SACRAMENTO GROUNDWATER AUTHORITY
REGULAR MEETING OF THE BOARD OF DIRECTORS
Thursday, June 13, 2019; 1:00 p.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. The Board of Directors may consider any agenda item at any time during 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 April 11, 2019 meeting
   Action: Approve April 11, 2019 meeting minutes

4. GROUNDWATER MANAGEMENT PROGRAM UPDATE
   Information Update: Rob Swartz, Interim Executive Director

5. EXECUTIVE DIRECTOR’S REPORT

6. DIRECTORS’ COMMENTS

7. CLOSED SESSION – PUBLIC EMPLOYEE APPOINTMENT
   (Government Code §§ 54954.5(e) AND 54957(b)(1))
   Title: Executive Director

8. REPORT FROM CLOSED SESSION

9. EXECUTIVE DIRECTOR APPOINTMENT AND EMPLOYMENT AGREEMENT
   Action: Approve Executive Director Appointment and Employment Agreement

ADJOURNMENT
Next SGA Board of Director’s Meeting – August 8, 2019, 9:00 a.m. at the RWA/SGA office, 5620 Birdcage Street, Ste. 110, Citrus Heights.

Notification will be emailed when the SGA electronic packet is complete and posted on the SGA website at http://www.sgah2o.org/meetings/board-meetings/.
AGENDA ITEM 3: CONSENT CALENDAR

STAFF RECOMMENDATION:

Action: Approve April 11, 2019 meeting minutes
1. CALL TO ORDER

Chair Tobin 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
Caryl Sheehan, Citrus Heights Water District
Brett Ewart, City of Sacramento
Darrel Eck, County of Sacramento
Robert Matteoli, Del Paso Manor Water District
Randy Marx, Fair Oaks Water District
Paul Schubert, Golden State Water Company
John Wingerter, Orange Vale Water Company
Paul R. Green, Rio Linda/Elverta Community Water District
Kevin Thomas, Sacramento Suburban Water District
Pam Tobin, San Juan Water District
Rink Sanford, Self-Supplied Industry

Staff Members
Rob Swartz, Ryan Ojakian, Nancy Marrier, Cecilia Partridge, Monica Garcia and Chris Sanders, legal counsel

Others in Attendance
Trevor Joseph, Dan York, Dave Jones, Joe Duran, Greg Zlotnick, Hilary Straus, David Gordon and Nicole Krotoski

2. PUBLIC COMMENT

None.

3. CONSENT CALENDAR

The minutes of the February 14, 2019 meeting

Motion/Second/Carried (M/S/C) Mr. Eck moved, with a second by Mr. Foster, to approve the February 14, 2019 Sacramento Groundwater Authority (SGA) Board minutes. The motion carried by the unanimous voice vote of all directors present, with the exception of Mr. Ewart who abstained.
4. SGA FISCAL YEAR 2019 – 2020 BUDGET

The Budget Subcommittee (Committee) reviews and makes a recommendation for adoption of the budget. The Fiscal Year 2019-2020 SGA Committee members included Pam Tobin, San Juan Water District (Chair); Caryl Sheehan, Citrus Heights Water District; Marcus Yasutake, City of Folsom; and Paul Schubert, Golden State Water Company. The committee met on March 18, 2019 to discuss the budget goals and fees. The proposed fiscal year 2020 budget (FY20) enclosed in the April 11, 2019 board packet reflects the recommendations of the committee.

Rob Swartz, Interim Executive Director, gave an overview with background information on the SGA Budget. Per unit groundwater fees and base fees for FY20 are proposed to be the same as FY19. Total budgeted fees are lower than FY19 by $5,300 due to overall lower groundwater pumping. Some members will experience a fee increase, because their groundwater pumping increased from the prior year. The proposed base fee is $10,100 per agency for up to 6,000 connections plus $1.31 per connection over 6,000. The base fee covers approximately 40% of expenses. The groundwater pumping fee is $6.00 per acre foot with each agency’s fee different based on their groundwater pumping. The groundwater fee is based on a trailing five year average of groundwater pumped. The latest five year average of groundwater pumping is 66,614 acre feet.

Policies Impacting the Budget

Mr. Swartz also reviewed some core policies which impact the budget. SGA shares 50% of the common administrative costs incurred by RWA to run both organizations through an Administrative and Management Service Agreement as outlined in Policy 100.2. Additionally, the salary schedule is updated annually to the November CPI, or as compensation surveys are conducted, consistent with RWA Compensation Policy 100.3. As required by CalPERS, SGA adopted pay ranges on February 14, 2019 and the ranges are posted on the SGA website.

Mr. Swartz discussed the Financial Commitment and Assignment Policy 400.2 which provides the framework for operating fund and additional commitments/designations. The operating fund is targeted between four and six months of operation expenses. SGA’s projected year end operating fund plus undesignated funds is approximately 8 months at the end of FY20, which is higher than policy. These additional funds will be used in future budget cycles to either buffer fee increases or for potential additional support, depending upon the Boards direction under the new Executive Director.

According to Budget Policy 400.3, the budget must be approved within 90 days of July 1. The budget identifies funding sources to pay for the expenditures, including proposed membership dues and other sources, such as grants. Member and contracting entities will share in the general operating and administrative costs of operating the SGA, as outlined in the annual budget documents.

In following the Defined Benefit Pension Plan Funding Policy 400.4, SGA will make payments towards the unfunded pension plan liability for previous and current
employee service over a four year period based upon the most recent data available from CalPERS for SGA’s liability. SGA’s objective is to fund 100% of the actuarially accrued liability at a quicker pace than CalPERS annual lump sum payments. This quicker pace does result in greater year to year payment fluctuations, both positive and negative.

