



## **1. CALL TO ORDER**

Chair Sheehan called the meeting of the Board of Directors to order at 9:00 a.m. at the Sacramento Suburban Water District office. Individuals in attendance are listed below:

### Board Members

George Leidy, Carmichael Water District  
Caryl Sheehan, Citrus Heights Water District  
Marcus Yasutake, City of Folsom  
Brett Ewart, City of Sacramento  
Linda Dorn, County of Sacramento  
Robert Matteoli, Del Paso Manor WD  
Paul Schubert, Golden State Water Company  
Brett Gray, Natomas Central Mutual Water Company  
John Wingerter, Orange Vale Water Company  
Mary Harris, Rio Linda/Elverta Community Water District  
Kathleen McPherson, Sacramento Suburban Water District

### Staff Members

Jim Peifer, Rob Swartz, Josette Reina-Luken, Cecilia Partridge, Monica Garcia and Chris Sanders, legal counsel

### Others in Attendance

Alan Driscoll, Nicole Krotoski, Greg Zlotnick, Paul Helliker, Joe Duran, Tom Gray, Bob Reisig, Alan Vail, Brett Storey, Toni Firenzi, Matti Siltanen, Ted Costa, Ali Taghavi and Dan York

## **2. PUBLIC COMMENT**

None.

## **3. CONSENT CALENDAR**

Approval of the minutes from the December 12, 2019 SGA Board meeting has been deferred to the April 2020 SGA Board meeting

## **4. 2019 AUDIT REPORT**

Peggy Vande Vooren, Gilbert Associates, Inc. reported that they have completed the financial audit for the fiscal year that ended June 30, 2019. The full audit report was

attached. Ms. Vande Vooren gave an overview of the documents provided. The Required Communications document, the audit and the Independent Auditor's Report were included in the packet. The audit was a clean audit with no new accounting practices recommended. The financial statements were consistent with last year. After adjustments a minor issue with grants was reconciled. Page one and two was the auditor's opinion followed with the Management's Discussion and Analysis containing the condensed statement of net position, condensed schedule of revenues, expenses and changes in net position, capital assets, special revenues fund condensed budgetary analysis, economic factors and assumptions for fiscal year June 30, 2020 and requests for information. Ms. Vande Vooren went over the Statement of Revenues, Expenditures and Changes in Fund Balance Statement of Activities. The Notes to the Financial Statements contain more information describing assumptions related to capitalization and designations. Note 5 relates to plan, benefits and actuarial information. Page 32 shows the schedule of the proportionate share of net pension liability for the last 10 years. The CalPERS contributions that have been made were included on page 33, which are helping to drive down the liability.

Motion/Second/Carried (M/S/C) Ms. Harris moved, with a second by Mr. Gray to accept the 2019 financial audit report. The motion carried by the unanimous voice vote of all directors present.

## **5. DEVELOPMENT OF SGA FISCAL YEAR 2020 – 2021 BUDGET**

Josette Reina-Luken said that staff is beginning preparation of the 2020-21 SGA budget. She provided an information presentation of the FY 2020 – 2021 Budget including an overview of FY20 budget highlights, budget policies, FY21 budget assumptions, FY21 budget outlook and the next steps. She explained the two components when figuring fees – the base fee and the groundwater fee. According to Budget Policy 400.3, the budget must be approved within 90 days of July 1. Through Policy 100.2, SGA shares 50% of the administrative costs incurred by RWA to run both organizations. Consistent with Compensation Policy 100.,3 the pay schedule is updated annually to the November CPI and/or new survey results if applicable. Additional policies that were explained include: the Financial Commitment and Assignment Policy 400.2, the framework for the operating fund and other additional commitments; and the Defined Benefit Pension Plan Funding Policy 400.4, the accelerated funding of the unfunded pension plan over four years.

Nicole Krotoski explained the plan that was chosen last year for Policy 400.4. SGA looked at the unfunded liability based on information provided by CalPERS which was \$57,000, they projected that cost out for four years and chose to pay a portion of that every year for four years. Recently, we were informed by CalPERS that the number has increased to about \$95,000. In the next budget cycle, the \$95,000 will be divided into four equal yearly payments.

The FY20 budget assumptions included an approximately 4.4% increase in FY21. Future increases could be higher, depending upon the magnitude of required

obligations from SGMA, a continued payment of the unfunded pension liabilities, and continued common cost sharing between RWA and SGA.

The FY21 budget outlook includes an increase in staff costs reflecting addition of an annuitant and consideration of SGA future staffing. Computer and office equipment replacement is anticipated including a server, computer, printer, copier lease renewal and possible phone system upgrade.

The next steps will be for the Chair appointed budget subcommittee to meet, with budget approval at the April SGA Board meeting. Members of the budget subcommittee include Mary Harris, Brett Ewart, Marcus Yasutake, Kathleen McPherson and Paul Schubert. The subcommittee is to provide feedback in preparing a draft budget for consideration by the full Board. If the budget is not approved, the budget subcommittee will meet again to revise the budget to present at the June SGA board meeting.

