

SACRAMENTO GROUNDWATER AUTHORITY
REGULAR MEETING OF THE BOARD OF DIRECTORS
Thursday, December 9, 2021; 9:00 a.m.

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 on SGA's website. 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 cpartridge@rwah2o.org. Requests must be made as early as possible, and at least one full business day before the start of the meeting.

Meeting Information:

SGA Board Meeting
Thu, Dec 9, 2021 9:00 AM - 11:00 AM (PST)

Please join my meeting from your computer, tablet or smartphone.

<https://global.gotomeeting.com/join/148920685>

You can also dial in using your phone.

United States: +1 (224) 501-3412

Access Code: 148-920-685

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: All items listed under the Consent Calendar are considered and acted upon by one motion. Anyone may request an item be removed for separate consideration.

- a. Extend Resolution 2021-02, including requisite findings, to renew authorization to hold meetings of the Board of Directors via teleconference pursuant to Assembly Bill 361 until such time as the State of Emergency resulting from the COVID-19 pandemic no longer impacts the ability of Board members and the public to safely meet in person.
- b. Approve the minutes of October 14, 2021 Board meeting
- c. Waive SGA Policy 200.1, Section 3.09 (b) to allow the April SGA Board meeting to occur one week early and adopt the proposed SGA Board Meeting Schedule for 2022
- d. Affirm SGA Investment Policy 400.1

Action: Approve Consent Calendar Items

4. 2021 AUDIT REPORT

Presentation: Peggy Vande Vooren, Gilbert Associates, Inc.

Action: Accept 2021 SGA financial audit report

5. SUSTAINABLE GROUNDWATER MANAGEMENT ACT (SGMA)

Presentation and Discussion: Rob Swartz, Manager of Technical Services

Action: Approve Resolution 21-03 Adopting the Groundwater Sustainability Plan for the North American Subbasin

Action: Authorize the Executive Director to Execute the Memorandum of Agreement Regarding Coordination Between Groundwater Sustainability Agencies and Implementation of the Groundwater Sustainability Plan for the North American Subbasin

Action: Waive SGA Policy 300.1 for the Purpose of Timely Preparation and Submission an Annual Report to the Department of Water Resources

**6. CLOSED SESSION – CONFERENCE WITH LABOR NEGOTIATORS
GOVERNMENT CODE §§ 54954.5(F), 54957(B)(1)**

Title: Executive Director

Labor Negotiators: Sean Bigley and Dan York

7. EXECUTIVE DIRECTOR EMPLOYMENT AGREEMENT MODIFICATION

Action: Whether to support recommendation from the RWA Executive Committee to amend Executive Director employment agreement

8. ELECTION OF SGA 2022 OFFICERS

Information Update: SGA Ad Hoc Nominating Committee

Action: Elect 2022 SGA Chair and Vice Chair

9. EXECUTIVE DIRECTOR'S REPORT

10. DIRECTORS' COMMENTS

ADJOURNMENT

Next SGA Board of Director's Meetings:

January 25, 2021, 2:00 pm to have a Special Board Meeting/Virtual Workshop on the potential business case for the SGA and SCGA merge.

February 10, 2022, 9:00 a.m. at the RWA/SGA office, 5620 Birdcage Street, Ste. 110, Citrus Heights, the location is subject to change depending on the COVID-19 emergency

Notification will be emailed when the SGA electronic packet is complete and posted on the SGA website at <https://www.sgah2o.org/meetings/board-meetings/>.

2021 SGA BOARD MEMBERS

Organization	Representative/Alternate	Appointing Authority
California American Water	S. Audie Foster Christina Baril (alternate)	Sacramento City Council
Carmichael Water District	Paul Selsky Jeff Nelson (alternate)	Sacramento County
Citrus Heights Water District	Caryl Sheehan, David Wheaton (alternate)	Citrus Heights City Council
City of Folsom	Marcus Yasutake Vice Chair Kerri Howell (alternate)	Folsom City Council
City of Sacramento	Jeff Harris Brett Ewart (alternate) Chair Larry Carr (alternate)	Sacramento City Council
County of Sacramento	Sue Frost Darrell Eck (alterante) Linda Dorn (alternate)	Sacramento County
Del Paso Manor Water District	Robert Matteoli Vacant (alternate)	Sacramento City Council
Fair Oaks Water District	Randy Marx Michael McRae (alternate)	Sacramento County
Golden State Water Company	Paul Schubert Lawrence Dees (alternate)	Sacramento City Council
Natomas Central MWC	Matt Lauppe Brett Gray (alternate)	Sacramento City Council
Orange Vale Water Company	John Wingerter Craig Davis (alternate)	Sacramento County
Rio Linda/Elverta CWD	Mary Harris Robert Reisig (alternate)	Sacramento County
Sacramento Suburban Water District	Bob Wichert Kevin Thomas (alternate) Dave Jones (alternate) Craig Locke (alternate)	Sacramento City Council
San Juan Water District	Ted Costa Pam Tobin (alternate) Marty Hanneman (alternate)	Sacramento County
Agriculture	Mike DeWit	Sacramento County
Self-Supplied Industry	Larry Johnson	Sacramento City Council

AGENDA ITEM 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.

AGENDA ITEM 3: CONSENT CALENDAR

All items listed under the Consent Calendar are considered and acted upon by one motion. Anyone may request an item be removed for separate consideration. The items to be considered and approved include:

- a) Extend Resolution 2021-02, including requisite findings, to renew authorization to hold meetings of the Board of Directors via teleconference pursuant to Assembly Bill 361 until such time as the State of Emergency resulting from the COVID-19 pandemic no longer impacts the ability of Board members and the public to safely meet in person.
- b) Approve the minutes of October 14, 2021 Board meeting
- c) Waive Policy 200.1, Section 3.09 (b) to allow the April SGA Board meeting occur one week early and adopt the proposed SGA Board Meeting Schedule for 2022
- d) Affirm SGA Investment Policy 400.1

Action: Approve Consent Calendar Items

AGENDA ITEM 3a: Extend Resolution 2021-02 including requisite findings

BACKGROUND:

In order for the SGA Board to meet virtually, The SGA Board must approve the extension of Resolution 2021-02. The Board initially approved Resolution 2021-02 at the October Board meeting and reapproved it on November 10th. If the Board approves the proposed action, the Board meeting may continue using a virtual format. Should the Board not approve the action, the Board meeting will immediately end.

The action is to extend Resolution 2021-02, including requisite findings, to continue to hold meetings of the Board of Directors via teleconference pursuant to Assembly Bill 361 until such time as the State of Emergency resulting from the COVID-19 pandemic no longer impacts the ability of Board members and the public to safely meet in person.

Attachment:
Resolution 2021-02

RESOLUTION NO. 2021-02

AUTHORIZING CONTINUED UTILIZATION OF TELECONFERENCING FOR MEETINGS OF THE SACRAMENTO GROUNDWATER AUTHORITY BOARD OF DIRECTORS UNDER ASSEMBLY BILL 361 UNTIL SUCH TIME AS THE STATE OF EMERGENCY RESULTING FROM THE COVID-19 PANDEMIC NO LONGER IMPACTS THE ABILITY OF MEETING ATTENDEES TO MEET SAFELY IN PERSON

WHEREAS, on March 4, 2020, Governor Gavin Newsom proclaimed a State of Emergency under the California Emergency Service Act in response to the threat of the COVID-19 pandemic; and

WHEREAS, on June 11, 2021, Governor Newsom issued Executive Order N-08-21, which repealed or modified certain provisions of previously issued Executive Orders related to the pandemic and extended certain provisions so as to enable the State of California to continue to respond to the COVID-19 pandemic; and

WHEREAS, Paragraph 42 of Executive Order N-08-21 suspended provisions of the Ralph M. Brown Act at California Government Code section 54953 and provided that governing bodies of local public agencies in the State of California could utilize teleconferencing to hold public meetings in place of in-person meetings, subject to certain requirements; and

WHEREAS, Executive Order N-08-21 specified that it would remain in effect through September 30, 2021; and

WHEREAS, on September 16, 2021, Governor Newsom signed Assembly Bill 361 (AB 361) into law; and

WHEREAS, AB 361 provides that a governing body of a local public agency may conduct public meetings via teleconferencing in any of the following circumstances: (A) the governing body holds a meeting during a proclaimed state of emergency, and state or local officials have imposed or recommended measures to promote social distancing; or (B) the governing body holds a meeting during a proclaimed state of emergency for the purpose of determining, by majority vote, whether as a result of the emergency, meeting in person would present imminent risks to the health or safety of attendees; or (C) the governing body holds a meeting during a proclaimed state of emergency and has previously determined, by majority vote, that, as a result of the emergency, meeting in person would present imminent risks to the health or safety of attendees; and

WHEREAS, Governor Newsom's March 4, 2020, proclamation of a State of Emergency is still in effect; and

WHEREAS, both the California Department of Industrial Relations, Division of Occupational Safety and Health and the Sacramento County Public Health Department are currently recommending measures to promote social distancing at worksites; and

WHEREAS, Sacramento Groundwater Authority Board (Authority) meetings, closed session meetings, special meetings, and workshops are attended by Authority Board members, Authority employees and members of the public; and

WHEREAS, on September 20, 2021, Governor Newsom issued Executive Order N-15-21, which

affirmed that effective October 1, 2021, governing bodies of local public agencies could utilize teleconferencing for public meetings in accordance with the provisions of AB 361; and

WHEREAS, in accordance with Executive Order N-15-21, the Sacramento Groundwater Authority Board of Directors has met under California Government Code section 54953(e)(1)(B) to determine whether, as a result of the State of Emergency, meeting in person would present imminent risks to the health or safety of attendees; and

WHEREAS, conducting meetings by teleconference would directly reduce the risk of transmission among meeting attendees, including members of the public and agency staff, which has the ancillary effect of reducing risk of serious illness and death as well as reducing community spread of the virus;

NOW, THEREFORE, BE IT RESOLVED that the Board of Directors of the Sacramento Groundwater Authority hereby finds and determines as follows:

- 1. The Board has considered the circumstances of the State of Emergency declared by Governor Newsom; and**
- 2. Both State and local officials continue to recommend measures to promote social distancing.**

BE IT FURTHER RESOLVED that, pursuant to AB 361 and based on the findings above, all Authority Board meetings, closed session meetings, special meetings, and workshops will be held via teleconference in accordance with the provisions of California Government Code section 54953(e).

EXTENDED this 9th day of December, 2021 by the following vote:

AGENDA ITEM 3b: Minutes of October 14, 2021 meeting



SACRAMENTO GROUNDWATER AUTHORITY

Board Meeting
Draft Minutes
October 14, 2021

1. CALL TO ORDER

Chair Ewart called the meeting of the Board of Directors to order at 9:00 a.m. as a teleconference meeting. Individuals in attendance are listed below:

Board Members

Paul Selsky, Carmichael Water District
Caryl Sheehan, Citrus Heights Water District
Marcus Yasutake, City of Folsom
Brett Ewart, City of Sacramento
Linda Dorn, County of Sacramento
Randy Marx, Fair Oaks Water District
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
Bob Wichert, Sacramento Suburban Water District
Pam Tobin, San Juan Water District
Mike DeWit, Agriculture Representative
Larry Johnson, Self-Supplied Industry

Staff Members

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

Others in Attendance

David Wheaton, Robert Reisig, Brett Storey, Brian Hensley, Hilary Straus, John Woodling, Kevin Thomas, Tim Shaw, Cathy Lee, Dan York, Greg Zlotnick, Alan Vail, Gina Bartlett, Rebecca Scott and Paul Helliker

2. AUTHORIZE A TELECONFERENCE MEETING

Action: Adopt Resolution 2021-02, including requisite findings, to continue to hold meetings of the Board of Directors via teleconference pursuant to Assembly Bill 361 until such time as the State of Emergency resulting from the COVID-19 pandemic no longer impacts the ability of Board members and the public to safely meet in person.

Mr. Peifer explained that we are required to adopt a resolution to continue allowing SGA meetings to be held by teleconference. Mr. Sanders said that the issue began with Governor Newsom's emergency order, which suspended certain provisions

of the Brown Act so that in person meetings were not obligated to comply with the act. The emergency order ended in September and Assembly Bill 361 is intended to allow the teleconference meetings to continue under certain provisions. An additional resolution will need to be adopted every 30 days that justifies the continuing need for the teleconference meetings. SGA legal counsel indicated this item could be put on the consent calendar for future meetings.

Motion/Second Carried (M/S/C) Mr. Schubert moved, with a second by Ms. Tobin to adopt Resolution 2021-02 authorizing a teleconference meeting. Paul Selsky, 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 Water District, Randy Marx, Fair Oaks Water District, Paul Schubert, Golden State Water Company, Brett Gray, Natomas Central Mutual Water Company, John Wingerter, Orange Vale Water Company, Robert Wichert, Sacramento Suburban Water District, Pam Tobin, San Juan Water District and Larry Johnson, Self-supplied Industry voted yes. Mary Harris, Rio Linda/Elverta Community Water District and Mike DeWit, Agriculture Representative voted no.

3. PUBLIC COMMENT

None.

4. CONSENT CALENDAR

Minutes of the August 12, 2021 SGA Board meeting.

M/S/C Ms. Sheehan moved, with a second by Ms. Harris to approve the August 12, 2021 SGA Board meeting minutes. Paul Selsky, 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 Water District, Randy Marx, Fair Oaks Water District, 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, Robert Wichert, Sacramento Suburban Water District, Mike DeWit, Agriculture Representative and Larry Johnson, Self-supplied Industry voted yes. Pam Tobin, San Juan Water District abstained.