*Sustainable Groundwater Management Act*

In September 2014, Governor Brown signed the Sustainable Groundwater Management Act requiring the formation of local groundwater sustainability agencies (GSAs) that must assess conditions in their local water basins and adopt locally-developed management plans. This requirement is expected to increase expenses and, consequently, fees for SGA out into future years. SGMA requires additional modeling work in the NASb to determine the sustainable yield and water budget for the basin. Mr. Swartz reviewed the overall SGMA project budget of $2,052,069 and how the cost will be shared by each GSA. The five GSAs agreed to distribute funds based on percentage of area.

Planned spending in FY20 for the SGMA is budgeted for $450,000, funded by expected grant income of $350,000, partner fees of $52,800, and the balance of $47,200 funded by a carryover SGMA designation from FY18 and FY19. SGA budgeting for a model update commencing in FY17 and continued on through FY18. Total funds of $208,300 were designated and approved at the SGA board meeting on April 12, 2018 for FY18 to be used in FY19. Additional unused funds from the program budget in FY19 are proposed to be added to the SGMA for an approximate total $237,200 in SGMA funding to be used in FY20 and beyond.

<table>
<thead>
<tr>
<th>Designations</th>
<th>FY18 (a)</th>
<th>FY19</th>
<th>Net used in FY19 (b)</th>
<th>Total designated FY19 for FY20</th>
</tr>
</thead>
<tbody>
<tr>
<td>Update GSP</td>
<td>$50,000</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Maintain/Improve DMS</td>
<td>10,000</td>
<td></td>
<td></td>
<td></td>
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<tr>
<td>Groundwater Modeling</td>
<td>148,300</td>
<td></td>
<td></td>
<td></td>
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<tr>
<td>Program Budget</td>
<td></td>
<td>$54,400</td>
<td>($25,500)</td>
<td></td>
</tr>
<tr>
<td>Total for SGMA</td>
<td>$208,300</td>
<td>$54,400</td>
<td>($25,500)</td>
<td>$237,200</td>
</tr>
</tbody>
</table>

(a) Designated in FY18 for FY19 Budget
(b) FY19 Grant income of $225,000 plus partner fee of $149,500 less $400,000 in expenses = ($25,500)
These funds are needed for SGA's contribution to the NASb model development in support of SGMA. Future years' budgets do not include any additional costs for potential ongoing SGMA costs other than for the initial implementation.

Program Budget Objectives

Mr. Swartz reviewed the program objectives budget of $60,000 proposed for consulting support for GSP updating, monitoring water levels and quality, maintaining and improving the data system, the basin management report and groundwater modeling.

CalPERS Unfunded Pension Liability

Since FY13, the SGA Board has been incrementally budgeting resources to pay the unfunded pension liability allocated to pooled plan members. SGA became a CalPERS entity and began making its own payments beginning July 1, 2016. Even though SGA has been paying 100% of the annual required contribution, SGA still has an unfunded pension liability. CalPERS has been amortizing these costs over 20 to 30 years when determining the annual required contribution. Per a July 26, 2018 CalPERS letter to SGA, the estimated June 30, 2019 unfunded pension liability balance is approximately $56,500. SGA is scheduling payment of the unfunded liability over four years, plus some interest costs. For FY20, SGA’s budgeted payment is $14,500 versus the $47,500 expected payment based upon the prior estimated unfunded liability balance. The amount to pay in FY21 will be recalculated based upon updated balance data and could be higher or lower than $14,500. These payments reflect SGA’s liabilities. The reduced liability reflects better market performance compared to assumptions.

Other Budget Assumptions

Mr. Swartz reminded the Board that proposed budget results may not be achieved. He also discussed other budget factors, such as the building lease cost increases, consulting costs for human resource support, increased legal costs associated with the SGMA, increased computer support including cloud backup service, and increased audit, actuary, and accounting fees for recent additional GASB compliance and new auditors. He also discussed unused office costs budgeted in FY18 that were moved to FY19 will now be used in FY20, matching RWA’s designation. Lastly, staffing costs do not reflect any potential adjustments for the new Executive Director or finance manager positions. There is $10,000 budgeted for possible overlap of the finance manager position. This will allow the retiring finance manager to provide training to the new finance manager when that transition occurs in late 2019.

The future budget outlook includes an approximately 4.4% projected increase in FY21. Future increases could be higher depending on the magnitude of required obligations from SGMA and the continued payments of unfunded pension liability. SGA does not yet know the extent and cost of these future obligations. Approving the FY20 proposed budget does not approve future budget projections. Budget and
projection results may not be achieved. The budget assumes a continued common cost sharing between RWA and SGA.

Additional budget information can be found in the April 11, 2019 staff report and proposed budget document.

M/S/C Mr. Foster moved, with a second by Mr. Green, to approve the adoption of Resolution No. 2019-01 to fund the administrative and program budgets for FY 2019 – 2020, and providing for the collection of said funds; to designate the remaining FY19 program budget of approximately $54,400 for the Sustainable Groundwater Management ACT (SGMA) cost share; to move the remaining approximate $182,800 in designated funds from the FY19 program budget to the SGMA cost share and to designate $6,050 in unused office move costs from FY18 to FY19. The motion carried by the unanimous voice vote of all directors’ present.

5. CONTRACT FOR PROFESSIONAL AUDITING SERVICES

On June 14, 2018, the SGA Board of Directors approved a contract for professional auditing services for a five-year term, with a provision that requires the SGA Board to approve the contract annually. The Fiscal Year 2019 audit will be the second year that SGA may contract with Gilbert and Associates.

M/S/C Mr. Schubert moved, with a second by Mr. Foster, to authorize the Interim Executive Director to contract with Gilbert and Associates to provide for professional auditing services for SGA’s fiscal year 2019 audit. The motion carried by the unanimous voice vote of all directors’ present.

