP and unnecessary and costly enforcement processes can be avoided.

§ 355.4. Criteria for Plan Evaluation. As stated above, ACWA strongly supports the concept of “Substantial Compliance” as a fundamental principle for plan evaluation. This section should be amended to defer to the revised description in § 350.2 and definition in § 351(ae). Some of the proposed criteria for adequacy that are not supported by a plain reading of SGMA should be deleted, especially evaluation of possible “adverse affect” on an adjacent basin, which must be addressed by the affected GSAs in the adjacent basins.

§ 355.10. Resolution of Conflicts by Department. This section should be deleted. Successful conflict resolution is a local matter, not subject to arbitration by DWR and not authorized by SGMA.

California Department of Water Resources
Attn: Lauren Bisnett
Draft GSP Emergency Regulations Public Comment
Page 7 of 7
April 1, 2016

Article 7. Reports, Assessments, and Amendments

§ 356.6. Department Review of Annual Reports. Review of the annual report should not trigger periodic review of the Plan, and annual changes should not warrant a reassessment of adequacy of the Plan.

Article 8. Coordination Agreements

§ 357.2. Interbasin Agreements. These agreements are voluntary and should include only elements at the discretion of agencies that are party to the agreement. Overly prescriptive requirements should be deleted.

§ 357.4. Coordination. As stated above, requiring a "Coordinating Agency"/"Submitting Agency" entity is not authorized by SGMA and references in this section should be deleted. Requirements for a Coordination Agreement should be reduced to align with the provisions on SGMA.

Article 9. Alternatives and Adjudicated Areas

358.4(c)(3) The latest 10 year period is not likely to be representative in many basins due to current drought. SGMA recognizes that water levels will drop during drought. This should be revised to require a period of at least 10 years which is reflective of current groundwater management practices, which would be determined by the GSA according to basin conditions.

Thank you for considering these comments. ACWA looks forward to continuing to work with DWR as the Draft GSP Regulations are revised as necessary to more effectively support preparation of GSPs that are well-suited to local management of diverse groundwater basins statewide, as envisioned by SGMA.

If you have questions, I am available at daveb@acwa.com or (916) 441-4545.

Sincerely,



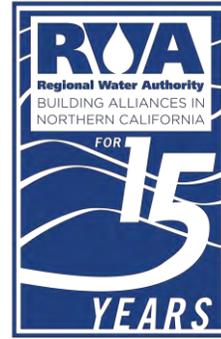
David Bolland
Special Projects Manager

Attachment: Track Changes Version of Draft GSP Regulations

cc: Mr. David Gutierrez, Executive Program Manager, Department of Water Resources
Mr. Trevor Joseph, Senior Engineering Geologist, Department of Water Resources
Mr. Timothy H. Quinn, Executive Director, ACWA
Ms. Cindy Tuck, Deputy Executive Director for Government Relations, ACWA



NCWA
Northern California Water Association



March 31, 2016

California Department of Water Resources
Attn: Lauren Bisnett, Public Affairs Office
P.O. Box 942836
Sacramento, California 94236
Sent via e-mail to: SGMPS@water.ca.gov

Subject: Sacramento Valley Comments--Draft GSP Emergency Regulations

Dear Ms. Bisnett:

The Northern California Water Association (NCWA) and Regional Water Authority (RWA) offer the following comments on the draft Groundwater Sustainability Plan Regulations (Regulations).

The Department of Water Resources (DWR) will be receiving various detailed comments from Sacramento Valley entities and their representatives in both the urban and rural areas. We strongly encourage you to review these detailed comments and include their recommendations in your next version of regulations. This letter is intended to provide some context for these other comments by providing a very broad perspective on the Sacramento River Hydrologic Region (hereafter "Sacramento Valley") and how we believe DWR can best approach the Sustainable Groundwater Management Act (SGMA) process for this region over the next decade. Our mutual goal is to assure that the regulations better reflect the purposes of SGMA and more effectively facilitate the local development of Groundwater Sustainability Plans (Plans), with the ultimate goal of sustainably managed groundwater basins in the Sacramento Valley and other parts of the state.

