



1. CALL TO ORDER

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

Board Members

S. Audie Foster, California American Water
John Wallace, Carmichael Water District
Caryl Sheehan, Citrus Heights Water District
Marcus Yasutake, City of Folsom
Noelle Mattock, City of Sacramento
Darrell Eck, County of Sacramento
Rich Allen, Del Paso Manor Water District
Randy Marx, Fair Oaks Water District
Paul Schubert, Golden State Water Company
John Wingerter, Orange Vale Water Company
Paul Green, Rio Linda/Elverta Community Water District
Neil Schild, Sacramento Suburban Water District
Pam Tobin, San Juan Water District
Mike DeWit, Agriculture
Rink Sanford, Self-Supplied Industry

Staff Members

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

Others in Attendance

Tom Gray, Lindsay Swain, Robert Roscoe, Paul Helliker, Dave Zuber, Tim Shaw, David Gordon, Hilary Straus, Roger Kohne, Shauna Lorance, Dan York, Ingrid Shepline and Nicole Krotoski was on the conference phone.

2. PUBLIC COMMENT

John Woodling, Executive Director welcomed Tim Shaw, the new general manager for Rio Linda/Elverta Community Water District.

3. CONSENT CALENDAR

a. The minutes of the October 12, 2017 meeting

Motion/Second/Carried (M/S/C) Ms. Mattock moved, with a second by Mr. Schubert, to approve the October 12, 2017 SGA Board minutes. The motion carried by the unanimous voice vote of all directors present.

4. 2017 AUDIT REPORT

Mr. Woodling noted that this is the sixth year that Richardson and Company has performed the RWA and SGA audit. An RFQ will be sent out in the spring of 2018 to engage an auditing firm for next year.

Ingrid Sheipline, Richardson and Company, reported that they have completed the financial audit for the fiscal year that ended June 30, 2017. The full audit report was included in the packet. Ms. Sheipline highlighted portions of the audit stating that reports that were issued included the Auditor's opinion on financial statements, the Internal Control and Compliance Report and the governance letter. She also reviewed the notes to financial statements and the pension liabilities.

The Management's Discussion and Analysis was compiled by Nancy Marrier and Nicole Krotoski and included a comprehensive summary of some of the changes in the financial statement. Ms. Sheipline noted the changes between fiscal year 2016 and 2017 including the restricted cash balance, grants/incentives receivable, net pension obligation, net position, operating revenues and operating expenses. SGA became a CalPERS member on July 1, 2016. RWA employee service while working on SGA administration is now considered SGA compensation for pension plan contributions and liabilities. This is the first year a portion of the RWA pension liability was transferred to SGA. In addition to the employer required contribution of \$23,832 SGA made a pension contribution of \$26,900 during the year ending June 30, 2017 towards payment of SGA's inherited unfunded liability. SGA's net pension liability is estimated at 42% of RWA's total. Since the pension liability measurement date is based upon June 30, 2015, this additional amount plus the employer contributions made during the year ending June 30, 2017 totaling \$50,731 is included in deferred outflow. The statement of revenues, expenditures and changes in fund balance from budget to actual for the year ended June 30, 2017 was reviewed.

There were no audit adjustments noted, there were no differences noted that were not adjusted, the internal controls were good, there were no difficulties in performing the audit and no unusual accounting practices. The Independent Auditor's Report is an unmodified, "clean", opinion.

M/S/C Mr. Foster moved, with a second by Mr. Schild, to accept the 2017 Financial Audit report. The motion carried by the unanimous voice vote of all directors present.

5. ELECTION OF 2018 SGA OFFICERS

Rich Allen, Chair of the Nominating Committee for 2018, announced the committee recommendations. The committee members included Neil Schild and Paul

Schubert. Audie Foster, California American Water was nominated to become the 2018 SGA Chair and Mike DeWit, Agriculture Representative, the 2018 SGA Vice Chair. Vice Chair Allen asked for and received no nominations from the floor.