6. SUSTAINABLE GROUNDWATER MANAGEMENT ACT (SGMA) UPDATE

Rob Swartz reported that staff continues to coordinate with the other four GSAs in the NASb. The NASb GSAs met on April 8th. The funding Memorandum of Agreement has been approved by all five GSAs and nearly all year-one contributions have been received. He provided an updated financial report on the contributions and expenses related to the joint SGMA activities of the GSAs partners to the Board. A Prop 1 Sustainable Groundwater Management Grant Program Budget was enclosed in the packet that showed funds, expenses, cash balance and the net program balance. A table was enclosed in the packet that provided an updated activity status for the NASb Groundwater Sustainability Plan Development.

There will be four shallow wells that will be near each other, one will be on the Bear River and one on the Feather River. There will be two deep wells, one in Sutter County and one in Placer County. Each well will have two separate intervals of monitoring. There will be a total of eight wells in four different locations.
7. GROUNDWATER MANAGEMENT PROGRAM UPDATE

Mr. Swartz provided an update of groundwater management program activities. The activities include the latest tracking of the SGA Water Accounting Framework, collection of Spring groundwater elevations and requests made of groundwater agencies for monthly pumping by well and information on groundwater quality.

SGA was formed to maintain long term sustainable yield in the north area basin and to facilitate implementation of an appropriate conjunctive use program by water purveyors. SGA established the accounting framework to help establish the appropriate conjunctive use program. Mr. Swartz showed the framework approach and sustainability goals. The framework principles address all agencies, but sustainability goals are only established in the central area. The framework principles create and track two balances, the basin sustainability goal including the reduction in demand for groundwater in the basin and exchangeable water that is imported surface water in excess of that needed to meet basin sustainability goals. There has been effective tracking since 2012. Sustainability goals can be met simply by pumping less than the target, agencies start with a zero balance for a basin sustainability goal, negative sustainability balance can accumulate and basin sustainability balance are not transferrable. Exchangeable water balances may be transferred to meet sustainability balances, but an agency must have a positive sustainability balance to transfer exchangeable water outside the basin. A 5% loss factor applies to exchanges outside the basin. The framework was planned to be revisited every five years, but review has been deferred because of the current effort to prepare a groundwater sustainability plan in the NASb.

Groundwater data requests are identified in the 2014 SGA Groundwater Management Plan as an important SGA function. The requests to local agencies and provide data for monthly pumping by well and water quality concerns. The data collected will be used for groundwater model updates for SGMA. Surface water agencies will see a monthly diversion data request in the near future.

Included in the packet was a detailed accounting by agency with the latest numbers for the current state of the Water Accounting Framework. Most of the agencies listed have positive balances in terms of their sustainability. When the program was started, exchangeable water balance credit had been given for past actions prior to the 2012 accounting. If you could show after SGA formed that you had taken action in that period you were given credit on the positive side of the ledger. Mr. Swartz gave an update on the water elevations in the intermediate months and with spring elevation. The recently collected spring elevations show that throughout the basin elevations are higher than they were in 2018.

8. EXECUTIVE DIRECTOR’S REPORT

Mr. Swartz introduced Ryan Ojakian, Legislative and Regulatory Affairs Manager, to the SGA Board of Directors. Mr. Ojakian is fully funded through RWA. However, SGA benefits from his monitoring and tracking groundwater legislation.
Mr. Ojakian said that he came to RWA from the legislature where he spent 12 years working in the capitol with everything related to water. He was the analyst on the water efficiency legislation. The relations that he formed during his years at the capitol will be an important asset for his work with RWA.

**Legislative Update** – Mr. Ojakian said that there are two bills in the legislature that address groundwater recharge. The first is AB 658 (E. Garcia), which is an extension of the work that SGA staff and ACWA has been engaged in to streamline a temporary (five-year) water rights permit for groundwater recharge. The second is AB 441 (Eggman), which would define groundwater recharge as a beneficial use.

The primary legislative issue for the water industry remains a water tax to fund safe drinking water in disadvantaged communities. It appears that most proposals have been introduced – a tax (budget trailer), a trust (SB 669), and a combination of the two (AB 217). AB 217 was recently introduced, and contains both a trust and a tax. The RWA is opposed unless the tax provisions are amended out of the bill. There are efforts toward develop of an additional non-tax option based on additional revenue coming to the state from new online sales taxes. RWA continues to work closely with the larger water industry on a non-water tax solution that addresses safe drinking water.

**SGA Outreach** – Mr. Swartz has been invited to participate in a small group Public Policy Institute of California (PPIC) workshop on “Water Trading, Water Banking, and Sustainable Groundwater Management” on April 19 in Sacramento.

**Executive Director Recruitment Process Update** – The deadline for applications was March 18, 2019. The consultant screened the candidates and presented results to the RWA Executive Committee on March 27, with interviews to be scheduled in late April.

**9. DIRECTORS’ COMMENTS**

Mr. Ewart thanked Chair Tobin for the welcome and said he was happy to be a participant on the SGA Board.

Mr. Schubert reported that Golden State Water Company’s Westborough project may be online by the end of the year.

Ms. Tobin thanked Ms. Sheehan and Mr. Schubert for their participation on the SGA Budget Committee.

Mr. Green asked if SGA has taken a position on the water tax. Mr. Swartz responded by saying that SGA does not take positions on bills. Mr. Ojakian said that RWA has taken an oppose position on things that are a tax on water suppliers or on our customers, and we have taken a support position on solutions that are finding a funding stream that is not a tax.
Adjournment

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

By:

________________________________________
Chairperson

Attest:

________________________________________
Nancy Marrier, Finance and Administrative Services Manager
AGENDA ITEM 4: GROUNDWATER MANAGEMENT PROGRAM UPDATE

BACKGROUND:

Staff will provide an update of groundwater management program activities. Staff continues to coordinate with the other four Groundwater Sustainability Agencies (GSAs) in the NASb. The NASb GSAs met on June 10, 2019. Staff will provide an updated financial report on the contributions and expenses related to the joint SGMA activities of the GSAs partners to the Board (see enclosed table). Staff will also provide an updated North American Subbasin Groundwater Sustainability Plan Development Activity Status to the Board (see enclosed table). Staff will provide an update on groundwater elevations and discuss the request made of groundwater agencies for monthly pumping by well.