The Setting – Sustainable Water Management in the Sacramento Valley

The Sacramento Valley does not have critically over-drafted basins and the groundwater resources are currently sustainable throughout the Sacramento Valley. (See the attached January 2016 final map prepared by DWR and the supporting information in California's Groundwater Update 2013.) In many parts of the Sacramento Valley, conjunctive management of the surface and groundwater resources has been instrumental in "sustainable groundwater management" and is an integral part of serving water for multiple beneficial uses in the region for cities and rural communities, farms, fish, birds and recreation. In this spirit, water resources managers and the Groundwater Sustainability Agencies (GSA) will continue their concerted efforts to manage water resources to avoid "undesirable results" to the groundwater resources in the region. It is

important that DWR, when considering sustainability in the regulations, recognize the unique dynamic in the Sacramento Valley and facilitate these important local efforts.

Additionally, the Sacramento Valley has a strong record of local agencies working well together, including both special districts and counties, toward a common objective to advance sound groundwater management and preserve the groundwater resources for future generations. It is critical that the regulations foster these working relationships that will be essential for the successful implementation of SGMA.

The Regulations Should Defer to Effective Local Management

In enacting SGMA in 2014, the Legislature declared the over-arching theme that groundwater resources are “most effectively” managed at the local or regional level. California is a vast and diverse state. We thus appreciate DWR’s commitment to preserve the role of local agencies as the primary managers of California’s groundwater basins under SGMA. The unique geographic, geologic, and hydrologic conditions of each groundwater basin require that local and regional agencies have a variety of options at their disposal to best manage their surface and groundwater resources.

Unfortunately, defining the content and standards for plans across vastly different basins in California has resulted in the regulations becoming a listing of everything that could be needed in any basin, rather than what is needed in each specific basin to define and address any problems. By human nature, in drafting regulations they have become more specific and prescriptive as they are further developed. We encourage DWR to step back in this process, to recognize this dynamic, and provide a cogent regulatory framework that will help local agencies succeed with their plans. For example, while the regulations acknowledge that local flexibility is paramount to the achievement of statewide basin sustainability goals, certain sections should more clearly express that statutory directive and clarify that DWR’s evaluation of plans will ultimately be guided by the overarching goal to achieve sustainability at the local level.

We also recommend that DWR acknowledge in the general principles of the regulations that it will defer to the judgment and expertise of local GSAs regarding appropriate basin criteria. Where a GSA has clearly failed to demonstrate good faith efforts, only then would more stringent requirements be appropriate.

“Substantial Compliance” is the Cornerstone for Sustainable Groundwater Management

We strongly support the concept of “substantial compliance” suggested in the regulations in the context of “Criteria for Plan Evaluation” in Article 6 (§355.4). For SGMA to be effectively and efficiently implemented, the discretion of local agencies and DWR must be a fundamental part of the development and evaluation of plans. The concept of “substantial compliance” in the draft regulations will highlight and strengthen this concept, which will both improve implementation of SGMA and support wider acceptance of the regulations. As each high- and medium-priority basin has its own unique characteristics, not all information or the same level of detail will be needed in all basins.

This is particularly true in the Sacramento Valley where water resources are sustainably managed and there is a concerted effort to achieve the sustainability objectives. Here, substantial compliance as a standard for evaluation helps connect the standards and requirements of the regulations as they are applied in locally unique basin conditions and management priorities. A more complete definition of “substantial compliance” will provide for better groundwater management and it will avoid many of the concerns about the overly prescriptive regulations. We suggest that the regulation be amended to include a definition of “substantial compliance” (§351) in Article 2, and a new narrative description of this standard as a general principle in Article 1 (§350.2). We also proposed adding related language in Article 1 clarifying that GSAs are able to exercise discretion regarding required plan provisions and coordination agreements based on findings of substantial evidence related to achieving the sustainability goal of SGMA.

