

**AGENDA ITEM 4: SACRAMENTO CENTRAL GROUNDWATER AUTHORITY UPDATE
BACKGROUND:**

Mr. Ted Costa from the San Juan Water District has provided a document titled "*San Juan Water District Initial Perspective and Questions related to Understanding SCGA/SGA/RWA PERS 'Issues'*". Mr. Costa requested the document be circulated to the SGA Board members prior to the Board Meeting.

Attached is the document with some initial responses and a clean copy

San Juan Water District Initial Perspective and Questions related to Understanding SCGA/SGA/RWA PERS “Issues”

Staff has presented limited information regarding PERS issues and constraints on other staffing options of a potential merger/consolidation/housing of SCGA with SGA. However, more detail justifying their conclusions and presentation of alternative path options to their determination of what has essentially been presented as the only available option have not been provided to the SGA Board. During a prior Board discussion there was a request for a legal memo to fill this informational void, but that request was not formalized by an SGA Board action and as such the Executive Director felt he didn't have actual direction and had no authority to expend funds to seek such a memo from counsel. While that was a reasonable rationale for not pursuing such additional information through the requested legal memo, the void remains.

Response: We understand that legal advice has been provided covering the scope of the questions asked at the Board meeting. SCGA cannot independently become a CalPERS contracting agency in a way that would provide equal benefits to what RWA/SGA staff are currently receiving. At the time of the CalPERS issue for SGA, both Boards were adamant that diminishing employee benefits was not a workable solution.

The staff provided FAQ includes only the one Q&A (below), just scratching the surface of one part of the universe before the SGA Board on these PERS related issues, along with an assurance that because SCGA is not a PERS agency a merger/consolidation/housing would not result in an assumption of any OPEB obligation from SCGA.

Can't RWA just staff SCGA and SGA as separate organizations?

"This would be problematic, and may result in reducing benefits to some staff, and cause problems with retention and recruitment. In order for the RWA to staff an independent SCGA, the SCGA would have to apply to become a CalPERS member. According to Counsel, the SCGA would likely be accepted into CalPERS, but would become a "PEPRA" agency. Current "Classic" employees may receive a diminished pension benefits under this arrangement. It is not clear if this would be allowed."

This is not a clear explanation of the topic of what implications there would be for retirement benefits for RWA/SGA employees who would be assigned to work on SCGA tasks, if SCGA either remains an independent organization or is merged into SGA. It also assumes the outcome without providing any discussion or identifications of options so the costs and benefits and impacts can actually be weighed by the SGA and RWA Boards.

San Juan offers the following questions for consideration related to the PERS issue which we believe merit discussion and detailed responses as well. These were not included in the other set of questions San Juan developed because the assumption was

that a legal memo setting forth PERS issues and options would be provided based upon the prior conversation during the joint Board meeting.

How many employees does SCGA have? What retirement benefits does SCGA offer to its employees?

Response: SCGA currently has no employees. SCGA contracts for services from Sacramento County and from private consulting firms.

Does SCGA contract with other agencies for staff time to perform SCGA duties? What retirement benefits do those personnel have? If those personnel were to become SCGA employees, what retirement benefits would be offered to them?

Response: SCGA contracts for services from the County of Sacramento who receive benefits from the County retirement system. There is no plan for those personnel to become SCGA employees.

Can SCGA contract with RWA or SGA to provide staff time to perform SCGA duties? If personnel currently employed by another employer but serving under contract to SCGA were to be offered employment by RWA or SGA (should SCGA decide to contract instead with RWA or SGA for its staffing needs), what retirement benefits could/would be offered to them?

Response: SCGA could enter into an agreement with RWA for services. However, to the extent that employees worked under the direction of another independent agency, their time would not count as CalPERS service. This is similar to the problem SGA had with respect to past service of employees and led to SGA becoming a CalPERS employer.

Do RWA and SGA each directly employ the staff who work for either or both organizations? For any staff who are employed part-time by RWA and part-time by SGA, what retirement benefits are offered to them by each organization?

Response: RWA and SGA share some staff and employ some separately. In any case, each employee's time under RWA and/or SGA is CalPERS covered service.

Could RWA/SGA staff provide support to an "independent" SCGA via an interagency agreement whereby SCGA keeps its current Board and JPA agreement?

Response: In theory, RWA could provide this service, however, the employees time would not count as CalPERS service.

Could RWA contract with current SCGA staff (are any Sac County employees?) to continue to do work for SCGA, via an interagency agreement whereby SCGA

maintains an independent Board, but uses RWA staff, including the contracted former SCGA staff?

Response: Any mechanism whereby an independent SCGA “uses RWA staff” would result in the employees not earning CalPERS service for their time. RWA contracting with current County employees to do SCGA work would provide no real benefit beyond the current SCGA structure.

Other?

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