STAFF RECOMMENDATION:

Information Update: Rob Swartz, Interim Executive Director
# North American Subbasin Groundwater Sustainability Plan Development Activity Status

**June 10, 2019**

## Project Administration

**Grant Administration**
First modification of grant agreement with DWR completed. The modification reduced the local cost share by eliminating the grant application preparation expenses. First quarter report approved and first invoice submitted to DWR.

## Water Data Needs

**Deep Monitoring Well Construction**
Drilling, construction and development complete. Installing pads. Under budget.

**Shallow Monitoring Well Construction**
Contractor selected. Delayed start of drilling from June to July due to recent rains.

**Monitoring Well Transducer Installation**
Installations complete into six existing wells and collecting measurements. Ordering transducer for deep wells.

**Water Quality Sampling**
No Activity. Sampling anticipated in Fall 2019.

**Surface Water Inflow/Outflow Monitoring**
Tranducers installed at all four locations. A temporary transducer at Raccoon Creek was replaced with the permanent transducer. Data downloaded from all transducers. Initial flow measurements will be performed soon in order to assist with verifying/developing rating tables for each site.

## Groundwater Management Tool Needs

**Regional Data Management System**
Placer County Board approved contract. Draft white paper developed. Kickoff meeting held on April 16.

**Regional Groundwater Model**
SGA met with consultant team on March 5 to discuss required data and how to best send out data request. Woodard & Curran updated GSA Coordination Committee on second set of data needs on May 6 and last set of data needs on June 10.

## GSP Development
No activity to report.

## Public Notification and Communications
Initial notification complete. Website complete. West Placer, SGA, South Sutter WD, RD 1001, and Sutter County communications plans complete.

## GSA Coordination

**Intrabasin GSA Coordination**
No January NASb meeting. Meetings on February 4, April 8, May 6, and June 10.

**Interbasin GSA Coordination**
No activity. Need to schedule meetings with Yuba, Sutter, Yolo, and central Sacramento.
**Prop 1 Sustainable Groundwater Management Grant Program Budget**  
As of June 5, 2019

### Funds

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<td>SGA GSA Contributions</td>
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<tr>
<td>RD 1001 GSA Year 1 Contribution</td>
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<td>Sutter GSA Year 1 Contribution</td>
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<tr>
<td>NCMWC Portion of Sutter GSA Yrs 2 &amp; 3</td>
<td>$ 5,838.70</td>
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<tr>
<td>South Sutter Water District GSA Year 1 Contribution</td>
<td>$ 43,631.00</td>
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<td>West Placer GSA Year 1 Contribution</td>
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<tr>
<td>DWR Grant Reimbursements</td>
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<td><strong>Total</strong></td>
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### Expenses

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<tr>
<td>3-fold (website initial development)</td>
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<tr>
<td>GEI (MBK sub)</td>
<td>$ 48,896.95</td>
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<tr>
<td>Woodard &amp; Curran</td>
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<tr>
<td><strong>Total</strong></td>
<td><strong>$ 112,801.70</strong></td>
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### Cash Balance

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<tr>
<td><strong>Cash Balance</strong></td>
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<tr>
<td><strong>Payable from DWR (Submitted on 5/9/19)</strong></td>
<td><strong>$ 52,665.85</strong></td>
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<tr>
<td><strong>Net Program Balance</strong></td>
<td><strong>$ 303,523.85</strong></td>
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</table>

Notes: This is an accounting of only the funds being managed through SGA. Other GSA partners are tracking their own direct expenses for certain tasks. This does not account for in-kind staff contributions.
AGENDA ITEM 5: EXECUTIVE DIRECTOR’S REPORT
JUNE 13, 2019

TO: SACRAMENTO GROUNDWATER AUTHORITY BOARD

FROM: ROB SWARTZ

RE: EXECUTIVE DIRECTOR’S REPORT

a. Legislative Update – RWA has been tracking two bills in the legislature that address groundwater recharge. The first is AB 658 (E. Garcia), which is an extension of the work that staff and ACWA has been engaged in to streamline a temporary (five-year) water rights permit for groundwater recharge. AB 658 passed out of the Assembly last week and will likely be heard in Senate Natural Resources and Water this month. The second is AB 441 (Eggman), which would define groundwater recharge as a beneficial use. AB 441 is not moving forward as it was held in Assembly Appropriations.

b. SGA Outreach – Mr. Swartz has been accepted to present to the Groundwater Resources Association of California (GRA) at GRA’s 2019 Second Annual Groundwater Congress, which will take place September 17-19, 2019 in Sacramento. Mr. Swartz will speak on Expanding Conjunctive Use through Creation of the Sacramento Regional Water Bank.

An article on conjunctive use written by Mr. Swartz and John Woodling, with substantial assistance from Christine Kohn, was published in the Spring 2019 Source magazine by the California-Nevada Section of the American Water Works Association (see enclosed article).
Groundwater Issue
Markets, Banking, Water Quality
... AND MORE
As California emerged from a multi-year drought in the early 1990s, the Sacramento region’s water supplies and environmental resources were on an unsustainable path. Forecasts showed the area would experience some of the fastest population growth in the state. The region was already heavily dependent upon the Lower American River for drinking water supplies and projected to tap the river even more in the coming years. At the same time, groundwater levels were declining steadily in some parts of Sacramento County, falling as much as 90 feet from historic levels in the years following World War II, and contamination plumes were threatening groundwater as a viable drinking water source.

The 2014-15 drought hit the Sacramento region especially hard. Folsom Reservoir, the primary water supply source for 500,000 people, fell to historic lows, demonstrating the vulnerability of relying on surface water. Photos courtesy of City of Sacramento.