5. GROUNDWATER SUSTAINABILITY PLAN IMPLEMENTATION MEMORANDUM OF AGREEMENT

Brett Storey, West Yost & Associates, gave an update on the remaining schedule to complete the Memorandum of Agreement (MOA). Last January, a workshop was

held with representatives from the five Groundwater Sustainability Agencies (GSAs) to define an understanding of the items everyone wanted to put into the MOA and ensure the GSP is implemented properly. Parties to the MOA include 10 agencies representing the five GSAs. The MOA defines roles and responsibilities of the GSAs in SGMA compliance and long-term GSP implementation. Mr. Storey outlined key elements of the MOA including obligations, duties, governance, long term GSP implementation, decision making, legal limitations and cost sharing. After input has been received from legal counsel, the document will be presented to the GSAs for review. The final MOA will be drafted and given to the GSAs to approve in December.

6. DRAFT GROUNDWATER SUSTAINABILITY PLAN

Rob Swartz, Manager of Technical Services, reported that the draft groundwater sustainability plan (GSP) was released on www.nasbgroundwater.org with public comment open until October 29th. He highlighted some of the sections that have received comments. It is required under SGMA to present the historical water budget and forecasts going forward including new projected demands, including climate change considerations. It is anticipated to bring the completed implementation agreement and the GSP to the board in December for adoption.

7. GROUNDWATER MANAGEMENT PROGRAM UPDATE

Mr. Swartz reported that staff continues to monitor wells in the basin looking at various areas as we continue in dry conditions. He presented graphs providing some perspective where historically water levels were lower and where water levels have been over the past 10 years in different areas.

8. SACRAMENTO CENTRAL GROUNDWATER AUTHORITY UPDATE

Jim Peifer, Executive Director, reported that questions and concerns have been received from board members regarding alternatives for RWA to provide staffing services to Sacramento Central Groundwater Authority (SCGA). Staff is anticipating scheduling a workshop with SGA and RWA members to discuss different options. Questions were included in the board packet that have been asked of pension counsel Isabel Safie with Best, Best & Krieger. Also included in the packet is an MOU that was adopted last year by SGA, RWA and SCGA.

There was discussion on the complications of CalPERS for SCGA with RWA providing staffing services and continuing the 3 x 3 Ad Hoc Committee to maintain continuity on the issues.

9. APPOINTMENT OF NOMINATIONS COMMITTEE FOR 2022 SGA OFFICERS

Chair Ewart appointed a nomination committee for 2022 SGA officers including Chair Ewart, Caryl Sheehan, Paul Schubert, and Mary Harris.

10. EXECUTIVE DIRECTOR'S REPORT

The 2021 RWA/SGA Holiday Social event is scheduled for December 9th.

Everyone is invited to attend the SGA Special Board meeting, Getting to Know SCGA, scheduled for this afternoon at 2:00 p.m.

11. DIRECTORS' COMMENTS

Mr. Yasutake commented that for any members who have questions regarding SCGA that they attend today's special meeting.

Mr. Gray thanked staff for getting the draft GSP completed.

ADJOURNMENT

With no further business to come before the Board, Chair Ewart adjourned the meeting at 10:42 a.m.

By:

Chairperson

Attest:

Josette Reina-Luken, Board Secretary/Treasurer

AGENDA ITEM 3c: Proposed SGA Board Meeting Schedule for 2022

BACKGROUND:

Regular SGA Board meetings are held on the second Thursday of every other month. The meetings begin at 9:00 a.m. Following is the current schedule of meetings for 2022. There is one potential meeting conflict in April due to staff vacation during Spring Break. The April SGA meeting is being proposed to meet one week earlier on April 7, 2022.

SGA Policy 200.1, Section 3.09 (b) sets the regularly scheduled board meetings and requires them to occur on the second Thursday of every other month. Spring Break occurs on second week of April, and to accommodate the Spring Break, the Board is being requested to waive that portion of the policy to allow the SGA Board meeting to occur one week early.

Board meetings will be held in the RWA Board Room at 5620 Birdcage Street, Citrus Heights, CA 95610. The location is subject to change depending on the COVID-19 emergency

Regular Board Meetings

Current SGA Board Meeting Schedule	Meeting Conflict	Proposed 2022 SGA Board Meeting Schedule
February 10, 2022		February 10, 2022
April 14, 2022	Spring Break	April 7, 2022
June 9, 2022		June 9, 2022
August 11, 2022		August 11, 2022
October 13, 2022		October 13, 2022
December 8, 2022		December 8, 2022

AGENDA ITEM 3d: AFFIRM SGA INVESTMENT POLICY (POLICY 400.1)

BACKGROUND:

In accordance with Government Accounting Standards Board Statement 31, SGA's governing board is required annually to review its investment policy and associated investment selections. This review is typically completed as part of the overall annual audit process. SGA Policy 400.1 outlines the various types of suitable and acceptable investments that SGA can invest its surplus cash (see attachment). Since its policy inception, SGA has selected to invest its surplus cash in the Local Agency Investment Fund (LAIF) under the expertise of the State Treasurer's Office Investment staff. With a pooled money investment account exceeding \$179 billion, LAIF is considered one of the soundest investment options available to government agencies and special districts. LAIF has performed well over the years for SGA and the 2021 interest earnings were approximately \$5580 of the \$5760 interest and miscellaneous income reported in the 2021 annual audit.

Staff does not recommend any changes in SGA policy or current investment strategy. If the Board concurs, then this item can be approved under the consent calendar. If the Board wishes to consider making changes, then this item will be continued to the next regular SGA Board meeting.

SACRAMENTO GROUNDWATER AUTHORITY POLICIES AND PROCEDURES MANUAL

Policy Type : Fiscal Management
Policy Title : Investment Policy
Policy Number : 400.1
Date Adopted : February 13, 2003
Date Amended : October 11, 2012

SACRAMENTO GROUNDWATER AUTHORITY INVESTMENT POLICY

1.0 Purpose

The purpose of this Investment Policy ("Policy") is to establish cash management and investment guidelines for the Treasurer, who is responsible for investing and safeguarding the Sacramento Groundwater Authority's ("SGA") surplus funds. Each transaction and the entire portfolio must comply with California Government Code (the "Code") Sections 53600 through 53610 (Investment of Surplus), Sections 53630 through 53686 (Deposit of Funds), and this Policy.

2.0 Scope

This Policy applies to all surplus financial funds of SGA that may be invested because they are not needed for immediate payment of expenses. These funds are accounted for in SGA's audited annual financial report and include:

1. Special Revenue Funds
2. Trust and Agency Funds
3. Any new fund created by the legislative body, unless specifically exempted.

Except for cash in certain restricted and special funds, SGA will consolidate cash balances from all funds to maximize investment earnings. Investment income will be allocated to the various funds based on their respective participation and in accordance with generally accepted accounting principles. In addition, the costs of managing the investment portfolio, including but not limited to the costs of investment management, custody of assets, managing and accounting for banking, and oversight controls, will be charged to investment earnings based upon actual hours of labor devoted to managing each of the funds.

3.0 General Objectives

In accordance with the Code, the primary objectives, in priority order, of investment activities will be safety, liquidity, and yield:

1. Safety. Safety of principal is the foremost objective of the investment program. Investments will be undertaken in a manner that seeks to ensure the preservation of principal in the overall portfolio. Each investment transaction will be entered into with consideration for the quality of the issuer and of the underlying security and collateral.

2. Liquidity. The investment portfolio will remain sufficiently liquid to meet all operating requirements that may be reasonably anticipated. Liquidity will be accomplished by structuring the portfolio so that securities mature concurrent with cash needs to meet anticipated demands whenever feasible. A portion or the entire portfolio also may be placed in money market mutual funds or local government investment pools which offer same-day liquidity for short-term funds.

3. Yield. The investment portfolio will be designed with the objective of attaining a market rate of return throughout budgetary and economic cycles, taking into account the investment risk constraints and liquidity needs.

4.0 Standards of Care

1. Prudent Investor Standard. In accordance with Section 53600.3, the SGA Board and Treasurer are trustees and fiduciaries subject to the "Prudent Investor Standard." The Prudent Investor Standard requires the Board and Treasurer, when investing, reinvesting, purchasing, acquiring, exchanging, selling, or managing the SGA's funds, to act with care, skill, prudence, and diligence under the circumstances then prevailing, including, but not limited to, the general economic conditions and the anticipated needs of the SGA, that a prudent person acting in a like capacity and familiarity with those matters would use in the conduct of funds of a like character and with like aims, to safeguard the principal and maintain the liquidity needs of the SGA. This standard will be applied in all investment decisions, including those related to hedging interest rate risks associated with debt financing. This standard will be applied in all investment decisions.

2. Ethics and Conflicts of Interest. The Treasurer and any other officers and employees involved in the investment process will refrain from personal business activity that could conflict with the proper execution and management of the investment program, or that could impair their ability to make impartial investment decisions. Such officers and employees will disclose to the Board of Directors any material interests in financial institutions with which they conduct business. They will further disclose any

personal financial/investment positions that could be related to the performance of the investment portfolio. Affected officers and employees will refrain from undertaking personal investment transactions with the same individual with whom business is conducted on behalf of SGA. All such officers and employees are prohibited from accepting honoraria, gifts from financial dealers and financial institutions.

3. Delegation of Authority. Under Section 53607 of the Code, authority to manage SGA's investment portfolio is expressly delegated to the Board of Directors, which may delegate its authority to the Treasurer. In accordance with Section 53607, the Board hereby delegates its responsibility for the operation of the investment program to the Treasurer, who will act in accordance with established written procedures and internal controls for the operation of the investment program consistent with this Policy.

5.0 Safekeeping and Custody

1. Authorized Financial Dealers and Institutions. The Treasurer will maintain a list of financial institutions authorized to provide investment services and a list of approved security broker/dealers selected by creditworthiness (e.g., a minimum capital requirement of \$10,000,000 and at least five years of operation). These may include primary dealers or regional dealers that qualify under Securities and Exchange Commission (SEC) Rule 15C3-1 (uniform net capital rule).

SGA will only deposit funds in a depository that is established and operated in accordance with applicable federal and state laws and regulations.

All financial institutions and broker/dealers who desire to become qualified to conduct investment transactions for SGA must supply the following to the Treasurer as requested:

- Audited financial statements
- Proof of National Association of Securities Dealers (NASD) certification
- Trading resolution
- Proof of state registration
- Completed broker/dealer questionnaire
- Certification signed by an authorized officer that he or she has read and understood and that the institution agrees to comply with this Policy.

The Treasurer will conduct an annual review of the financial condition and registration of qualified financial institutions and broker/dealers. A current audited financial statement is required to be on file for each financial institution and broker/dealer in or through which SGA invests. No broker, dealer, or securities firm will be eligible to provide services to SGA within 24

months of making a campaign contribution to any SGA Board member, if the contribution exceeds the limits contained in Rule G-37 of the Municipal Securities Rulemaking Board.

2. Delivery vs. Payment. Where applicable, all trades will be executed by delivery vs. payment (DVP) to ensure that securities are deposited in an eligible financial institution prior to the release of funds. Securities will be held by a third-party custodian as evidenced by safekeeping receipts.

6.0 Suitable and Authorized Investments

The Treasurer is authorized to make investments in accordance with the general categories and limitations established by Sections 53601, 53601.6, 53601.8, 53635, 53635.2, 53638 and 53684 of the Code. Authorized investments also will include investment into the Local Agency Fund ("LAIF") in accordance with Section 16429.1 of the Code. See Appendix A, which summarizes the categories of permitted investments.

1. U.S. Government, Agencies, State and Local Government Sponsored Enterprises

- a. United States Treasury notes, bonds, bills, or certificates of indebtedness, or those for which the faith and credit of the United States are pledged for the payment of principal and interest.
- b. Registered state warrants or treasury notes or bonds of California, including bonds payable solely out of the revenues from a revenue-producing property owned, controlled, or operated by the state or by a department, board, agency, or authority of the state.
- c. Registered treasury notes or bonds of any of the other 49 states in addition to California, including bonds payable solely out of the revenues from a revenue-producing property owned, controlled, or operated by a state or by a department, board, agency, or authority of any of the other 49 states, in addition to California.
- d. Bonds, notes, warrants, or other evidences of indebtedness of a local agency within California, including bonds payable solely out of the revenues from a revenue-producing property owned, controlled, or operated by the local agency, or by a department, board, agency or authority of the local agency; provided, however, that any bond or certificate of participation investments in member agencies require prior Board approval.
- e. Federal agency or United States government-sponsored enterprise obligations, participations, or other instruments, including those issued by or fully guaranteed as to principal and interest by federal agencies or United States government-sponsored enterprises.
- f. These investments have a maximum maturity of five years.

2. Bankers Acceptance Notes

- a. Investments in prime bankers' acceptances may not exceed 40 percent of the portfolio in effect on the date of purchase of any such investment.
- b. No more than 30 percent of this category of investments may be invested in any one commercial bank's acceptances.
- c. The maximum maturity shall be limited to 180 days.