M/S/C Mr. Schild moved, with a second by Ms. Tobin to elect Audie Foster as 2018 SGA Chair and Mike DeWit as 2018 SGA Vice. The motion carried by the unanimous voice vote of all directors present.

6. FEDERAL GOVERNMENT APPROVES SOCIAL SECURITY COVERAGES FOR SGA EMPLOYEES

John Woodling, Executive Director, said that in early 2013, CalPERS' Office of Audit Services (OAS) 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 was informed by CalPERS that their membership was approved and they began making their own payments beginning July 1, 2016.

In an attempt to mirror the Regional Water Authority's (RWA) contract with PERS, SGA needed to participate in the social security program. Votes were taken and all employees agreed to participate. This process has taken about a year to complete. To finalize the contract, the SGA Board has to approve a Certified copy of the Resolution of Intention, Form CON-12, Certification of Governing Body's Action and Form CON-12A, Certification of Compliance with Government Code Section 8507.

Once the Board adopts the Resolution of Intention on December 14, 2017, the earliest date that the final Resolution may be adopted is January 3, 2018. There must be a 20-day period between the adoption of the Resolution of Intention and the adoption of the final resolution pursuant to Government Code Section 20471. There are no exceptions to this law. The final resolution will be brought to the SGA Board of Directors at its February 8, 2018 meeting.

M/S/C Mr. Schild moved, with a second by Mr. Green, to approve Resolution of Intention to Amend the SGA PERS Contract to Include Social Security Coverage. The motion carried by the unanimous voice vote of all directors present.

7. SUSTAINABLE GROUNDWATER MANAGEMENT ACT (SGMA) UPDATE

John Woodling, Executive Director, said that the California Department of Water Resources (DWR) released a draft best management practices document for developing Sustainable Management Criteria for a groundwater basin. The comment period extends to January 8, 2018.

Mr. Woodling said that every SGA board meeting has included an update on SGMA. Staff intends to provide a SGMA update at all future SGA meetings to include what is going on at the state level with regulations and what is being done with SGA to

comply. Staff is currently working on reminding members of the premises of SGMA and what will be seen going forward when ultimately a groundwater sustainability plan has to be adopted.

Mr. Woodling gave an overview of DWR's best management practices including sustainable management criteria. DWR has \$86.3 million dollars funding available with 78 applications that were due mid-November. In addition to enacting regulations, the Sustainable Groundwater Management Act gave DWR the authority to develop BMPs including monitoring protocols, standards and sites, monitoring networks and identification of data gaps, hydrogeologic conceptual model, water budget and modeling.

There are six items that need to be avoided including: chronic lowering of groundwater levels; reduction of groundwater storage; seawater intrusion; degraded water quality, including migration of plumes; land subsidence; and, depletions of interconnected surface water. If any of these items become significant and unreasonable and are occurring throughout the basin they are undesirable results. Mr. Woodling gave an overview of how the six items are defined by DWR and how our definition and perspective differs.

The comment period for the BMP document is open until January 8, 2018. Staff reviewed and commented on the document and also coordinated comments from ACWA.

If the basins don't form their Groundwater Sustainability Agencies, then the state board can order individual well owners to report their extractions. If we are in compliance, we can decide who reports and who participates in SGA and who helps pay. To satisfy DWR, we need to make sure that we are talking to anyone who might be interested. We can consider going forward, who do we pay attention to and who to potentially assess.

8. GROUNDWATER MANAGEMENT PROGRAM UPDATE

Rob Swartz, Manager of Technical Services, provided an update on items relevant to the SGA groundwater management program with a follow up of the discussion at the last SGA board meeting. A grant application has been submitted. The five agencies in the North American subbasin worked together to develop one groundwater sustainability plan for the entire North American subbasin. Each of the agencies would independently manage their individual issues including identifying their indicators and thresholds. The agencies would insure that there are no negative impacts with cross agencies. He reviewed existing and proposed monitoring wells, proposed shallow monitoring wells near river gages, proposed groundwater quality sampling locations and existing and proposed surface water gaging locations. Staff is proposing to develop a model and database to compile common data, and to prepare the groundwater sustainability plan. Developing the application, managing the grant if we're awarded, most of the cost has already been expended with the grant application, very few new costs. The future costs include water data needs, putting in monitoring wells, collecting water quality, putting out those pressure transducers, the groundwater tool needs. Staff expects to bring