Align the Regulations with SGMA

The draft regulations over-reach in places, are too prescriptive at times, and certain sections seem to be structured to uniformly manage groundwater basins from a “top down” state level instead of from the local level. Many of these prescriptive requirements appear to be intended to drive local GSAs to prepare one plan per basin, which is not effective in many areas, is counter to local management and politics, and was explicitly rejected during the legislative process that resulted in SGMA.

Although we recognize the need for the regulations to prescribe certain consistent standards which can assist in plan preparation and review, the detailed comments from the Sacramento Valley have identified many provisions that are unnecessarily restrictive. We will not repeat these detailed comments here, but we urge DWR to fully review these detailed comments in this light.

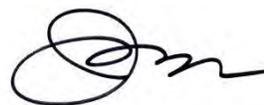
Additionally, in certain areas, the regulations create standards that go beyond what SGMA requires. DWR should clearly identify the purpose and need for any element of plan content that exceeds a strict reading of the statute. For instance, requirements for “contingency projects and actions” proposed in the regulations are unnecessary and start with the presumption that a plan will fail. Under the SGMA framework, GSAs must be allowed to modify and adapt projects based on changing local conditions and needs.

We look forward to working with local agencies and DWR in successfully implementing SGMA and sustainably managing the water resources in the Sacramento Valley for multiple beneficial purposes.

Sincerely yours,



David Guy
President
Northern California Water Association



John Woodling
Executive Director
Regional Water Authority

cc: Director Cowin

Sacramento Groundwater Authority Board Meeting
April 14, 2016

AGENDA ITEM 9: EXECUTIVE DIRECTOR'S REPORT

APRIL 14, 2016

TO: SACRAMENTO GROUNDWATER AUTHORITY BOARD

FROM: JOHN WOODLING

RE: EXECUTIVE DIRECTOR'S REPORT

- a. Government Affairs Update** – The Legislative session for 2016 is well underway. RWA staff is tracking the introduction of new bills and the status of two-year bills from last year. A summary of legislation being tracked is on the RWA website, rwah2o.org.

The State Water Resources Control Board will meet on April 20 to discuss changes to the emergency regulations for water conservation in light of the significant changes in hydrologic conditions that have occurred since early February. RWA has requested that the State Water Board rescind the mandatory conservation requirements for the Sacramento region.

- b. Drought Update** – A lot has changed since the last SGA meeting in February. Folsom Lake storage is about 110% of average with more than 700,000 acre-feet in storage. Releases for flood control during March were as high as 20,000 cfs. Shasta and Oroville Reservoirs are similarly full. As of April 4, 2016, nearly 8 million acre-feet of water are in storage in the three reservoirs, compared to about 5 million acre-feet last year on the same date. Snowpack for the American River watershed was 88% on April 1. Groundwater levels, which SGA has been measuring monthly during the drought have recovered to levels higher than in Spring of 2015, in response to recharge from precipitation and high river flows.
- c. Financial Documents** – The financial reports for the period ending March 31, 2016 are attached.



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

For the period ending March 2016

Cash in checking account:	\$	44,623
LAIF Balance	\$	1,509,575

For the period of January 1, 2016 - March 31, 2016

Total cash receipts for the period:	\$	270,000
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Total cash disbursements for the period:	\$	228,670
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SACRAMENTO GROUNDWATER AUTH.