3. Commercial Paper

- a. Only commercial paper of prime quality of the highest ranking or of the highest letter and numerical rating, at the time of purchase, as provided by Moody's Investors Services or Standard & Poor's Corporation may be purchased.
- b. Investments in commercial paper shall not exceed 25 percent of the portfolio in effect on the date of purchase of any such investment.
- c. Each investment shall not exceed 270 days maturity.
- d. No more than 10 percent of the outstanding commercial paper of an issuing corporation may be purchased.
- e. The issuer is either: (1) organized and operating in the United States as a general corporation and has total assets in excess of \$500 million. If the entity has debt other than commercial paper, it is rated "A", "A-2" or higher by a nationally recognized rating agency; or (2) is organized within the United States as a special purpose corporation, trust or limited liability company. Has program-wide credit enhancements including, but not limited to, over-collateralization, letters of credit or surety bond. Has commercial paper that is rated "A-1", "A+" or higher by a nationally recognized rating agency.

4. Negotiable Certificates of Deposit

- a. A negotiable certificate of deposit must be issued by a nationally or state-chartered bank, a state or federal savings and loan association or savings bank, a state or federal credit union, or by a federally-licensed or state-licensed branch of a foreign bank and be rated "A" or better by at least one nationally recognized rating agency.
- b. Investments in negotiable certificates of deposit may not exceed 30 percent of the total portfolio in effect on the date of purchase of any such investment.
- c. The investment will not exceed the total of the net worth of any depository savings and loan association, except that investments up to a total of \$500,000 may be made to a savings and loan

association without regard to the net worth of that depository, if such investments are insured or secured as required by law.

- d. The investment shall not exceed the shareholders' equity of any depository bank. For the purpose of this constraint, shareholders' equity shall be deemed to include capital notes and debentures.
- e. The SGA Board and the Treasurer or other official of the SGA having legal custody of the moneys are prohibited from investing SGA funds, or funds in the custody of the SGA, in negotiable certificates of deposit issued by a state or federal credit union if a member of the SGA's Board, or a person with investment decision making authority at the SGA also serves on the board of directors, or any committee appointed by the board of directors, or the credit committee or the supervisory committee of the state or federal credit union issuing the negotiable certificates of deposit.
- f. The maximum maturity is limited to five years.

5. Medium-term notes

- a. Investment in medium-term notes are limited to corporations organized and operating within the United States or by depository institutions licensed by the United States or any state and operating within the United States.
- b. Purchases of medium-term notes will be limited to a maximum maturity of five years.
- c. Purchases of medium-term notes may not exceed 30 percent of the portfolio.
- d. Notes eligible for investment shall be rated in a rating category of at least "A" or its equivalent or better by a nationally recognized rating service.

6. Shares of Beneficial Interest (Money Market Funds)

- a. Investment in shares of beneficial interest issued by eligible diversified management companies that invest in securities that comply with Section 53601 and 53635 of the Code or are money market funds registered with the Securities and Exchange Commission under the Investment Company Act of 1940.
- b. These eligible companies must meet the following criteria:
 - i. Attain the highest ranking of the highest letter and numerical rating provided by not less than two nationally recognized rating agencies
 - ii. Retain an investment adviser registered or exempt from registration with the Securities and Exchange Commission with not less than five years' experience managing money market funds with assets under management in excess of \$500 million.

- c. The purchase price of the shares will not include any commission that the companies may charge and will not exceed 20 percent of the portfolio.
- d. No more than 10 percent of portfolio may be invested in one mutual fund.

7. Collateralized Bank Deposits

- a. Maximum maturity is limited to five years.
- b. Collateralization must be consistent with the requirements of Sections 53651 through 53652 of the Code.

8. Time Deposits

- a. For purposes of this Policy, collateralized time deposits will be considered investments.
- b. The financial institution used must have been in existence for at least five years.
- c. The financial institution must have received an overall rating of not less than “satisfactory” in its most recent evaluation by the appropriate federal financial supervisory agency of its record of meeting the credit needs of California’s communities.
- d. Eligibility for deposits will be limited to those financial institutions that have a branch in the State of California and maintain a rating equivalent to Thompson BankWatch Service of “B” or better.
- e. Credit requirements may be waived for a \$100,000 time deposit that is federally insured.
- f. The deposit will not exceed the shareholders’ equity of any depository bank. For the purpose of this constraint, shareholders’ equity will be deemed to include capital notes and debentures.
- g. The deposit will not exceed the total of the net worth of any depository savings and loan association, except that deposits not exceeding a total of \$500,000 may be made to a savings and loan association without regard to the net worth of that depository, if such deposits are insured or secured as required by law.
- h. Deposits must be insured up to the FDIC’s current limit. For uninsured deposits, the financial institution will maintain in the collateral pool securities having a market value of at least 10 percent in excess of the total amount deposited. SGA, at its discretion, may waive the collateralization requirements for any portion that is covered by federal deposit insurance. SGA shall have a signed agreement with any depository accepting SGA funds. Promissory notes secured by real estate mortgages or deeds of trust are not acceptable as collateral.
- i. When other factors are equal, appropriate consideration will be given to a financial institution that either individually or as a member

of a syndicate bids on or makes a substantial investment in the SGA's securities, contributes service to the SGA, and offers significant assistance to the SGA, so as to provide for distribution of total deposits among eligible financial institutions.

- j. Purchased time deposits will be limited to a maximum maturity of five years.

9. Local Agency Investment Fund

- a. Deposits for the purpose of investment in the Local Agency Investment Fund of the State of California may be made up to the maximum amount permitted by State Treasury policy.

7.0 Reporting

1. Required Periodic Reports. The Treasurer shall prepare an investment report at least quarterly, including a management summary that provides an analysis of the status of the current investment portfolio and transactions made over the last quarter. This management summary will be prepared in a manner which will allow the members of the SGA Board of Directors and Executive Director to ascertain whether investment activities during the reporting period have conformed to this Policy. The report shall be provided to the Board of Directors and the Executive Director. If applicable, the investment report will include the following:

- Listing of individual securities held at the end of the reporting period by investment category.
- Average life and final maturity of all investments listed
- Coupon, discount, or earnings rate
- Par value, amortized book value and market value
- Percentage of portfolio represented by the investment category

2. LAIF Reporting. If the surplus funds are solely invested in the Local Agency Investment Fund (LAIF), the monthly LAIF statement shall be sufficient for reporting purposes.

8.0 Policy Considerations

1. Amendments. This Policy will be reviewed by the Treasurer on an annual basis. Any changes to this Policy recommended by the Treasurer must be approved by the Board of Directors, after review and comment by the individual(s) charged with maintaining internal controls.

2. Administration. The Treasurer may at any time further restrict the securities approved for investment as deemed prudent. From time to time, the established portfolio limitations may be exceeded due to irregular cash

flows or in certain economic conditions. In such cases, the Treasurer will inform the Board of Directors and Executive Director and take action consistent with the prudent investor standard to ensure that no category of investments exceeds the statutory limitations provided in the Code.

3. Performance Review. The Treasurer will conduct an annual appraisal of SGA's investment portfolio to evaluate its effectiveness and conformance with this Policy. To the extent necessary or appropriate, the Treasurer will make recommendations to the Board of Directors concerning the improvement and/or restructuring of the portfolio.

4. Existing Investments. Any investment held by SGA at the time this Policy is first adopted or revised to conform to changes in law or this Policy will not be sold because of a failure to conform to this Policy, unless the Treasurer deems sale of the investment to be prudent or required by law.

5. Conflict With Statute. In the event that any provision of this Policy conflicts with the Code or any other applicable state or federal statute, the provisions of any such statute will govern.

APPENDIX A

PERMITTED INVESTMENT INSTRUMENTS PER GOVERNMENT CODE (AS OF JANUARY 1, 2012) ¹

Investment Type	Maximum Maturity	Maximum Specified % of Portfolio	Minimum Quality Requirement
Local Agency Bonds	5 years	100	None
U.S. Treasury Obligations	5 years	100	None
State Obligations—CA And Others	5 years	100	None
CA Local Agency Obligations	5 years	100	None
U.S Agency Obligations	5 years	100	None
Bankers' Acceptances	180 days	40%	None
Commercial Paper—Select Agencies	270 days	25% of the agency's money	"A-1" if the issuer has issued long-term debt it must be rated "A" without regard to modifiers
Commercial Paper—Other Agencies	270 days	40% of the agency's money	"A-1" if the issuer has issued long-term debt it must be rated "A" without regard to modifiers
Negotiable Certificates of Deposit and CD Placement Service	5 years	30%	None
Medium-Term Notes	5 years	30%	"A" Rating
Mutual Funds And Money Market Mutual Funds	N/A	20%	Multiple
Collateralized Bank Deposits	5 years	100	None
Bank/Time Deposits	5 years	100	None
County Pooled Investment Funds	N/A	100	None
Joint Powers Authority Pool	N/A	100	Multiple
Local Agency Investment Fund (LAIF)	N/A	100	None

¹ See Article 6 of the Policy for a more complete description of each permitted investment and related limitations.

AGENDA ITEM 4: SGA 2021 AUDIT REPORT

BACKGROUND:

Gilbert Associates, Inc. has completed the financial audit for the fiscal year that ended June 30, 2021. The full audit report is attached.

STAFF RECOMMENDATION:

Information Presentation: Peggy Vande Vooren, Gilbert Associates, Inc.

Action: Accept 2021 Financial Audit Report



Sacramento Groundwater Authority

Board Meeting

December 9, 2021



The Audit

I. OVERVIEW OF THE AUDIT

- Fieldwork performed remotely in September and wrapped up audit procedures in October.
- Management and staff were well-prepared and cooperative.

II. REQUIRED COMMUNICATIONS TO THE BOARD

- *Responsibilities and Opinion* - Our responsibilities as auditors and scope, unmodified opinion.
- *Qualitative Aspects of Accounting Practices* – No new accounting policies, estimates/judgments deemed reasonable.
- *Interactions with Management* – no disagreements, full representations from mgmt. was obtained, no consultations with other auditors or accountants, no difficulties encountered.
- *Other Matters and Supplementary Information* – No Audit Adjustments. No Significant Deficiencies or Material Weaknesses reported. Supplementary info required by GASB.

III. THE AUDIT REPORT

Pages 1-2 **The Independent Auditor's Report on Financial Statements**

- Issued an unmodified (clean) opinion – (first paragraph of pg. 2) the best opinion that we can give as auditors

Pages 3-11 **Management's Discussion and Analysis**

- Introduction & overview of SGA's financial statements
- Condensed comparative financial statement data
- Analysis of financial position and results of operations
- Budgetary Analysis
- Future economic factors and assumptions

The Financial Statements

Page 12

Statement of Net Position

- Financial Position at June 30,

	<u>2021</u>	<u>2020</u>
Total Assets	\$ 943,581	\$ 903,602
Deferred Outflows of Resources	83,084	67,144
Total Liabilities	(240,947)	(144,331)
Deferred Inflows of Resources	<u>(32,359)</u>	<u>(43,024)</u>
Net Position	<u>\$ 753,359</u>	<u>\$ 783,391</u>

- Total assets increased by ~ \$40 thousand. This increase is due to an increase in cash and investments of ~ \$37 thousand related to the timing of payments of year end payables to vendors.
- Total liabilities increased by ~ \$97 thousand. This increase is primarily related to increases in accounts payable of ~ \$64 thousand for payables to vendors working on the GSP Development project consulting fees and an increase of \$45 thousand in the payable to RWA due the timing of the June payment.
- The increase in Deferred Outflows and decrease in Deferred Inflows are a result of changes in estimates from CalPERS pension plan actuarial valuations.

Page 13

Statement of Activities

- Results of Operations for the Years Ended June 30,

	<u>2021</u>	<u>2020</u>
Total Revenues	\$ 1,061,361	\$ 1,181,395
Total Expenses	<u>(1,091,393)</u>	<u>(1,281,546)</u>
Decrease in Net Position	<u>\$ (30,032)</u>	<u>\$ (100,151)</u>

- Overall revenues and expenses decreased during 2021 related to decreases in SGMA Grant revenue and the decrease in related SGMA Grant expenditures. The decrease in revenues is offset by an increase in assessment fees of ~ \$32 thousand as a result increased groundwater and connection fees.

Pages 14-29 **Notes to the Financial Statements**

- The notes to the financial statements explain the assumptions underlying the financial statements and provide additional information that is not available in the financial statements
 - Significant Accounting Policies – No new accounting standards –Note 1, page 14
 - Board Designations – Operating fund, SGMA, and other items per Board Policy –Note 4, page 20
 - Employee Pension Plan (CalPERS) – Pension Liability increased by \$15,801 to \$79,009 – Note 5, page 21

IV. REQUIRED SUPPLEMENTARY INFORMATION

Page 30 **Statement of Revenues, Expenditures and Changes in Fund Balance – Budget to Actual**

Page 32 **Schedule of the Proportionate Share of Net Pension Liability**

- Increase in pension liability and proportionate share
- Decreased fiduciary net position

Page 33 **Schedule of Contributions to the Pension Plan**

- Excess contributions

V. OTHER INDEPENDENT AUDITOR’S REPORT

Pages 34-35 **“GAGAS” Audit Report**

SACRAMENTO GROUNDWATER AUTHORITY

Communications With Those Charged With Governance

Submitted by
Gilbert CPAs

We have audited the financial statements of the Sacramento Groundwater Authority (the Authority) for the year ended June 30, 2021. Professional standards require that we provide you with information related to our audit. We are providing the Authority's Board of Directors (Board) with information regarding the scope and results of the audit to assist the Board in overseeing management's financial reporting and disclosure process. This information is intended solely for the use of the Board and management of the Authority and is not intended to be, and should not be, used by anyone other than these specified parties. The following pages summarize these required communications.