discussion of consulting procurement process to the board in February 2018 along with current policies with a proposal and how to identify and select consultants to assist with the technical work. A proposal will be presented on how to move forward and release a request for qualifications (RFQ) for services, with recommendations to be brought back at the April SGA board meeting so work can begin.

9. EXECUTIVE DIRECTOR'S REPORT

SGA Outreach – Mr. Woodling attended the National Water Resources Association Groundwater Task Force meeting on October 24, 2017, representing SGA and ACWA. The task force focuses on issues related to federal involvement (including in the courts) on state groundwater issues. The next meeting of the Task Force will be held January 3rd, 2018. Mr. Woodling chaired the ACWA Groundwater Committee meeting at the Fall Conference on November 28, 2017. The Groundwater Committee continues to be one of the most active ACWA Committees, and a primary venue to get comprehensive updates on SGMA implementation. Pam Tobin is chair and Mark Emmerson, CWD is vice chair for Region 4 of ACWA.

Paul Green had a question last meeting of whether we could have the State Water Resources Control Board drinking water program give SGA a presentation on how they set water quality standards and what their timing is with the hexavalent chromium standard that has been sent back to them for consideration. This may be a possible presentation in the February or April meeting.

Mr. Woodling thanked Mr. Allen for acting as 2018 SGA chair.

10. DIRECTORS' COMMENTS

Mr. Yasutake reported that City of Folsom City Council elected Steve Miklos as Mayor and Ernie Sheldon as Vice Mayor. Terms for Steve Miklos and Andy Warren are up next year and neither will seek reelection in 2018.

Mr. Sanford wished everyone a Merry Christmas and Happy New Year. He said it was great to see everyone at the Holiday Social Event.

Mr. Schild said that Dan York gave him a report on a problem with one of their valves in the cooperative transmission pipeline, with down time of 60 days. Mr. York commented that they are attempting to repair the leak. The issue is the 22-year old 48-inch valve has failed and they're trying to shut it down. They are working on it now to increase the 50% it came up to. Mr. Schild wished everyone Happy Holidays.

Ms. Tobin thanked Mr. Allen for the work he's done as SGA chair this year. She thanked Mr. Yasutake for going to extra lengths to make sure she was safe in the parking garage. She thanked everyone for their support for Region 4. Dan York is also on the committee. Challenges for 2018, receiving input from everyone. She wished everyone a Merry Christmas.

Mr. Green introduced Tim Shaw as the new general manager for Rio Linda/Elverta Community Water District.

Mr. Foster said that in the past week and a half California American Water has brought on treatment plants to treat what was an MCL, but is not an MCL at this point, for Chromium 6 at their Watt and Davidson wells. Those wells are now online. There are three additional wells in the SCGA area that have come online for Chromium 6 treatment. They are currently working on getting the Yolo County system up and running. They will submit to the PUC for recovery under an advice letter that they issued to California American when there was an MCL. In the SCGA area they put in a treatment plant on line to treat a health advisory that was issued by the EPA for polyfluorooctanoic acid (PFOA) and poly fluorooctane sulfonate (PFOS). It's believed that these acids occur from the manufacture or use of fire-fighting foams. The EPA advisory pointed out acute health risks to unborn and immune deficient that they normally don't address in health advisories. There's a concern that the EPA may be heading in this direction with unregulated contaminants. He thanked Mr. Allen for his service as SGA Chair and everyone for their vote of confidence electing him as the 2018 SGA Chair.

Adjournment

With no further business to come before the Board, Chair Allen adjourned the meeting at 10:28 a.m.

By:

Chairperson

Attest:

Nancy Marrier, Finance and Administrative Services Manager