From these times and conditions emerged the Water Forum, an agreement among water managers, environmentalists and other diverse stakeholders to balance the co-equal objectives of providing a reliable and safe water supply for the Sacramento region’s long-term growth and economic health, and preserving the fishery, wildlife, recreational and aesthetic values of the Lower American River.

Water Forum stakeholders identified the development of a regional conjunctive use program as critical to achieving the co-equal objectives. With conjunctive use, water providers use more surface water during wet years, allowing the groundwater basin to recharge, and more groundwater during dry years, allowing more surface water to flow down the American River for fishery and wildlife.

Decades later, the Sacramento region’s conjunctive use program has yielded dividends even beyond those imagined at its formation. As local water managers embark on a new era in water reliability planning, their vision for expanding conjunctive use with groundwater banking is emerging as key to meeting the area’s future water supply and environmental needs while providing benefits that extend to others statewide.

Creating the Foundation for Conjunctive Use

The Sacramento region’s conjunctive use program was made possible through the formation of two joint powers agencies: the Sacramento Groundwater Authority (SGA) in 1998 to equitably and sustainably manage groundwater in the northern portion of Sacramento County and the Regional Water Authority (RWA) in 2001 to support 21 independent water suppliers serving two million people in working collaboratively to integrate their water systems.
SGA was one of the first groundwater management agencies of its kind in California, emerging 16 years before the Sustainable Groundwater Management Act (SGMA) during an era when groundwater basins were largely unregulated. Established as a joint powers authority, SGA’s governance was unique at the time because it provided all groundwater users with a voice in managing the basin, including regulated water utilities and agricultural users. SGMA co-author Roger Dickinson would later cite SGA as a model for SGMA, and SGA’s framework has made it possible for the Sacramento region to seamlessly and smoothly comply with California’s landmark groundwater law.

RWA was established with the idea that water providers could accomplish more together than separately. The organization’s mission is to help members protect and enhance the reliability, availability, affordability and quality of water resources. One of RWA’s core responsibilities is bringing together diverse stakeholders through collaborative planning to identify, evaluate and prioritize water supply and water quality projects. This work has paid substantial dividends over the years, including more than $80 million in state and federal funding for water supply planning and infrastructure.

In the years following SGA’s and RWA’s formations, water providers focused on making their vision for a successful conjunctive use program a reality. SGA developed a framework for how conjunctive use could function and worked with regulatory agencies and responsible parties to address threats from contamination that could undermine its success, while RWA provided an avenue for collaborative planning and funding. The region’s water suppliers began to build and expand the infrastructure necessary for conjunctive use. With the support of RWA, they invested in water treatment plants, pipelines and wells to enhance the region’s capacity to divert and treat surface water, increase access to groundwater and interconnect the two sources so that available water supplies could move to where they’re needed.

These investments, combined with modified operations, effectively turned the groundwater basin into a large storage reservoir, allowing water providers to store an estimated 300,000 acre-feet of water in the underlying groundwater basin since the late 1990s. As a result, not only did the basin’s groundwater levels stop declining, they started to gradually recover. The region’s

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**Certified AWWA Water Audit Validation**

California’s Senate Bill 555 requires all urban retail water suppliers to submit a completed and validated water loss audit report before October 1st of each year.

MC Engineering, Inc. has certified staff available to validate your water audit while providing valuable insights for related services including:

- Interpretation of Water Audit results and recommended follow-up to improve water system efficiency
- Structured meter accuracy testing and related methods for reducing Apparent Losses
- Leak detection surveys and studies aimed at reducing Real Losses
- Planning and design services for replacing aging mains and infrastructure

MC Engineering, Inc.
Water and Wastewater Efficiency
(916) 546-7898
mce@mc-engineers.com
www.mc-engineers.com
Once over-drafted groundwater basin has recovered to levels that are stable and sustainable.

Figure 1. Long-term hydrograph showing past overdraft, then recovery following implementation of conjunctive use operations.

After chronic overdraft for over 40 years, implementation of conjunctive use actions has resulted in reversal of the downward water level trend. Water levels declined during California’s 2014-16 drought, but recovered under wetter hydrologic conditions in 2017-18.

Tested During Drought

California’s recent historic drought served to expand and deepen the region’s commitment to conjunctive use and prompt a renewed focus on long-term water reliability planning.

The 2014-15 drought hit the Sacramento region especially hard. Folsom Reservoir, the primary water supply source for 500,000 people, fell to historic lows. Conditions were so dire that the U.S. Bureau of Reclamation, which operates the reservoir, installed portable pumps on barges as a standby option to continue providing water for public supply. A winter storm lifted the region out of an immediate emergency, and conjunctive use helped keep water flowing to customers and down the American River for fish and wildlife. During the drought, water providers successfully shifted to using more groundwater, using 61 percent for supplies in 2014 compared to 45 percent in 2011 (a wet year).

The region also expanded conjunctive use infrastructure during the drought with $10 million in emergency grant funding from the California Department of Water Resources. Through RWA, water providers had identified priority projects for funding that would augment water supply and increase the region’s ability to move water to areas most impacted by drought. Projects included constructing or rehabilitating groundwater wells that increased production capacity by about 15 million gallons per day (MGD), a series of interconnections to enhance the region’s ability to transport water between water districts by more than 50 MGD, booster pumps...
to move water to areas otherwise dependent on gravity flow from Folsom Reservoir and improvements at the region’s largest surface water intakes to allow continued diversions when river flows were extremely low.

Ultimately, the drought demonstrated that the Sacramento region had developed a solid foundation for reliability and conjunctive use through SGA and RWA. But the drought also exposed new vulnerabilities and prompted a renewed look at long-term planning in a future with climate change. In the future, surface water supplies are projected to become more variable, storms will be warmer and runoff will be earlier in the season, making it more difficult to store snowmelt runoff in Folsom Reservoir for use during the long dry summers.