December 1, 2021

MANAGEMENT AND AUDITOR RESPONSIBILITIES

Auditors' Responsibilities under Generally Accepted Auditing Standards (GAAS), *Government Auditing Standards*, issued by the Comptroller General of the United States.

The financial statements are the responsibility of management. As stated in our engagement contract, our responsibility is to express opinions about whether the financial statements prepared by management with your oversight are fairly presented, in all material respects, in conformity with U.S. generally accepted accounting principles. Our audit of the financial statements does not relieve you or management of your responsibilities.

As part of our audit, we considered the internal control of the District. Such considerations were solely for the purpose of determining our audit procedures and not to provide any assurance concerning such internal control.

As part of obtaining reasonable assurance about whether the District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit.

We have issued unmodified opinions on the financial statements of the Authority for the year ended June 30, 2021.

QUALITATIVE ASPECTS OF ACCOUNTING PRACTICES

Significant Accounting Policies

Management is responsible for the selection and use of appropriate accounting policies. In accordance with the terms of our engagement contract, we advised management about the appropriateness of accounting policies and their application.

The significant accounting policies used by the Authority are described in Note 1 to the financial statements. No new accounting policies were adopted, and the application of existing policies was not changed during the year ended June 30, 2021.

We noted no transactions entered into by the Authority during the year for which there is a lack of authoritative guidance or consensus. There are no significant transactions that have been recognized in the financial statements in a different period than when the transaction occurred.

Management Judgments and Accounting Estimates

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected.

Certain financial statement disclosures are particularly sensitive because of their significance to financial statement users.

The most sensitive estimates and disclosures affecting the abbreviated name's financial statements were:

- The estimate of the net pension liability and related deferred inflows and outflows of resources is based upon the Authority's proportionate allocation of the CalPERS plan pension amounts as of the June 30, 2020 measurement date. CalPERS calculates the net pension liability for all participating agencies actuarially by rolling-forward obligations from the June 30, 2019 actuarial valuation. These amounts are allocated to the Authority and other participating agencies based on their proportionate share of contributions to the CalPERS plans during the measurement period.

We evaluated the key factors and assumptions used to develop the estimates in determining that they are reasonable in relation to the financial statements taken as a whole. In addition, the related financial statement disclosures are neutral, consistent, and clear.

INTERACTIONS WITH MANAGEMENT

Planned Scope and Timing of the Audit	We performed the audit according to the planned scope and timing previously communicated in our engagement contract.
Management Consultations with Other Independent Accountants In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a “second opinion” on certain situations. If a consultation involves application of an accounting principle to the Authority’s financial statements or a determination of the type of auditor’s opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts.	To our knowledge, there were no such consultations with other accountants.
Disagreements with Management For purposes of this letter, professional standards define a disagreement with management as a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor’s report.	We are pleased to report that no such disagreements arose during the course of our audit.
Management Representations	We requested certain representations from management in a letter to us.
Difficulties Encountered in Performing the Audit	We encountered no significant difficulties in dealing with management in performing and completing our audit. Management and staff were well prepared and very cooperative.

OTHER MATTERS

Other Audit Findings or Issues	We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the Authority's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.
Corrected and Uncorrected Misstatements Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are trivial, and communicate them to the appropriate level of management.	No significant adjustments were identified during our audit.

SUPPLEMENTARY INFORMATION

Required Supplementary Information

Government Accounting Standards Board (GASB) requires certain supplementary information to accompany the Authority's basic financial statements to be in conformity with generally accepted accounting principles. Such information has been subjected to limited procedures such as inquiries of management about the methods of preparing the information and comparing the information for consistency with the basic financial statements, however, we do not express an opinion because of the limited nature of our procedures.

The following required supplementary information is required to accompany the Authority's basic financial statements and subjected to limited procedures, but no opinion has been expressed:

- Management's Discussion and Analysis
- Statements of Revenues, Expenditures and changes in Fund Balance – Budget to Actual
- Schedule of the Authority's Proportionate Share of the Net Pension Liability
- Schedule of the Authority's Contributions to the Pension Plan

**SACRAMENTO GROUNDWATER
AUTHORITY**

**FINANCIAL STATEMENTS
WITH
INDEPENDENT AUDITOR'S REPORT**

JUNE 30, 2021 AND 2020

SACRAMENTO GROUNDWATER AUTHORITY

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INDEPENDENT AUDITOR'S REPORT

**Board of Directors
Sacramento Groundwater Authority
Sacramento, California**

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities and special revenue fund of the Sacramento Groundwater Authority (the Authority) as of and for the fiscal year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and special revenue fund of the Sacramento Groundwater Authority as of June 30, 2021, and the respective changes in financial position for the fiscal year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and the required supplementary information, as listed in the table of contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 1, 2021, on our consideration of the Authority's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Authority's internal control over financial reporting and compliance.

Report on summarized Comparative Information

We have previously audited the Sacramento Groundwater Authority's 2020 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated December 1, 2020. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2020, is consistent, in all material respects, with the audited financial statements from which it has been derived.



GILBERT CPAs
Sacramento, California

December 1, 2021

SACRAMENTO GROUNDWATER AUTHORITY

MANAGEMENT'S DISCUSSION AND ANALYSIS JUNE 30, 2021 AND 2020

The Sacramento Groundwater Authority (SGA) is a joint powers authority created to collectively manage, protect, and sustain the Sacramento region's north area groundwater resources, which includes all of Sacramento County north of the American River. The mission is to manage these water resources consistent with the Sacramento Water Forum Agreement for the benefit of water users within the Sacramento basin and to coordinate with other water management entities and activities throughout the region. The following discussion and analysis of the SGA financial performance provides an overview of the financial activities for the fiscal years ended June 30, 2021, and 2020. This discussion analysis should be read in conjunction with the financial statements and can be found on pages 12 to 33 of this report.

Description of Basic Financial Statements

SGA maintains its accounting records in accordance with generally accepted accounting principles for a special revenue fund type of the governmental fund group as prescribed by the Government Accounting Standards Board. Special revenue funds are used to account for the proceeds of specific revenue sources that are legally restricted for specific purposes. SGA's revenues are legally restricted under a joint powers agreement provided for under the California Government Code. The accounts of SGA are organized on the basis of fund accounting. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives.

The Governmental Accounting Standards Board (GASB) requires reporting fund balances in classifications that comprise a hierarchy based primarily on the extent to which SGA is bound to honor constraints on the specific purposes for which those funds can be spent. The categories of the SGA's fund balances include non-spendable and restricted funds. Non-spendable fund balance represents amounts such as prepaid expenses that are not available for expenditure because they are not expected to be converted to cash. Since SGA's revenues are legally restricted for the purpose of managing the Sacramento groundwater basin, any unused revenues would be classified as a restricted fund balance.

The basic financial statements include governmental fund balance sheet/statements of net position and the statement of revenues, expenditures, and changes in fund balance/statements of activities. Additionally, the statements of revenues, expenditures, and changes in fund balance – budget to actual are included as required supplementary information on pages 30 and 31 of this report.

SGA as a single governmental joint power authority (JPA) presents their fund financial statements with their government wide statements on the Statement of Net Position. Over time, increases or decreases in net position may serve as a useful indicator of whether SGA's financial position is improving or deteriorating.

The statement of revenues, expenditures, and changes in fund balance/statements of activities report all of SGA's revenues and expenditures/expenses during the periods ended June 30, 2021 and 2020. This statement reflects the operating activity as both a special revenue fund and also converts to a statement of activity. All changes in net position are reported as soon as the underlying event is measurable and available. Expenditures/expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (i.e., amounts due to vendors) for both the fund balance and net position. Revenues are reported when available (i.e., grant awards) for fund balance and reported when earned in the net position statement.

SACRAMENTO GROUNDWATER AUTHORITY

MANAGEMENT'S DISCUSSION AND ANALYSIS JUNE 30, 2021 AND 2020

The statements of revenues, expenditures, and changes in fund balance – budget to actual illustrate the actual results compared to the legally adopted budget on a fund basis. The fund basis does not include depreciation expense and unavailable revenue but can include capital asset purchases as expenditures. These budget to actual fund balance statements can be found on pages 30 to 31.

Notes to financial statements. The notes provide additional information that is essential to a full understanding of the financial data provided in the financial statements. The notes to the financial statements can be found on pages 14 to 29 of this report.

Condensed Statements of Net Position

For the fiscal years ended June 30, the following condensed comparative Statements of Net Position using a net position basis are presented:

	<u>2021</u>	<u>2020</u>	<u>Change</u>	<u>2019</u>	<u>Change</u>
Other Assets	\$ 934,899	\$ 903,602	\$ 31,297	\$1,199,686	\$(296,084)
Deferred Outflows - Pension	83,084	67,144	15,940	110,859	(43,715)
Capital Assets, net	8,682	-	8,682	-	-
Total Assets and Deferred Outflows	<u>1,026,665</u>	<u>970,746</u>	<u>55,919</u>	<u>1,310,545</u>	<u>(339,799)</u>
Current Liabilities	161,938	81,123	80,815	314,246	(233,123)
Non-Current Liabilities	79,009	63,208	15,801	84,845	(21,637)
Total Liabilities	<u>240,947</u>	<u>144,331</u>	<u>96,616</u>	<u>399,091</u>	<u>(254,760)</u>
Deferred Inflows - Pension	<u>32,359</u>	<u>43,024</u>	<u>(10,665)</u>	<u>27,912</u>	<u>15,112</u>
Net Position:					
Invested in capital assets	8,682	-	8,682	-	-
Restricted	744,677	783,391	(38,714)	883,542	(100,151)
Total Net Position	<u>\$ 753,359</u>	<u>\$ 783,391</u>	<u>\$ (30,032)</u>	<u>\$ 883,542</u>	<u>\$(100,151)</u>

Fiscal year 2021 compared to Fiscal year 2020

Other assets consist of cash and investments, grants receivable, interest receivable and prepaid assets. Other assets increased from the previous year due to an increase in cash and investments by \$36,832, mainly due to the timing of the payment of year end payables to vendors and an adjustment in capital assets resulting from the computer server replacement and upgrade.

SACRAMENTO GROUNDWATER AUTHORITY

MANAGEMENT'S DISCUSSION AND ANALYSIS JUNE 30, 2021 AND 2020

Current liabilities have increased from the previous year and include amounts due to vendors, and a payable to the Regional Water Authority (RWA). The increase is substantially a result from the timing of payments to vendors who are working on the projects fulfilling the SGWP grant. RWA is a related party that manages the projects and work for SGA. Several members of SGA are also members of RWA. The current liabilities include \$76,782 for administrative service costs incurred towards the end of the fiscal year due to RWA.

The non-current liability of \$79,009 reflects a net increase from the prior year due to paying additional pension payments towards SGA's CalPERS pension plan. See Note 5 for additional information about SGA's pension plan with CalPERS.

The increase in deferred outflows and decrease in deferred inflows are a result of changes in estimates from CalPERS pension plan actuarial valuations. The significant change during the fiscal year 2021 was a result of an increase in SGA's anticipated proportionate share of the net pension liability due to changes in CalPERS assumptions (discount rate, amortization, methodology, etc.) that was reported by CalPERS in fiscal year 2020 and was only exacerbated by the economic downturn caused by COVID-19 pandemic.

The restricted net position may be used to meet SGA's ongoing obligations to member agencies and creditors. The decrease reflects the difference between revenues and expenditures during the fiscal year.

For fiscal year 2021, \$559,700 of restricted net position has been designated for a general operating fund to mitigate current and future risks due to revenue shortfalls and unanticipated expenses, update and modeling towards future GSP update, and potential expenses associated with a future office relocation or remodel. As of 2021, there are no designated funds for SGMA. See note 4 of notes to basic financial statements for the designation balances by type and the restricted fund balance.

Fiscal year 2020 compared to Fiscal year 2019

Other assets consist of cash and investments, grants receivable, interest receivable and prepaid assets. The decrease in fiscal year 2020 was due to a decrease in grants receivable. Cash and investments also decreased mainly due to the timing of the payment of year end payables to vendors. See note 4 for additional information.

Current liabilities decreased from the previous year and is substantially from amounts payable to the vendors who are working on the projects fulfilling the SGWP grant along with a payable to RWA. The current liabilities included \$31,705 for administrative service costs incurred at year end.

The non-current liability of \$63,208 reflected a net decrease from the prior year due to paying additional pension payments towards SGA's CalPERS pension plan. See Note 5 for additional information about SGA's pension plan with CalPERS.

The decreases in deferred outflows and increase in inflows were a result of changes in estimates from CalPERS pension plan actuarial valuations. The significant change during the fiscal year 2020 was a reduction in SGA's anticipated proportionate share of the net pension liability due to changes in CalPERS assumptions.

For fiscal year 2020, \$388,469 of restricted net position had been designated for implementing the Sustainable Groundwater Management Act (SGMA) requirements and for a general operating fund contingency. See note 4 of notes to basic financial statements for the designation balances by type and the restricted fund balance.