Motion/Second/Carried (M/S/C) Ms. McPherson moved, with a second by Mr. Schubert for Chair to appoint budget subcommittee for fiscal year 2020 – 2021 to include Mary Harris, Brett Ewart, Marcus Yasutake, Kathleen McPherson and Paul Schubert. The motion carried by the unanimous voice vote of all directors present.

## **6. NORTH AMERICAN SUBBASIN GROUNDWATER SUSTAINABILITY PLAN DEVELOPMENT UPDATE**

Rob Swartz, Manager of Technical Services, said that as reported to the Board in December 2019, preparation of a Groundwater Sustainability Plan (GSP) for the North American Subbasin (NASb) is commencing. While the Sustainable Groundwater Management Act (SGMA) identifies many requirements for a GSP, the essence of a GSP is to ensure long-term sustainability of a groundwater basin as measured by six sustainability indicators, including lowering of groundwater levels, reduction of groundwater storage, seawater intrusion, water quality degradation, land subsidence and depletion of interconnected streams while engaging stakeholders. As applicable to any given basin, GSPs must establish Sustainable Management Criteria for these sustainability indicators.

Mr. Swartz provided a brief overview of the overall GSP required components, a short review of the six sustainability indicators, and a more detailed description of two of the indicators (land subsidence and seawater intrusion) at the Board meeting. He presented our current knowledge of these two indicators and their applicability to our basin. There are currently a dozen over drafted basins and some of those basins submitted more than one sustainability plan. The basins have 20 years to accomplish their sustainability plans. Data needs to be compiled including water quality information and tools need to be developed and provided through a common data base. A GSP model needs to be developed and implemented. He gave an overview of the possible future funding. Some things that need to be managed include lowering groundwater levels, reduction in storage, seawater intrusion, water quality degradation, land subsidence and depletion of interconnecting streams. The

remaining indicators will be discussed in more detail at future Board meetings in 2020.

## **7. GROUNDWATER MANAGEMENT PROGRAM UPDATE**

Mr. Swartz gave an information update saying while SGA's focus over the next two years will continue to be on development of a Groundwater Sustainability Plan in compliance with the Sustainable Groundwater Management Act, staff is still implementing elements of the existing Groundwater Management Plan adopted in December 2014. Staff provided a summary of groundwater use as reported by SGA agencies in calendar year 2019 and an update on groundwater elevations resulting from that use.

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

Water Resilience Portfolio – The Newsom Administration has released a draft of the 2020 Water Resilience Portfolio (Portfolio). The purpose of the Portfolio is to manage water supplies in ways to avoid the risks posed from Climate Change. As was noted at previous board meetings, RWA had provided a comment letter with recommendations for the content of the Portfolio. In addition, staff had met with members in the Governor's administration and we offered recommendations during our meetings. A copy of the draft Portfolio executive summary was attached.

Mr. Peifer noted that a number of RWA and SGA recommendations we had made it into the report. On balance, the Portfolio is largely positive and it has a number of recommendations that will allow the region to adapt to climate change.

RWA, SGA, Water Forum and SAFCA released a joint statement on the Portfolio and a copy was attached.

Office Flooding - On the evening of December 26th, a leak in one of the bathrooms occurred and the bathroom floor drain did not work properly which flooded much of the first floor of the office building, including RWA's office and board rooms. Until restoration work is completed, the RWA staff will be working from an alternate location.

In the interim, temporary office space has been secured in a nearby location (5750 Sunrise Blvd., Suite 130 AA Citrus Heights, CA 95610). For a period of time some office functions will be temporarily suspended, scaled back or experience delayed responses including answering the main phone line and mail pickup/distribution. Based on the latest updates, we anticipate being able to return to the Birdcage location by the end of February.

SGA Outreach – Mr. Swartz provided an update on SGMA to the Natomas Central Mutual Water Company at its annual shareholder meeting on February 11, 2020. Mr. Swartz will give groundwater-related presentations to the Citrus Heights Water District Board of Directors on February 19, 2020 and to the Sacramento Suburban

Water District Board of Directors on February 24, 2020. All presentations were requested by the respective agencies.

November 2019 COLA – Consistent with SGA Policy 100.3, pay scales were increased January 1, 2020 by 2.5% based on the November consumer price index for small western cities.

SGA Financial reports – The financial reports for the period ending on January 31, 2020 were attached.

## **9. DIRECTORS' COMMENTS**

Mr. Ewart said that the City of Sacramento has been sending water to Sacramento Suburban Water District for several months.

Mr. Yasutake requested that all meeting participants silence their cell phones and any discussions between meeting participants be taken outside the meeting room.

Ms. Dorn said that a SGMA Workshop is planned to be presented to the County Board of Supervisors. Sacramento County will be starting a rate fee study.

## **ADJOURNMENT**

With no further business to come before the board, Chair Sheehan adjourned the meeting at 11:03 a.m.

By:

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Chairperson

Attest:

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Josette Reina-Luken, Board Secretary/Treasurer