**Expanding Conjunctive Use With Groundwater Banking**

This year, water managers completed a Regional Water Reliability Plan to evaluate supply vulnerabilities and identify the most promising opportunities to improve long-term reliability at the water provider, community and regional levels. Chief among the plan’s concepts now being explored is expanding conjunctive use by establishing a water bank in the underlying groundwater basin.

With water banking, water providers store — or bank — more water in the groundwater basin during wet years so that it is available when needed, making better use of the storage space for water already available in the aquifer. Initial estimates indicate that the basin has the potential storage capacity of nearly two million acre-feet — about twice Folsom Reservoir’s storage. The best short-term opportunities exist with in-lieu recharge, expanding the use of surface water to offset groundwater pumping that would otherwise occur.

**Figure 2.**

Infrastructure investments and operational changes have improved the ability to shift between surface water and groundwater depending on the year’s hydrologic conditions.

The Sacramento region’s water bank would be the first in California located north of the Delta, making it ideally positioned to provide substantial local and statewide benefits. The bank would provide the region with additional water for people during dry periods so that more water could flow down our rivers for fish and wildlife, as well as into the Sacramento-San Joaquin Delta and beyond to serve statewide needs. The bank also has the potential to manage water supplies in coordination with planned flood infrastructure projects and initiatives, so that flood waters can be captured during the rainy
season rather than flowing to the ocean. The in-basin benefits provided by the bank will allow the region to continue to maintain sustainable groundwater basins, as required by SGMA.

The Sacramento region recently pilot tested the bank’s potential through a regional groundwater substitution transfer. In 2018, RWA facilitated the transfer of 10,000 acre-feet of water from local suppliers to agricultural water users in the Central Valley. Rather than use surface water, participating water providers pumped groundwater instead, allowing their unused surface water entitlements to flow through the system to farmlands that might otherwise go unused. The revenues from such water transfers can be reinvested to further expand the region’s conjunctive use facilities.

SGA developed a framework for the pilot project, creating draft operating and monitoring guidelines to ensure local water needs would be met first and that the groundwater basin would be protected. RWA facilitated the transfer with buyers and state and federal agencies. The pilot demonstrated that by adjusting operations, the region could sustainably recover banked water previously stored in the basin for use outside the region.

Just as they came together 20 years ago to develop a new framework for reliability through conjunctive use, water managers are now working to create a new framework for reliability through the water bank. This includes further defining guidelines for the bank’s operations and monitoring, as well as exploring the bank’s potential benefits to local and statewide reliability and the environment. Once again, the region is embarking on an ambitious project that will require years of analysis, planning and consultation with stakeholders, including those in the environmental community, other independent groundwater users and the public. Fully developing the water bank’s potential also will require new investments to expand existing facilities such as new surface water diversions, water system interties between agencies, booster pumps, pipelines and additional groundwater wells to recover stored groundwater. While the future is never certain and bound to take unexpected turns, the groundwater management framework and partnership created through SGA and RWA is certain to provide a solid path.

Rob Swartz is manager of technical services for Sacramento Groundwater Authority and Regional Water Authority. John Woodling is the executive director of Sacramento Groundwater Authority and Regional Water Authority.
AGENDA ITEM 6: DIRECTORS’ COMMENTS
AGENDA ITEM 7: CLOSED SESSION – PUBLIC EMPLOYEE APPOINTMENT
(Government Code §§ 54954.5(e) AND 54957(b)(1))
Title: Executive Director
AGENDA ITEM 8: REPORT FROM CLOSED SESSION
AGENDA ITEM 9: EXECUTIVE DIRECTOR APPOINTMENT AND EMPLOYMENT AGREEMENT
   Action: Approve Executive Director Appointment and Employment Agreement
EMPLOYMENT AGREEMENT WITH EXECUTIVE DIRECTOR

This Agreement is effective June 13, 2019 between the Regional Water Authority, a joint powers authority ("RWA") and James Peifer ("Employee"), who agree as follows:

1. Recitals

1.1. RWA is a joint powers authority formed and existing under the Joint Exercise of Powers Law of the State of California.

1.2. Employee agrees to serve as Executive Director to RWA on and subject to the terms of this Agreement.

1.3. Employee acknowledges that, under RWA Policy No. 300.1 and the Cost Sharing Agreement between RWA and the Sacramento Groundwater Authority ("SGA"), as defined and further described in Section 4.2, one of Employee’s job duties will be to serve as SGA’s Executive Director.

2. Employment

RWA hereby employs Employee as Executive Director on and subject to the terms and conditions of this Agreement. Employee hereby accepts such employment on and subject to the terms and conditions of this Agreement. Employee shall also be subject to the terms of the RWA employee handbook, including any terms describing the terms concerning RWA’s and SGA’s relationship in employing employees, to the extent they are not inconsistent with this Agreement. RWA will be responsible for all employment obligations arising under this Agreement, except for those obligations arising under the California Public Employees’ Retirement System (“CalPERS”) that are the responsibility of SGA. RWA’s employment obligations include the following: payment of salary and related payroll tasks; payment of employment-related taxes and withholdings; reporting to the federal Internal Revenue Service, California Franchise Tax Board and California Employment Development Department; provision of Employee benefits; provision of workers’ compensation insurance; and, other employment- and labor-related requirements.

3. Term

This Agreement will commence on the effective date stated above and remain in effect until July 1, 2021, unless terminated by one of the parties as provided below in Section 10, and subject to the extension for amendment negotiations in Section 11. RWA’s obligations to continue financial contributions toward Employee’s retiree health benefits and California Public Employees Retirement System ("CalPERS") benefits under Sections 6.6 of this Agreement shall continue after this Agreement’s termination to the extent necessary for Employee to receive those benefits.