SACRAMENTO GROUNDWATER AUTHORITY

MANAGEMENT'S DISCUSSION AND ANALYSIS JUNE 30, 2021 AND 2020

Condensed Schedule of Revenues, Expenses, and Changes in Net Position

For the fiscal years ended June 30, the following condensed Statements of Activities are presented:

	<u>June 30, 2021</u>	<u>June 30, 2020</u>	<u>Change</u>	<u>June 30, 2019</u>	<u>Change</u>
Program Revenue:					
Assessment Income	\$ 742,656	\$ 710,509	\$ 32,147	\$ 715,859	\$ (5,350)
SGMA Grant Income	263,226	397,103	(133,877)	212,193	184,910
SGMA Partner Fees	49,719	53,230	(3,511)	149,043	(95,813)
Total Program Revenue	<u>1,055,601</u>	<u>1,160,842</u>	<u>(105,241)</u>	<u>1,077,095</u>	<u>83,747</u>
General Revenue - Interest and Other Income	<u>5,760</u>	<u>20,553</u>	<u>(14,793)</u>	<u>35,521</u>	<u>(14,968)</u>
Total Revenue	<u>1,061,361</u>	<u>1,181,395</u>	<u>(120,034)</u>	<u>1,112,616</u>	<u>68,779</u>
Program Expenses	630,207	650,701	(20,494)	600,829	49,872
SGMA Grant Expenses	<u>461,186</u>	<u>630,845</u>	<u>(169,659)</u>	<u>361,235</u>	<u>269,610</u>
Total Expenses	<u>1,091,393</u>	<u>1,281,546</u>	<u>(190,153)</u>	<u>962,064</u>	<u>319,482</u>
Increase (decrease) in Net Position	(30,032)	(100,151)	70,119	150,552	(250,703)
Net Position July 1	<u>783,391</u>	<u>883,542</u>	<u>(100,151)</u>	<u>732,990</u>	<u>150,552</u>
Net Position June 30	<u>\$ 753,359</u>	<u>\$ 783,391</u>	<u>\$ (30,032)</u>	<u>\$ 883,542</u>	<u>\$ (100,151)</u>

Fiscal year 2021 compared to Fiscal year 2020

As planned, assessment fees totaled \$742,656 and are \$32,147 higher than in the previous year representing an overall 4% increase in fee revenue. SGA assessment fees are based upon two components: a groundwater fee and a base administrative fee formula, reflecting the member's capacity to pump water. In fiscal year 2021, the groundwater fee increased by ten percent from the previous year at \$6.60 per acre foot, based upon a running five-year average of historical volume, which was calculated as 64,291 acre-feet. The base administrative formula minimum fee was \$10,605 per member. The connection fee was \$1.37 per connection for connections greater than 6,000. The long-term target for base fees is to achieve 40% coverage of costs.

State, federal and local government grants will vary from year to year based upon availability and applicability to SGA's mission. During fiscal year 2021, SGA earned SGMA grant income from the SGWP DWR grant. DWR awarded SGA a \$994,276 grant to complete a single Groundwater Sustainability Plan (GSP) encompassing five GSAs which cover the North American Basin. The portion of grant income recognized during fiscal year 2021 represents work completed through June 30, 2021.

The five GSAs (referred to as SGMA partners) include SGA, the Reclamation District 1001 GSA, the South Sutter Water District GSA, the Sutter County GSA, and the West Placer GSA. SGA is the grantee and coordinates grant compliance with the five GSAs.

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MANAGEMENT'S DISCUSSION AND ANALYSIS JUNE 30, 2021 AND 2020

The total project costs and funding sources are as follows:

Direct Partner Contributions Prior to DWR Grant Award	\$ 67,395
In-Kind Partner Staff Time	258,630
Direct Contributions from Partners/SGA	726,402
DWR Grant Award	<u>994,276</u>
Total Project Cost	<u>\$2,046,703</u>

Of the \$726,402 in direct contributions from partners and SGA, SGA's commitment is \$262,862 in project costs through June 30, 2021 and the balance of \$463,720 is funded by SGMA partners. The SGMA partner funding of \$463,720 will be contributed in two ways. SGMA partners will make direct payments to contractors working on behalf of individual SGMA partner agencies, totaling \$215,076. The remaining \$248,644 will be paid by the SGMA partners through fees collected by SGA. These partner fees are expected to be earned over a three-year period and should match the time frame of grant expenditures by the SGMA partners and SGA. For the year ended June 30, 2021, SGA earned \$263,226 in grant income from DWR and \$49,719 in partner fee income to reimburse SGA for SGMA grant consulting costs.

General revenue representing interest and other income is lower than the prior year mainly due to a decrease in Local Agency Investment Fund (LAIF) investment balances.

Program expenses are lower than the prior year due to the lower salaries of new staff than prior staff and in general a lower operating cost due to the COVID-19 pandemic with staff working remotely, lack of public meetings, no travel and training.

SGMA grant expenses reflect consulting costs incurred for the SGWP grant that are funded by a combination of the direct contributions from the SGMA partners and reimbursed from the DWR SGWP grant.

Fiscal Year 2020 Compared to Fiscal Year 2019

Assessment fees total \$710,509 and were \$5,350 lower than the prior year since groundwater acre-feet declined from the prior year. However, fees remained unchanged. In fiscal year 2020, the groundwater fee was \$6.00 per acre foot, based upon a running five-year average of historical volume, calculated at 62,892 acre-feet. The base administrative formula minimum fee was \$10,100 per member. The connection fee was \$1.31 per connection for connections greater than 6,000.

During fiscal year 2020, SGA earned grant revenues and incurred grant expenses in the amount of \$397,103 and \$53,230 in partner fee income to reimburse SGA for SGMA grant consulting costs.

General revenue of \$20,553 represented mostly interest earned.

An increase program expenses is a result of multiple staff actions including filling the Executive Director vacancy, vacation payout due to the retirement of the Finance and Administrative Services Manager (FASM), and the hiring of a part-time annuitant.

Capital Assets

Capital asset investments includes office furniture, office, and leasehold improvements and as of June 30, 2021, capital assets have increased due to the replacement and upgrade of the computer server which is a shared asset by both the Sacramento Groundwater Authority and Regional Water Authority. If the capital

SACRAMENTO GROUNDWATER AUTHORITY

MANAGEMENT'S DISCUSSION AND ANALYSIS JUNE 30, 2021 AND 2020

asset purchase benefits both SGA and RWA, then the acquisitions are co-owned, and each authority pays 50% of the acquisition cost. Assets only benefiting SGA are paid fully by SGA.

	Balance June 30, 2021	Balance June 30, 2020
Furniture	\$ 4,590	\$ 4,590
Equipment	13,843	14,624
Leasehold Improvements	<u>14,786</u>	<u>14,786</u>
Gross Capital Assets	33,219	34,000
Less accumulated depreciation and amortization	<u>(24,537)</u>	<u>(34,000)</u>
Capital Assets, net	<u>\$ 8,682</u>	<u>\$ -</u>

Special Revenue Fund Condensed Budgetary Analysis

For the fiscal year ended June 30, 2021, the following condensed Statement of Revenues, Expenditures and Changes in Fund Balance – Budget to Actual is presented:

	Original and Final Budget	Actual Amounts	Variance with Budget Positive (Negative)	% Change
Program Revenues				
Assessment Income	\$ 742,656	\$ 742,656	\$ -	-
SGMA Grant Income	270,000	245,866	(24,134)	(9%)
SGMA Partner Fees	<u>42,000</u>	<u>49,719</u>	<u>7,719</u>	<u>18%</u>
Total Program Revenues	1,054,656	1,038,241	(16,415)	(2%)
General Revenue - Interest and Other Income	<u>15,000</u>	<u>5,760</u>	<u>(9,240)</u>	<u>(62%)</u>
Total Revenues	<u>1,069,656</u>	<u>1,044,001</u>	<u>(25,655)</u>	<u>(2%)</u>
Expenditures				
Administrative	602,949	512,843	90,106	15%
Office	70,050	56,292	13,758	20%
Professional Fees	164,350	65,800	98,550	60%
Capital Outlay and Equipment	14,300	14,758	(458)	(3%)
SGMA Grant Expenditures	<u>470,000</u>	<u>461,186</u>	<u>8,814</u>	<u>2%</u>
Total Expenditures	<u>1,321,649</u>	<u>1,110,879</u>	<u>210,770</u>	<u>16%</u>
Expenditures (Over) Under Revenues	(251,993)	(66,878)	185,115	73%
Fund Balance, July 1, 2020	<u>784,794</u>	<u>784,794</u>	<u>-</u>	<u>-</u>
Fund Balance, June 30, 2021	<u>\$ 532,801</u>	<u>\$ 717,916</u>	<u>\$ 185,115</u>	<u>35%</u>

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MANAGEMENT'S DISCUSSION AND ANALYSIS JUNE 30, 2021 AND 2020

SGA begins preparing the budgets approximately in February of the preceding fiscal year and finalizes and adopts the budget before the beginning of the new fiscal year. Overall, SGA's financial results were significantly lower compared to the expected budget by \$185,115. Significant budget versus actual variances are as follows.

SGMA Grant Income

SGA budgeted what was expected to be earned from the DWR grant. The grant income for the year ended June 30, 2021 only reflects available revenues which have been collected from DWR as determined by the special revenue fund accounting rules. SGA has earned and is expecting another \$55,045 in DWR grant proceeds which is not yet reflected in this budget to actual financial statement. However, this additional grant income is reflected in the statement of activities. SGA previously estimated the annual expected DWR revenue for this period and ultimately is expected to earn \$994,276 over a three-year grant period.

SGMA Partner Fees

SGMA partner fee income is derived from the GSA partners who share in the cost obligations for fulfilling the grant agreement. For fiscal year 2021, the budgeted amount of partner fees was estimated at \$42,000. The \$49,719 in partner fee income reflect the amounts invoiced to the GSAs according to the cost sharing funding arrangement between the GSAs including a portion of contingency funds that is anticipated to be used to complete the GSP.

Administrative

SGA incurs administrative expenses from RWA to manage SGA. Total actual administrative costs were \$90,106 lower than budgeted due to lower-than-expected OPEB and payroll tax costs as well as suspended travel and training as a result of COVID-19 pandemic. Administrative expenses are budgeted based upon common costs from an allocation of administrative time under the Administrative Services Agreement with RWA.

Office

Office expenses are shared 50/50 with RWA as part of the administrative services agreement. Overall, these costs were \$13,758 lower than budgeted. Most of the savings came from lower than planned office expenses associated with COVID-19 pandemic.

Professional Fees

Overall professional fees came in lower than budgeted by \$98,550 due to a decrease in legal services, SGA consultants, and reduced activity due to COVID-19 pandemic.

Capital Outlay and Equipment

Capital outlay and equipment represents SGA's share in the cost of office and computer equipment which met SGA's asset capitalization policy including the replacement and upgrade of the computer server.

SGMA Grant Expenditures

As previously discussed, DWR awarded SGA the SGWP grant for \$994,276 and is expected to take three years to complete through June 30, 2021. SGA manages the grant and coordinates the matching grant information from partner activities that fulfill the grant agreement requirements. During the year ended

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MANAGEMENT'S DISCUSSION AND ANALYSIS JUNE 30, 2021 AND 2020

June 30, 2021, these expenditures represent costs paid to consultants to execute the projects required under the grant agreement.

Economic factors and assumptions for fiscal year June 30, 2022

SGA assessment fees continue to be based upon two components: a groundwater fee and a base administrative fee formula. SGA proposed an overall fifteen percent (15%) increase to the fiscal year 2022 fees to increase staff by one position, an Associate Project Manager which will be fully funded by SGA, to assist with ongoing GSP activities. It is expected that this position will be funded in the latter part of fiscal year 2022 and as such has been allocated expenses for six months of the budget year.

With this increase in fees, it is expected that revenues will cover expenses. In the event of any minor overages, SGA has adequate reserves to offset the difference. Each member's specific fee change depends upon the changes in their water connections and groundwater extraction from the previous year.

Major budget assumptions used in adopting the June 30, 2022 budget include:

- 1) SGA expects to continue implementation of the SGWP grant as part of the commitment to SGMA.
- 2) 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 will not be allocated to SGA. Likewise, costs benefiting only SGA will be paid by SGA.
- 3) Staff salaries reflect a possible 4% increase for merit and a possible COLA of 2%. Employees are paying their 100% share of the pension plan contribution.
- 4) In addition to sharing in 50% of administrative staff time from RWA, SGA plans to continue to use 20% of RWA's project assistant, reimburse 100% of the hourly annuitant cost, contribute 10% of the Legislative Affairs Manager's salary and benefits cost in order to receive updates regarding groundwater issues, and bring on an Associate Project Manager. Total FTE count for SGA is proposed to be 3.3 FTEs.
- 5) Benefit costs also include projected increases for allocated OPEB and health care.
- 6) An additional \$26,700 payment to CalPERS is budgeted in fiscal year 2022 as an incremental early payment of SGA's allocated unfunded pension liability.
- 7) Professional fees include public relations, human resources, accounting, actuarial, and legal.
- 8) The SGA consulting budget reflects \$60,000 in out-sourced support activities for a review of the groundwater management report, updating the groundwater sustainability plan (GSP), monitoring water quality, maintaining the data management system, and groundwater modeling.
- 9) The operating fund plus undesignated cash is projected to be approximately 7.4 months for fiscal year 2022. These available funds are slightly over the recommended six-month policy limits but may be drawn down over time or may be used for future SGMA and/or other programmatic costs as approved by the board.

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MANAGEMENT'S DISCUSSION AND ANALYSIS JUNE 30, 2021 AND 2020

- 10) Overall expenses are expected to exceed fees by \$18,490 as a result of a carryover budget request for SGMA unused funds. It is expected that SGA's cash balance will improve upon completion of SGMA and release of retainage amounts which will balance any interim cash flow fluctuations.