Income Statement

Year-to-Date Performance, March 2016

	<i>9 Months Ended March 31, 2016</i>	<i>Annual Budget</i>	<i>Unused</i>	<i>% Used</i>
REVENUES				
Groundwater Fees Revenue	339,960.00	340,000.00	40.00	100.0 %
Base Administrative Fee	264,532.00	264,500.00	(32.00)	100.0 %
State Grant Revenues	0.00	100,000.00	100,000.00	
Cash Discount	336.03	0.00	(336.03)	
Interest Income	1,882.00	1,400.00	(482.00)	134.4 %
TOTAL REVENUES	606,710.03	705,900.00	99,189.97	85.9 %
Total REVENUE	606,710.03	705,900.00	99,189.97	85.9 %
GROSS PROFIT	606,710.03	705,900.00	99,189.97	85.9 %
OPERATING EXPENDITURES				
Staff Expenses				
General Salaries	192,227.77	266,300.00	74,072.23	72.2 %
Benefits/Taxes	178,313.60	266,400.00	88,086.40	66.9 %
Travel / Meals	4,462.28	7,800.00	3,337.72	57.2 %
Professional Development	0.00	2,600.00	2,600.00	
TOTAL Staff Expenses	375,003.65	543,100.00	168,096.35	69.0 %
Office Expenses				
Rent & Utilities	9,362.79	12,500.00	3,137.21	74.9 %
Insurance	12,418.12	12,500.00	81.88	99.3 %
Office Maintenance	0.00	1,600.00	1,600.00	
Telephone	3,725.75	5,700.00	1,974.25	65.4 %
Dues and Subscription	4,405.66	3,900.00	(505.66)	113.0 %
Printing & Supplies	4,281.73	12,900.00	8,618.27	33.2 %
Postage	442.51	1,600.00	1,157.49	27.7 %
Meetings	219.73	1,100.00	880.27	20.0 %
Computer Equipment/Support	1,639.50	6,200.00	4,560.50	26.4 %
TOTAL Office Expenses	36,495.79	58,000.00	21,504.21	62.9 %
Office Furniture & Equipment				
Office Furniture	0.00	1,300.00	1,300.00	
TOTAL Office Furniture & Equipment	0.00	1,300.00	1,300.00	
Professional Fees				
ADP / Banking Charges	594.65	1,000.00	405.35	59.5 %

	<i>9 Months Ended March 31, 2016</i>	<i>Annual Budget</i>	<i>Unused</i>	<i>% Used</i>
Audit Fees	9,250.00	10,800.00	1,550.00	85.6 %
Legal Fees	7,141.02	40,000.00	32,858.98	17.9 %
Consulting Expenses	0.00	10,000.00	10,000.00	
Budget/audit/actuarial	9,537.50	30,000.00	20,462.50	31.8 %
Public Relations - SGA only	558.76	0.00	(558.76)	
TOTAL Professional Fees	27,081.93	91,800.00	64,718.07	29.5 %
Consulting - Program Management				
Monitor water quality/levels (AB 303)	14,548.00	21,600.00	7,052.00	67.4 %
Grant application assistance	0.00	20,000.00	20,000.00	
Maintain/Improve DMS	0.00	10,000.00	10,000.00	
Update GSP	0.00	10,000.00	10,000.00	
Regional Contamination Issues	2,462.42	40,000.00	37,537.58	6.2 %
Groundwater Modeling	0.00	58,300.00	58,300.00	
TOTAL Consulting Program Management	17,010.42	159,900.00	142,889.58	10.6 %
Special Projects Expenses				
Consulting PCE AB303	36,729.63	100,000.00	63,270.37	36.7 %
TOTAL Special Projects Expenses	36,729.63	100,000.00	63,270.37	36.7 %
TOTAL OPERATING EXPENDITURES	492,321.42	954,100.00	461,778.58	51.6 %
OPERATING INCOME (LOSS)	114,388.61	(248,200.00)	(362,588.61)	-46.1 %
NET OPERTING INCOME (LOSS)	114,388.61	(248,200.00)	(362,588.61)	-46.1 %
NET INCOME (LOSS) OF PROGRAM	114,388.61	(248,200.00)	(362,588.61)	-46.1 %

Sacramento Groundwater Authority Board Meeting
April 14, 2016

AGENDA ITEM 10: DIRECTORS' COMMENTS