4. Duties

Employee’s duties under this Agreement will be as follows:

4.1. Those duties and responsibilities assigned to the office of RWA Executive Director as described in the job description for the RWA Executive Director position as adopted and amended from time to time by the RWA Board of Directors, and such other
duties and responsibilities as assigned by the RWA Board of Directors. Employee will be the chief administrative officer of RWA. Employee will work under the direction and control of the RWA Board of Directors.

4.2. Employee may also perform executive director or similar services for another public agency under any agreement that RWA executes with that other agency that requires RWA to provide such services to that agency, as approved and directed by the RWA Board of Directors. (This Agreement refers to such an agency as a “Contract Agency.”) As of the date of this Agreement, RWA has a Contract Agency agreement with the Sacramento Groundwater Authority (“SGA”), a California joint powers authority, specifically the Agreement Between the Regional Water Authority and the Sacramento Groundwater Authority for Administrative and Management Services entered into as of May 23, 2002, as amended as of September 9, 2004 and March 14, 2019 (“Cost Sharing Agreement”), under which the Employee serves as SGA’s Executive Director. In all such cases, RWA retains sole authority to employ and take personnel actions in regard to Employee. Notwithstanding any interpretation of the relationship between RWA and a Contract Agency by a non-party to this Agreement, RWA retains sole responsibility to the Employee for all obligations under this Agreement, except for those obligations arising under CalPERS that are the responsibility of SGA.

5. Work Hours

Employee will devote his full time, attention and energies to his duties and will be available to work at such times as necessary to fully and competently perform the duties assigned, regardless of the number of hours involved. Employee acknowledges that the duties of his position may require an average of more than 40 hours per week, and that some day-to-day hours may vary significantly. Employee will not be compensated for overtime hours worked or otherwise earn or be entitled to compensatory time off for hours worked in excess of eight per day or 40 per week. Employee will not engage in any conduct or other employment or business that would unreasonably interfere with his responsibilities and duties to RWA and, under RWA Policy 300.1, SGA.

6. Salary and Benefits

For all services to be rendered by Employee under this Agreement, RWA will provide to Employee the following salary and benefits:

6.1. Salary stated in Exhibit A to this Agreement, as it may be amended from time to time under Section 16 of this Agreement. Any Employee salary increase and/or cost of living adjustment will require the approval of the RWA Board of Directors. Prior to any increase in Employee’s salary and/or cost of living adjustment, the RWA Board of Directors will consult with any Contract Agencies.

6.2. All RWA Employment Benefits, as defined in RWA’s employee handbook, in addition to the specific benefits described in this Agreement (for example, sick leave and holidays). If any term or condition is inconsistent with a term or condition of the RWA Employment Benefits, the provisions of this Agreement will govern. RWA reserves the right to eliminate or modify any of its benefits at any time; provided that any specific benefit identified in this Agreement may not be changed except by a written amendment negotiated between RWA and Employee in accordance with Section 16 of this Agreement.
6.3. An automobile allowance of $600.00 per month.

6.4. Reimbursement of reasonable expenses, including but not limited to business telephone calls, lodging, meals, air travel fares, rental of automobiles, parking fees, business meals, cellular telephone service, and other business related expenses incurred on behalf of RWA (including expenses incurred in providing services to a Contract Agency) as reviewed and approved before payment by the Chair of the RWA Board of Directors.

6.5. Participation in RWA’s group medical, dental and vision plans. RWA will pay the full cost of the coverage for Employee and Employee’s dependents.

6.6. Retiree Health Benefits.

6.6.1. Eligibility to Enroll in CalPERS Health Plan. Pursuant to the Public Employees’ Medical and Hospital Care Act (“PEMHCA”) and relevant CalPERS regulations, Employee shall be eligible to continue health coverage with CalPERS upon his retirement through RWA’s PEMHCA contract if: (i) he completes at least 5 years of CalPERS-covered employment, (ii) his retirement from RWA is effective within 120 days of his separation from employment with RWA, and (iii) he receives a retirement allowance from CalPERS resulting from his service with RWA.

6.6.2. Employer-Paid Retiree Health Benefit. If Employee is eligible to enroll in a CalPERS health plan upon his retirement through RWA’s PEMHCA contract, he shall be eligible to receive an employer-paid retiree health benefit in accordance with Section II of Policy Number 400.1 Appendix G of the RWA Personnel Rules.

6.7. Vacation with pay based on an accrual rate of 20 days per year, earned at the rate of 6.15 hours per biweekly pay period, otherwise subject to RWA’s vacation policy.

6.8. Participation in CalPERS in accordance with RWA’s contract with CalPERS. Employee will pay the required employee contribution to CalPERS based on CalPERS’ determination of his status as a classic member or new member. RWA will pay the employer share.

7. Workers’ Compensation

For the duration of this Agreement, RWA will purchase and maintain workers’ compensation insurance coverage for Employee as required by California law to cover Employee. To the extent that Employee provides services to a Contract Agency, RWA will provide workers’ compensation coverage for Employee while Employee performs those services pursuant to Labor Code section 3602(d).

8. Report Date

Employee shall use his best efforts to report to RWA and assume his duties as Executive Director as soon as possible, but in no case no later than June 28, 2019.

9. Other Terms and Conditions of Employment

Employee’s employment also will be governed by the RWA personnel policies and procedures, as the same may be amended from time to time by the RWA Board of Directors. The parties will comply with all applicable provisions of the RWA personnel policies and
procedures. If any term or condition of this Agreement is inconsistent or in conflict with a term or condition of RWA’s personnel policies and procedures, this Agreement will govern.

10. **Termination**

   Subject to Section 11, this Agreement terminates on July 1, 2021. It may be terminated earlier in any one of the following ways:

   10.1. By mutual agreement of the parties, expressed in writing.

   10.2. By Employee, upon giving to RWA not less than one month’s prior written notice of his election to terminate. Immediately upon receipt of such written notice, RWA will notify all Contract Agencies, if required by RWA’s agreements with those agencies.