Requests for Information

This financial report is designed to provide a general overview of SGA's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to Finance and Administrative Services Manager, Regional Water Authority, 5620 Birdcage Street, Suite 180, Citrus Heights, CA 95610.

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GOVERNMENTAL FUND BALANCE SHEET / STATEMENTS OF NET POSITION JUNE 30, 2021 AND 2020

	June 30, 2021		June 30, 2020	
	Special Revenue Fund	Adjustments (Note 6)	Statement of Net Position	Statement of Net Position
ASSETS				
Cash and Investments	\$ 872,347	\$ -	\$ 872,347	\$ 835,515
Grants Receivable	57,163	-	57,163	58,241
Interest Receivable	692	-	692	2,785
Prepaid Assets	4,697	-	4,697	7,061
Capital Assets, net	-	8,682	8,682	-
Total Assets	934,899	8,682	943,581	903,602
Deferred Outflows - Pension	-	83,084	83,084	67,144
Total Assets and Deferred Outflows	<u>\$ 934,899</u>		<u>1,026,665</u>	<u>970,746</u>
LIABILITIES				
Current Liabilities				
Accounts Payable	\$ 85,156	-	85,156	20,901
Payable to Regional Water Authority	76,782	-	76,782	31,705
Unearned Revenue	-	-	-	28,517
Total Current Liabilities	161,938	-	161,938	81,123
Non-Current Liabilities				
Net Pension Liability	-	79,009	79,009	63,208
Total Liabilities	161,938	79,009	240,947	144,331
Deferred Inflows				
Pension	-	32,359	32,359	43,024
Unavailable Revenue	55,045	(55,045)	-	-
Total Deferred Inflows	55,045	(22,686)	32,359	43,024
FUND BALANCES				
Non-spendable	4,697	(4,697)	-	-
Restricted	713,219	(713,219)	-	-
Total Fund Balance	717,916	(717,916)	-	-
Total Liabilities and Fund Balances	<u>\$ 934,899</u>			
NET POSITION				
Invested in Capital Assets		8,682	8,682	-
Restricted		744,677	744,677	783,391
Net Position		<u>\$ 753,359</u>	<u>\$ 753,359</u>	<u>\$ 783,391</u>

The accompanying notes are an integral part of these financial statements.

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STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE/ STATEMENTS OF ACTIVITIES YEARS ENDED JUNE 30, 2021 AND 2020

	June 30, 2021			June 30, 2020
	Special Revenue Fund	Adjustments (Note 6)	Statement of Activities	Statement of Activities
REVENUES				
Program Revenue:				
Assessment Income	\$ 742,656	\$ -	\$ 742,656	\$ 710,509
SGMA Grant Income	245,866	17,360	263,226	397,103
SGMA Partner Fees	49,719	-	49,719	53,230
Total Program Revenue	1,038,241	17,360	1,055,601	1,160,842
General Revenue - Interest and Other Income	5,760	-	5,760	20,553
Total Revenue	1,044,001	17,360	1,061,361	1,181,395
PROGRAM EXPENDITURES/EXPENSES				
Shared and Direct Expenditures/Expenses:				
Wages and Salaries	385,946	-	385,946	341,470
Employee Taxes and Benefits	126,491	(10,804)	115,687	168,682
Travel and Training	406	-	406	8,777
Administrative	512,843	(10,804)	502,039	518,929
Rent	17,155	-	17,155	15,891
Insurance	15,928	-	15,928	15,226
Telephone	4,836	-	4,836	6,119
Dues and Subscriptions	5,112	-	5,112	5,763
Printing, Supplies, Postage and Meetings	4,168	-	4,168	7,995
Computer Maintenance	9,093	-	9,093	6,304
Office	56,292	-	56,292	57,298
Audit and Banking	15,182	-	15,182	28,446
Legal	20,677	-	20,677	11,644
Consultants	29,941	-	29,941	30,551
Professional Fees	65,800	-	65,800	70,641
Capital Outlay and Equipment	14,758	(10,214)	4,544	3,833
Depreciation and Amortization	-	1,532	1,532	-
Total Program Expenditures/Expenses	649,693	(19,486)	630,207	650,701
SGMA Grant Expenditures	461,186	-	461,186	630,845
Total Expenditures/Expenses	1,110,879	(19,486)	1,091,393	1,281,546
EXCESS OF REVENUES OVER PROGRAM EXPENDITURES	(66,878)			
(DECREASE) INCREASE IN NET POSITION		36,846	(30,032)	(100,151)
FUND BALANCES/NET POSITION				
Beginning Balance, July 1	784,794	(1,403)	783,391	883,542
Fund Balance/Net Position, June 30	\$ 717,916	\$ 35,443	\$ 753,359	\$ 783,391

The accompanying notes are an integral part of these financial statements.

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NOTES TO FINANCIAL STATEMENTS FOR THE YEARS ENDED JUNE 30, 2021 AND 2020

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Description of reporting entity – Sacramento Groundwater Authority (SGA) was formed under a Joint Exercise of Powers Agreement (JPA) on July 1, 1998 to collectively manage the Sacramento region's North Area Groundwater Basin, which includes all of Sacramento County north of the American River. 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 is governed by a board comprised of a representative from each of the 14 governmental water suppliers and representatives of self-supplied groundwater and agricultural users. The representatives are appointed by the JPA signatories and serve four-year terms.

Types of funds – SGA accounts for its financial position and results of operations in accordance with generally accepted accounting principles for governmental units. Accordingly, SGA uses governmental funds. SGA does not have any proprietary or fiduciary funds.

Basis of Accounting:

SGA accounts for its financial activities as a Special Revenue Fund because its revenue sources are legally restricted for specified purposes.

Fund financial statements – The Special Revenue fund is accounted for using the modified accrual basis of accounting and the current financial resources measurement focus. Under this basis, financing sources are recognized when they become available and measurable. Expenditures and other financing uses are recognized as the related fund liabilities are incurred.

Governmental-wide financial statements – The statements of net position and the statements of activities display information about SGA. The government-wide statements are prepared using the economic resources measurement focus and the accrual basis of accounting. Under the accrual basis, revenues are recognized when earned, and expenses are recognized when an obligation has been incurred. This presentation differs from the manner in which the governmental fund financial statements are prepared. Therefore, Note 6 details the adjustments with brief explanations to identify the major differences between the fund financial statements and the governmental-wide financial statements.

Net position is the difference between assets, deferred outflows, liabilities and deferred inflows on the governmental-wide financial statements. Net position invested in capital assets is furniture and equipment net of accumulated depreciation. Since SGA assessment fee revenue is restricted for the specific purpose of managing the Sacramento Groundwater Basin, all remaining net position is classified as restricted.

The accounting treatment for grant award revenue depends on whether it is reported in the government-wide or fund financial statements. In the fund financial statements, these grant award revenues will only be recognized when available during the fiscal year. Until such time, the grant award revenues are reflected as a receivable and as unavailable revenue. In the government-wide statements, grant award revenue is recognized when it is earned.

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NOTES TO FINANCIAL STATEMENTS FOR THE YEARS ENDED JUNE 30, 2021 AND 2020

SGA is considered a special-purpose government and has elected to combine the fund financial statements and the government-wide statements and show the reconciliation from the fund financial statements to the government-wide statements in an adjustment column.

Future Accounting Pronouncements

In June 2017, the GASB issued Statement No. 87, *Leases*. This Statement increases the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows or resources or outflows of resources based on the payment provisions of the contract. Under this Statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources. The requirements of this Statement are effective for the year ended June 30, 2022.

SGA will analyze the impact of this new Statement prior to the effective date listed above.

Cash and Investments – SGA participates in an investment pool managed by the State of California, the Local Agency Investment Fund (LAIF), which has invested a portion of the pool funds in structured notes and asset-backed securities.

Net Pension Liability and Related Balances – For purposes of measuring the net pension liability, deferred outflows and inflows of resources related to pensions, and pension expense, information about the fiduciary net position and additions to/deductions from the fiduciary net position have been determined on the same basis as they are reported by the California Public Employees' Retirement System (CalPERS). For this purpose, benefit payments (including refunds of employee contributions) are recognized when currently due and payable in accordance with the benefit terms. Investments are reported at fair value by CalPERS and not reported by SGA. CalPERS audited financial statements are publicly available reports that can be obtained at CalPERS' website under Forms and Publications (www.calpers.ca.gov). Reported results pertain to liability and asset information within the following defined timeframes:

For the year ended June 30, 2021

Valuation Date (VD)	June 30, 2019
Measurement Date (MD)	June 30, 2020
Measurement Period (MP)	July 1, 2019 to June 30, 2020

For the year ended June 30, 2020

Valuation Date (VD)	June 30, 2018
Measurement Date (MD)	June 30, 2019
Measurement Period (MP)	July 1, 2018 to June 30, 2019

Deferred outflows of resources is a consumption of net position by SGA that is applicable to a future period and deferred inflows of resources is an acquisition of net position that is applicable to a future reporting period. Both deferred inflows and outflows of resources are reported in the statements of net position, but are not recognized in the financial statements as revenues and expenses until the period(s)

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NOTES TO FINANCIAL STATEMENTS FOR THE YEARS ENDED JUNE 30, 2021 AND 2020

to which they relate according to GASB Statement No. 68 Accounting and Financial Reporting for Pensions – An Amendment of GASB Statement No. 27 (GASB 68). See Note 5 for further details related to the pension deferred outflows and inflows.

Revenue recognition – The major sources of revenue for SGA are assessments and grants. Each of the 14-member water districts, cities and service districts pays annual assessments to SGA. These assessments are based upon two components: a groundwater fee and a base administrative fee formula. The groundwater fee component is based upon a historical five-year running average of acre-feet of water pumped and was set at \$6.60 and \$6.00 per acre foot for the years ended June 30, 2021 and 2020, respectively.

The base administrative fee was calculated based upon the number of connections and was set at a minimum of \$10,605 and \$10,100 for the first 6,000 connections and \$1.37 and \$1.31 for each connection after 6,000 for the years ended June 30, 2021 and 2020, respectively.

Unavailable Revenue – In the fund financial statements, grant awards earned but not yet available are recorded as unavailable revenue under the modified accrual basis of accounting. SGA considers all revenues reported in the special revenue fund to be available if the revenues are collected within 90 days after year-end.

Related party – Since SGA does not employ staff, SGA is managed by the Regional Water Authority (RWA). RWA was created in 1990 under its own Joint Exercise of Powers Agreement. Many of the members of SGA are also members of the RWA. Under an Administrative Services Agreement, SGA and RWA are each responsible for all common costs incurred to operate the joint office unless modified by specific agreements or by the annual budget adoption process.

Beginning on July 1, 2016, CalPERS required SGA to establish a separate pension plan for the work done by RWA employees on behalf of SGA. SGA began its own CalPERS pension plan and started making its own payments for the pension plan even though RWA is the staff employer who administers SGA activities and projects. SGA inherited allocated unfunded liabilities and investment assets from RWA. SGA's allocation results in a net pension liability for SGA. The net pension liability and the related deferred inflows and outflows reflected in the June 30, 2021 and 2020 financial statements are based on a CalPERS determined proportionate share. See Note 5 for additional pension plan disclosures.

During the fiscal years ended June 30, 2021 and 2020, SGA incurred shared expenses of \$532,149 and \$521,405, respectively, reflecting SGA's 50% share of all common joint office costs, including administrative personnel expenses. At June 30, 2021 and 2020, SGA owed RWA \$76,782 and \$31,705, respectively for these administrative related costs.

Fund Balances

SGA has the following two categories of fund balance:

Non-spendable fund balance – These balances cannot be spent because they are either (a) not in spendable form or (b) legally or contractually required to be maintained intact. The prepaid items recorded in SGA's balance sheet are not in a spendable form as they are not expected to be converted to cash.

SACRAMENTO GROUNDWATER AUTHORITY

NOTES TO FINANCIAL STATEMENTS FOR THE YEARS ENDED JUNE 30, 2021 AND 2020

Restricted fund balance – These balances are externally imposed by grantors, contributors, or laws or regulations of other governments or imposed by law. Since SGA’s revenues are legally restricted through the Joint Powers Authority Agreement for the purpose of managing the Sacramento groundwater basin, any revenues not classified as non-spendable would be considered a restricted fund balance. Consequently, SGA would not have any unassigned fund balances.

The Board of Directors can vote to approve assigning or committing specific fund balances. See Note 4 for additional information regarding fund balance.

Capital assets – The accounting treatment over capital assets depends on whether they are reported in the government-wide or fund financial statements. In the government-wide statements, capital assets are capitalized and consist of office furniture and leasehold improvements capitalized at cost. Depreciation is computed and recorded by the straight-line method over the estimated useful life of five years. In the fund financial statements, capital asset acquisitions are reported as capital outlay expenditures. Depreciation is not provided for in the fund financial statement.

Capital assets, consisting of furniture equipment and leasehold improvements in excess of \$2,500 per unit with useful lives of more than one year, are stated at historical cost and are capitalized in the government-wide financial statements. Routine repairs and maintenance are charged to operating expenses in the year the expense is incurred. Leasehold improvements are amortized over the remaining life of the lease.

Budget – SGA’s governing board must approve a budget within 90 days of July 1st and has satisfied these requirements. Any significant revisions to the budget would be approved by SGA’s governing board.

Use of estimates in financial statements – In preparing financial statements in conformity with generally accepted accounting principles, management makes estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements, as well as the reported amounts of revenues and expenditures during the reporting period. Actual results could differ from those estimates.

2. CASH AND INVESTMENTS

Cash and investments in the statement of net position consist of the following at June 30:

	<u>2021</u>	<u>2020</u>
Deposits with Financial Institutions	\$ 57,905	\$ 103,746
Investments with LAIF	<u>814,442</u>	<u>731,769</u>
Total Cash and Investments	<u>\$ 872,347</u>	<u>\$ 835,515</u>

SACRAMENTO GROUNDWATER AUTHORITY

NOTES TO FINANCIAL STATEMENTS FOR THE YEARS ENDED JUNE 30, 2021 AND 2020

Investments Authorized by SGA's Investment Policy

SGA's investment policy authorizes investments in the local government investment pool administered by the State of California (LAIF). The investment policy does not contain any specific provisions intended to limit SGA's exposure to interest rate risk, credit risk and concentration of credit risk.

Disclosures Relating to Interest Rate Risk

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, an investment's sensitivity to the changes in market interest rates increases as the length of maturity increases. At June 30, 2021 and 2020, the average maturity of the investments contained in the LAIF investment pool was approximately 291 and 191 days, respectively.

Disclosures Relating to Credit Risk

Credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This risk is measured by the assignment of a rating by a nationally recognized statistical rating organization. LAIF does not have a rating provided by a nationally recognized statistical rating organization.

Concentration of Credit Risk

LAIF has a separate investment policy, governed by Government Code Sections 16480-16481.2, that provides credit standards for its investments. SGA has 93% and 88% of its cash invested in LAIF at June 30, 2021 and 2020, respectively.

Custodial Credit Risk

Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover its deposits or will not be able to recover collateral securities that are in possession of an outside party. The California Government Code and SGA's investment policy do not contain legal or policy requirements that would limit the exposure to custodial credit risk for deposits, other than the California Government Code section 53652 which requires that a financial institution secure deposits made by state or local governmental units by pledging securities in an undivided collateral pool held by a depository regulated under state law.

Custodial credit risk does not apply to a local government's indirect investment in securities using mutual funds or government investment pools such as LAIF. At June 30, 2021 and 2020, SGA's bank balance was \$57,905 and \$194,217, respectively. The FDIC's basic insurance limit is \$250,000 per depositor.

Investment in State Investment Pool

SGA is a voluntary participant in the LAIF that is regulated by the California Government Code under the oversight of the Treasurer of the State of California. The Local Investment Advisory Board (LAIF Board) has oversight responsibility for LAIF. The LAIF Board consists of five members as designated by state statute. The fair value of the investment in this pool is reported in the accompanying financial statements at amounts based upon SGA's pro-rata share of the fair value provided by LAIF for the

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NOTES TO FINANCIAL STATEMENTS FOR THE YEARS ENDED JUNE 30, 2021 AND 2020

entire LAIF portfolio in relation to the amortized cost of that portfolio. The available withdrawal balance is based on the accounting records maintained by LAIF, which are recorded on an amortized cost basis. The total fair value of all public agencies invested in the LAIF at June 30, 2021 and 2020 was \$37,066,592,514 and \$32,075,372,648, respectively. The LAIF balance is a part of the California Pooled Money Investment Account (PMIA) and includes the Surplus Money Investment Fund and the General Fund. The total fair value of all public agencies invested in PMIA at June 30, 2021 and 2020 was \$193,463,490,765 and \$101,788,256,254, respectively. For information on the types of investments made by LAIF, refer to the State of California Treasurer's separately issued investment reports. Copies of these investment reports may be obtained by calling (916) 653-3001, by writing to LAIF, 915 Capitol Mall, Room 106, Sacramento, CA 95814, or by logging on to the treasurer's website at www.treasurer.ca.gov/pmia-laif/reports/monthly.asp.

3. CAPITAL ASSETS

A summary of capital assets are as follows:

	Balance June 30, 2020	Increases	Decreases	Balance June 30, 2021
Furniture	\$ 4,590	\$ -	\$ -	\$ 4,590
Equipment	14,624	10,214	(10,995)	13,843
Leasehold Improvements	14,786	-	-	14,786
Total	34,000	10,214	(10,995)	33,219
Less accumulated depreciation	(34,000)	(1,532)	10,995	(24,537)
Capital Assets, Net	\$ -	\$ 8,682	\$ -	\$ 8,682

	Balance June 30, 2019	Increases	Decreases	Balance June 30, 2020
Furniture	\$ 14,759	\$ -	\$ (10,169)	\$ 4,590
Equipment	17,307	-	(2,683)	14,624
Leasehold Improvements	17,951	-	(3,165)	14,786
Total	50,017	-	(16,017)	34,000
Less accumulated depreciation	(50,017)	-	16,017	(34,000)
Capital Assets, Net	\$ -	\$ -	\$ -	\$ -

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NOTES TO FINANCIAL STATEMENTS FOR THE YEARS ENDED JUNE 30, 2021 AND 2020

4. FUND BALANCE AND NET POSITION

Fund Balance

Since SGA's fee revenues are restricted for the specific purpose of managing the Sacramento Groundwater Basin under the joint powers agreement, any fund balance not previously allocated to non-spendable will be classified as restricted for that purpose.

Net Position

SGA's net position consists of restricted net position. Since SGA's fee revenues are restricted for the specific purpose of managing the Sacramento Groundwater Basin under the joint powers agreement, any net position not previously allocated to investments in capital assets are considered restricted.

Board Designations

The Board approves an operating fund target balance during the budget process, designated to be used for working capital needs, budget contingencies, and grant opportunities. The operating fund balance target is equivalent to four to six months of operating expenses. The current year June 30 year-end target balance is modified and approved as part of the adoption of the following fiscal year's budget and reflects six months of operating expenses.

The Board of Directors approved designations for the years ended June 30 are as follows:

	<u>2021</u>	<u>2020</u>
Operating Fund	\$ 474,700	\$ 306,300
Update/Modeling GSP	65,000	-
Office Expansion/Relocation	20,000	-
SGMA Implementation	-	82,169
	<u>\$ 559,700</u>	<u>\$ 388,469</u>

5. RETIREMENT PLAN

Plan Description

SGA participates in a public agency cost-sharing multiple-employer defined benefit pension plan (the Plan) administered by CalPERS. SGA was granted its own PERS pension plan beginning July 1, 2016 for the work done by RWA employees on behalf of SGA. Since SGA has less than 100 active members as of the years ended June 30, 2020 and 2019 (measurement dates), qualified employees are covered under the Miscellaneous 2% at 55 Risk Pool (Miscellaneous Pool). CalPERS acts as a common investment and administrative agent for participating public entities within the State of California. CalPERS issues a publicly available financial report that includes financial statements and required supplementary information for this plan. This report is available online at www.calpers.ca.gov.

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NOTES TO FINANCIAL STATEMENTS FOR THE YEARS ENDED JUNE 30, 2021 AND 2020

The California Legislature passed and the Governor signed the “Public Employees’ Pension Reform Act of 2013” (PEPRA) on September 12, 2012. PEPRA contained a number of provisions intended to reduce future pension obligations. PEPRA primarily affects new pension plan members who are enrolled for the first time after December 2012. Benefit provisions and other requirements are established by State statute. The Miscellaneous Pool is closed to new employees unless the new employee is considered a classic member as defined by the California Public Employees’ Pension Reform Act (PEPRA).

Benefits Provided

The benefits for the Plan are established by contract with CalPERS, in accordance with the provisions of the California Public Employees’ Retirement Law (PERL). The benefits are based on members’ years of service, age, final compensation, and benefit formula. Benefits are provided for disability, death, and survivors of eligible members or beneficiaries. For the Miscellaneous Pool, eligible members must be at least 50 and have a minimum of five years of CalPERS-credited service. Under the PEPRA plan, members after January 1, 2013 must be at least 52.

Contributions

Section 20814(c) of the PERL requires employer contribution rates for all public employers are determined on an annual basis by the actuary and are effective on the July 1 following notice of a change in the rate. The total plan contributions are determined through the CalPERS’ annual actuarial valuation process. For public agency cost-sharing plans covered by the Miscellaneous risk pool, the Plan’s actuarially determined rate is based on the estimated amount necessary to pay the Plan’s allocated share of the risk pool’s costs of benefits earned by employees during the year, and any unfunded accrued liability. SGA is required to contribute the difference between the actuarially determined rate and the contribution rate of employees. The required contribution rates were as follows:

<u>Measurement Period</u>	<u>Classic and PEPRA</u>
June 30, 2020	12.417%
June 30, 2019	11.556%

Employer contributions rates may change if plan contracts are amended. For the years ended June 30, 2021 and 2020, the employer required contributions to the plan were \$36,316 and \$32,003, respectively. Additionally, SGA made non-required employer pension contributions of \$26,700 and \$14,500 for the years ended June 30, 2021 and 2020, further reducing its unfunded liability.

Pension Liabilities, Pension Expense and Deferred Outflows/Inflows of Resources Related to Pensions

SGA’s net pension liability (NPL) for the Plan is measured as the proportionate share of the NPL. The NPL of the Plan is measured as of June 30, 2020 and 2019 for the years ended June 30, 2021 and 2020, respectively. The total pension liability (TPL) used to calculate the NPL was determined by an actuarial valuation as of June 30, 2019 and 2018 rolled forward to June 30, 2020 and 2019, respectively, using standard update procedures. For the years ended June 30, SGA’s proportionate share of the Plan’s NPL are as follows:

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NOTES TO FINANCIAL STATEMENTS FOR THE YEARS ENDED JUNE 30, 2021 AND 2020

	<u>2021</u>	<u>2020</u>
Net Pension Liability	\$ 79,009	\$ 63,208

Using SGA's individual employer rate plan's share of the risk pool TPL and Fiduciary Net Position (FNP), the proportionate shares of the TPL and FNP at the measurement date are determined for the SGA by the actuary for the June 30, 2020 and 2019 measurement date. The following tables show SGA's employer allocation factors for the Plan as of the measurement dates for June 30:

2020:	<u>Plan</u>
Proportion - June 30, 2020	.0018731%
Proportion - June 30, 2019	<u>.0015784%</u>
Change – increase	<u>.0002947%</u>
2019:	<u>Plan</u>
Proportion - June 30, 2019	.0015784%
Proportion - June 30, 2018	<u>.0022513%</u>
Change – decrease	<u>(.0006729)%</u>

For the measurement periods ended June 30, 2020 and 2019 (the measurement dates), SGA incurred a pension expense of \$52,212 and \$37,190, respectively.

At June 30, the deferred outflows of resources related to pensions from the following sources are:

	<u>Deferred Outflow of Resources</u>	
	<u>2021</u>	<u>2020</u>
Contributions after measurement date	\$ 63,016	\$ 46,503
Difference between actual and expected experience	4,072	4,390
Changes in assumptions	-	3,014
Net difference between projected and actual earnings on plan investments	2,347	-
Adjustments due to differences in proportions	<u>13,649</u>	<u>13,237</u>
	<u>\$ 83,084</u>	<u>\$ 67,144</u>

The \$63,016 and \$46,503 reported as deferred outflows of resources related to employer contributions subsequent to the measurement date are recognized as a reduction of the NPL for the years ending June 30, 2022 and 2021, respectively.

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NOTES TO FINANCIAL STATEMENTS FOR THE YEARS ENDED JUNE 30, 2021 AND 2020

At June 30, the deferred inflow of resources related to pensions from the following sources are:

	Deferred Inflow of Resources	
	2021	2020
Difference between actual and expected experience	\$ -	\$ 340
Changes in assumptions	564	1,068
Differences between employer contributions and the employer's proportionate share of contributions	21,421	23,616
Net difference between projected and actual earnings on plan investments	-	15
Adjustments due to differences in proportions	10,374	16,895
	<u>\$ 32,359</u>	<u>\$ 43,039</u>

Amounts reported as deferred outflows and deferred inflows of resources related to pension will be recognized in future pension expense as follows at June 30:

2021:

Measurement Period Ended June 30:	Deferred Outflows (Inflows) of Resources
2022	\$ (7,209)
2023	(7,397)
2024	1,189
2025	1,126

2020:

Measurement Period Ended June 30:	Deferred Outflows (Inflows) of Resources
2021	\$ (6,250)
2022	(7,988)
2023	(8,368)
2024	223

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NOTES TO FINANCIAL STATEMENTS FOR THE YEARS ENDED JUNE 30, 2021 AND 2020

Actuarial Assumptions

For the measurement periods ended June 30, 2020 and 2019 (the measurement dates), the TPL was determined by rolling forward the June 30, 2019 and 2018 TPL, respectively. The June 30, 2020 and 2019 TPL were based on the following actuarial methods and assumptions:

2020:

Actuarial Cost Method	Entry-Age Normal
Actuarial Assumptions:	
Discount Rate	7.15%
Inflation	2.50%
Salary Increases	Varies by Entry Age and Service
Mortality Rate Table ⁽¹⁾	Derived using CalPERS' Membership data for all Funds
Post Retirement Benefit Increase	Contract COLA up to 2.50% until Purchasing Power Protection Allowance Floor on Purchasing Power applies

⁽¹⁾ The mortality table used was developed based on CalPERS' specific data. The table includes 15 years of mortality improvements using Society of Actuaries Scale 90% of scale MP 2016.