   10.3. By majority vote of the RWA Board of Directors, for cause, upon giving to Employee written notice of immediate termination. Prior to initiating any termination for cause, the RWA Board of Directors will notify, and receive concurrence from, each Contract Agency, if required by RWA’s agreement with that agency. RWA’s written notice of termination will specify (1) the particular cause(s) and the facts and circumstances justifying the termination of the Agreement for cause, and (2) the opportunity of Employee to be heard before the RWA Board of Directors on the reasons for his termination. If Employee requests a hearing, the hearing will be held at the RWA Board of Directors' earliest convenience in a closed session, unless Employee requests an open session hearing. After the hearing, the RWA Board of Directors may affirm, modify or reverse its decision to terminate for cause. For purposes of this Agreement, the following will justify termination for cause: willful breach or habitual neglect of duty; gross insubordination; conviction of a crime involving moral turpitude; conduct that makes it impossible or impracticable to perform the duties under this Agreement, or that seriously impedes RWA operations or the operations of a Contract Agency; conduct that tends to bring discredit to RWA or a Contract Agency, or conduct unbecoming an employee in public service; intentional mishandling of RWA or Contract Agency funds; any intentional misrepresentation or fraud in connection with the performance of his duties; or, theft of RWA property or the property of any Contract Agency.

   10.4. By a majority vote of the RWA Board of Directors, without cause, upon giving to Employee written notice of immediate termination and payment of severance pay in an amount equal to Employee’s then-current monthly salary multiplied by number of months left on the unexpired term of this Agreement, provided that the number of months shall not exceed six. RWA shall pay for continuation of Employee’s medical, dental and vision coverage for the months left on the unexpired term of this Agreement, provided that the number of months shall not exceed three, or until Employee begins other employment, whichever occurs first. Prior to terminating Employee pursuant to this subsection, the RWA Board of Directors will receive concurrence through a majority vote of the board of directors of each Contract Agency, if required by RWA’s agreement with that agency.

   10.5. If Employee's employment is terminated for any reason, Employee shall be paid for all accrued, unused vacation time at Employee’s then-applicable regular rate of pay.

   10.6. If Employee’s employment under this Agreement is terminated for any reason, Employee shall be entitled to retire with all benefits under CalPERS in which he has become vested.
10.7. Notwithstanding the provisions of any RWA rule, regulation, policy, procedure or practice to the contrary, upon termination of Employee’s employment, whether as a result of termination or otherwise, and whether with or without cause, Employee will not be entitled to any compensation, damages or other monetary award except as specifically authorized by this Agreement.

11. Extension for Amendment Negotiations. RWA and Employee intend for this Agreement to be a two-year contract with the potential for the parties to negotiate for a limited period of time before and after July 1, 2021 with the mutual goal of executing a separate, written amendment to extend the term of Employee’s employment. Therefore, RWA and Employee agree that on and after July 1, 2021, the term of this Agreement shall be extended during the time that RWA and Employee are negotiating a written amendment to this Agreement (the “Extension Period”). After July 1, 2021, either party may terminate this Agreement by giving the other one month’s prior written notice. Termination of this Agreement under the preceding sentence shall be treated as a termination under Section 10.1. Nothing in this section may be construed as requiring RWA and Employee to extend the term of this Agreement past July 1, 2021 or requiring RWA and Employee to execute an amendment to extend the term of this Agreement.

12. Entire Agreement. This writing constitutes the sole, entire, integrated and exclusive contract between the parties respecting Employee’s employment by RWA, and any other contracts, contract terms, understandings, promises or representations not expressly set forth or referenced in this writing are null and void and of no force and effect.

13. Notices. Any notice to be given to Employee will be sufficiently served if given to him personally, or if deposited in the United States Mail, regular pre-paid mail, addressed to him at his most recent residence address as shown on the RWA payroll records. Any notice to be given by Employee to RWA will be addressed to the RWA Board of Directors and delivered or mailed to the RWA Secretary at the RWA offices.

14. Recitals Incorporated. The recitals set forth in this Agreement are incorporated by reference and are intended to be used in interpreting this Agreement.

15. Successors and Assigns. This Agreement is personal to Employee. He may not transfer or assign the Agreement or any part of it. Subject to this restriction on transfer and assignment by Employee, this Agreement will bind, and inure to the benefit of, the successors, assigns, heirs and legal representatives of the parties.

16. Amendments. Prior to any change or modification to this Agreement, the RWA Board of Directors will consult with each Contract Agency’s board of directors, if required by RWA’s agreement with that agency. Subject to the foregoing consultation requirement, this Agreement may be amended only by a subsequent written amendment approved and signed by RWA and Employee. Any amendment by RWA must be approved by the RWA Board of Directors at a public meeting. Individual RWA directors do not have the authority, express or implied, to amend, modify, waive or in way alter this Agreement or the terms and conditions of Employee’s employment.

17. Waiver. The waiver at any time by either party of its rights with respect to a default or other matter arising in connection with this Agreement will not be deemed a waiver with respect to any subsequent default or matter.
18. Construction and Interpretation. The parties agree and acknowledge that this Agreement has been arrived at through negotiation, and that each party has had a full and fair opportunity to revise the terms of this Agreement. Consequently, the normal rule of construction that any ambiguities are to be resolved against the drafting party will not apply in construing or interpreting this Agreement.

REGIONAL WATER AUTHORITY

By: ____________________________
    Paul Schubert
    Chair, Board of Directors

EMPLOYEE

By: ____________________________
    James Peifer

Approved as to form:

By: ____________________________
    Ryan S. Bezerra
    General Counsel
EXHIBIT A

SALARY

A. Effective June 28, 2019, Employee’s monthly salary is $16,932.00.
B. Effective July 1, 2020, Employee’s monthly salary is $17,779.00.