2019:

Actuarial Cost Method	Entry-Age Normal
Actuarial Assumptions:	
Discount Rate	7.15%
Inflation	2.50%
Salary Increases	Varies by Entry Age and Service
Mortality Rate Table ⁽¹⁾	Derived using CalPERS' Membership data for all Funds
Post Retirement Benefit Increase	Contract COLA up to 2.50% until Purchasing Power Protection Allowance Floor on Purchasing Power applies

⁽¹⁾ The mortality table used was developed based on CalPERS' specific data. The table includes 15 years of mortality improvements using Society of Actuaries Scale 90% of Scale MP 2016.

Changes in Assumptions

No benefit or assumption changes were made for the measurement periods ended June 30, 2020 and June 30, 2019.

Discount Rate

The discount rate used to measure the total pension liability at June 30, 2020 and 2019 (the measurement date) was 7.15%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be made at statutorily required rates, actuarially determined. Based on those assumptions, the Plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-

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NOTES TO FINANCIAL STATEMENTS FOR THE YEARS ENDED JUNE 30, 2021 AND 2020

term expected rate of return on plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. In determining the long-term expected rate of return, CalPERS took into account both short-term and long-term market return expectations as well as the expected pension fund cash flows. Using historical returns of all the funds' asset classes, expected compound returns were calculated over the short-term (first 10 years) and the long-term (11+ years) using a building-block approach. Using the expected nominal returns for both short-term and long-term, the present value of benefits was calculated for each fund. The expected rate of return was set by calculating the single equivalent expected return that arrived at the same present value of benefits for cash flows as the one calculated using both short-term and long-term returns. The expected rate of return was then set equivalent to the single equivalent rate calculated above and adjusted to account for assumed administrative expenses.

The long-term expected real rates of return by asset class can be found in CalPERS' Comprehensive Annual Financial Report for the fiscal years ended June 30, 2020 and 2019.

The tables below reflect the long-term expected real rate of return by asset class as of June 30. The rate of return was calculated using the capital market assumptions applied to determine the discount rate and asset allocation as follows:

<u>Asset Class(a)</u>	<u>June 30, 2020</u>		
	<u>New Strategic Allocation</u>	<u>Real Return Years 1 - 10(b)</u>	<u>Real Return Years 11+(c)</u>
Global Equity	50.0%	4.80%	5.98%
Fixed Income	28.0%	1.00%	2.62%
Inflation Assets	0.0%	0.77%	1.81%
Private Equity	8.0%	6.30%	7.23%
Real Estate	13.0%	3.75%	4.93%
Liquidity	1.0%	0.00%	(0.92%)
Total	<u>100.0%</u>		

(a) In the CalPERS' System CAFR, Fixed Income is included in Global Debt Securities; Liquidity is included in Short-term Investments; Inflation Assets are included in both Global Equity Securities and Global Debt Securities.

(b) An expected inflation of 2.0% used for this period.

(c) An expected inflation of 2.92% used for this period.

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NOTES TO FINANCIAL STATEMENTS FOR THE YEARS ENDED JUNE 30, 2021 AND 2020

June 30, 2019			
Asset Class(a)	New Strategic Allocation	Real Return Years 1 - 10(b)	Real Return Years 11+(c)
Global Equity	50.0%	4.80%	5.98%
Fixed Income	28.0%	1.00%	2.62%
Inflation Assets	0.0%	0.77%	1.81%
Private Equity	8.0%	6.30%	7.23%
Real Estate	13.0%	3.75%	4.93%
Liquidity	1.0%	0.00%	(0.92%)
Total	<u>100.0%</u>		

(a) In the CalPERS' System CAFR, Fixed Income is included in Global Debt Securities; Liquidity is included in Short-term Investments; Inflation Assets are included in both Global Equity Securities and Global Debt Securities.

(b) An expected inflation of 2.0% used for this period.

(c) An expected inflation of 2.92% used for this period.

Sensitivity of the Proportional Share of the NPL to Changes in the Discount Rate

The following presents SGA's Proportional Share of the NPL of the Plan, calculated using the discount rate of 7.15% for both measurement dates June 30, 2020 and 2019, respectively, as well as what the Authority's Proportional Share of the NPL would be if it were calculated using a discount rate that is one percentage-point lower or one percentage-point higher than the current rate:

2020:

	Discount Rate – 1% (6.15%)	Current Discount Rate (7.15%)	Discount Rate + 1% (8.15%)
Authority's Proportionate Share of Plan's NPL	\$ 266,589	\$ 79,009	\$ (75,982)

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NOTES TO FINANCIAL STATEMENTS FOR THE YEARS ENDED JUNE 30, 2021 AND 2020

2019:

	Discount Rate – 1% (6.15%)	Current Discount Rate (7.15%)	Discount Rate + 1% (8.15%)
Authority's Proportionate Share of Plan's NPL	<u>\$ 227,211</u>	<u>\$ 63,208</u>	<u>\$ (72,165)</u>

Payable to the Pension Plan – At June 30, 2021 and 2020, SGA did not have outstanding payables to the pension plan.

6. RECONCILIATION OF TOTAL GOVERNMENTAL FUND BALANCE TO NET POSITION OF GOVERNMENTAL ACTIVITIES

The governmental fund balance sheet for June 30, 2021 is converted to the statement of net position by recording several financial transactions. SGA records \$8,682 in capital assets, net of accumulated depreciation. As a result of GASB 68, SGA records \$83,084 in deferred outflows related to pensions, \$79,009 in net pension liability, and \$32,359 in deferred inflows for unamortized pension adjustments. Additionally, deferred inflows decreased by \$55,045 related to unavailable grant revenues, reflecting Sustainable Groundwater Planning (SGWP) grant revenue earned during the year ending June 30, 2021, but not yet collected.

For the year ended June 30, 2021, the statement of revenues, expenditures, and changes in fund balances is converted to the statement of activities by recording several financial transactions. Grant revenues increased by \$17,360 to reflect grant revenue earned based upon grant activity incurred. Pension expense decreased by \$10,804 to reflect amortization of deferred outflows and inflows and adjustments to the net pension liability related to the pension plan. Additionally, SGA contributed 50% of a computer server replacement and upgrade with Regional Water Authority in the amount of \$10,214 which meets SGA's capitalization policy. This amount less accumulated depreciation of \$1,532 resulted in \$8,682 increase in net capital assets.

7. INSURANCE

SGA participates in the Association of California Water Agencies Joint Powers Insurance Authority (ACWA/JPIA), a public entity risk pool of California water agencies, for general liability, public officials' liability, property damage, and fidelity insurance. ACWA/JPIA provides insurance through the pool up to a certain level.

SGA pays an annual premium to ACWA/JPIA that includes its pro-rata share of excess insurance premiums, charges for the pooled risk, claims adjusting and legal costs, and administrative and other costs to operate ACWA/JPIA.

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NOTES TO FINANCIAL STATEMENTS FOR THE YEARS ENDED JUNE 30, 2021 AND 2020

SGA's deductibles and maximum coverage are as follows:

Coverage	ACWA/JPIA	Commercial Insurance	Deductible
General, Auto and Public Officials Errors & Omissions Liability	\$ 5,000,000	\$ 50,000,000	None
Cyber Liability	-	5,000,000	None
Property Coverage	100,000	499,900,000	\$1,000 - \$25,000/\$100,000 ⁽¹⁾
Fidelity Insurance	100,000	-	1,000

(1) Earthquake deductible varies

Claims resulting from these risks have not exceeded insurance coverage in any of the past three fiscal years.

Copies of the ACWA/JPIA's annual financial reports and other pertinent data may be obtained from their website at www.acwajpia.org, their office at 2100 Professional Drive, Roseville, CA 95661 or by calling (800) 231-5742.

8. COMMITMENTS AND CONTINGENCIES

Grant Programs

SGA participates in state grant programs, which are governed by various rules and regulations of the grantor agencies. Costs charged to grant programs are subject to audit and adjustments by the grantor agencies. Therefore, to the extent that SGA or the partner agencies of the SGWP grant have not complied with the rules and regulations governing the grants, refunds of any money received may be required. In the opinion of SGA's management, there are no significant contingent liabilities relating to compliance with the rules and regulations governing the respective grants. Therefore, no provision has been recorded in the accompanying basic financial statements for such contingencies.

During the year ended June 30, 2019, the Department of Water Resources' (DWR) awarded the 2017 Proposition 1 Sustainable Groundwater Planning Grant SGWP for \$994,276 and is expected to take three years to complete. SGA manages the grant and coordinates the matching grant information from partner activities that fulfill the grant agreement requirements.

Independent of the GSA partners, SGA is committed to contribute a total of \$262,682 in project costs over the next several years. Additionally, SGA provided staff time to manage the project for the life of the grant, this time will be used as part of the in-kind contribution portion of the grant. SGA provided \$68,329 and \$25,320 in staff time to manage the project for the years ended June 30, 2021 and 2020, respectively. SGA has met its obligations for project costs and staff time at June 30, 2021; however, there may be additional SGA staff time needed to fulfill the obligations of the grant. The term of the grant period is through final payment plus three years for post-monitoring and reporting unless otherwise cancelled. The last eligible date for grant reimbursements is April 30, 2022.

Contingencies due to COVID

On March 11, 2020, the World Health Organization declared the outbreak of a coronavirus (COVID-19) pandemic. The COVID-19 outbreak is disrupting supply chains and affecting production and sales across a range of industries. The extent of the impact of COVID-19 on the Authority's

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NOTES TO FINANCIAL STATEMENTS FOR THE YEARS ENDED JUNE 30, 2021 AND 2020

operational and financial performance will depend on certain developments, including the duration and spread of the outbreak, and the impact on member agencies, employees, and vendors, all of which are uncertain and cannot be predicted. At this point, the extent to which COVID-19 may impact the financial condition or results of operations is uncertain.

REQUIRED SUPPLEMENTARY INFORMATION

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STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE – BUDGET TO ACTUAL FOR THE YEAR ENDED JUNE 30, 2021

	Original and Final Budget	Actual Amounts	Variance with Budget Positive (Negative)
REVENUES			
Program Revenues:			
Assessment Income	\$ 742,656	\$ 742,656	\$ -
SGMA Grant Income	270,000	245,866	(24,134)
SGMA Partner Fees	42,000	49,719	7,719
Total Program Revenues	1,054,656	1,038,241	(16,415)
General Revenue - Interest and Other Income	15,000	5,760	(9,240)
Total Revenues	1,069,656	1,044,001	(25,655)
PROGRAM AND GRANT EXPENDITURES			
Shared and Direct Expenditures:			
Wages and Salaries	394,777	385,946	8,831
Employee Taxes and Benefits	194,682	126,491	68,191
Travel and Training	13,490	406	13,084
Administrative	602,949	512,843	90,106
Rent	17,800	17,155	645
Insurance	14,900	15,928	(1,028)
Telephone	8,000	4,836	3,164
Dues and Subscriptions	6,000	5,112	888
Printing and Supplies	11,250	3,991	7,259
Postage	1,600	117	1,483
Computer Maintenance	9,200	9,093	107
Meetings	1,300	60	1,240
Office	70,050	56,292	13,758
Audit	14,050	14,050	-
Legal Counsel Expense - General	42,000	20,677	21,323
Payroll and Banking Services	1,200	1,132	68
Consulting - General Support Services	47,100	29,941	17,159
Consulting - Program Management	60,000	-	60,000
Professional Fees	164,350	65,800	98,550
Capital Outlay and Equipment	14,300	14,758	(458)
Total Program Expenditures	851,649	649,693	201,956
SGMA Grant Expenditures	470,000	461,186	8,814
Total Expenditures	1,321,649	1,110,879	210,770
DEFICIENCY - EXCESS PROGRAM EXPENDITURES OVER REVENUES			
	(251,993)	(66,878)	185,115
Fund Balance, July 1, 2020	784,794	784,794	-
Fund Balance, June 30, 2021	\$ 532,801	\$ 717,916	\$ 185,115

SACRAMENTO GROUNDWATER AUTHORITY

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE – BUDGET TO ACTUAL FOR THE YEAR ENDED JUNE 30, 2020

	Original and Final Budget	Actual Amounts	Variance with Budget Positive (Negative)
REVENUES			
Program Revenues:			
Assessment Income	\$ 710,500	\$ 710,509	\$ 9
SGMA Grant Income	350,000	520,699	170,699
SGMA Partner Fees	52,800	53,230	430
Total Program Revenues	1,113,300	1,284,438	171,138
General Revenue - Interest and Other Income	11,700	20,553	8,853
Total Revenues	1,125,000	1,304,991	179,991
PROGRAM AND GRANT EXPENDITURES			
Shared and Direct Expenditures:			
Wages and Salaries	373,600	341,470	32,130
Employee Taxes and Benefits	159,400	131,492	27,908
Travel and Training	10,500	8,777	1,723
Administrative	543,500	481,739	61,761
Rent	16,200	15,891	309
Insurance	14,500	15,226	(726)
Telephone	6,500	6,119	381
Dues and Subscriptions	5,800	5,763	37
Printing and Supplies	10,600	5,665	4,935
Postage	1,500	1,361	139
Computer Maintenance	8,950	6,304	2,646
Meetings	1,200	969	231
Office	65,250	57,298	7,952
Audit	13,750	26,481	(12,731)
Legal Counsel Expense - General	40,000	11,644	28,356
Payroll and Banking Services	1,100	1,965	(865)
Consulting - General Support Services	52,900	30,551	22,349
Consulting - Program Management	30,000	-	30,000
Professional Fees	137,750	70,641	67,109
Capital Outlay and Equipment	10,250	3,833	6,417
Total Program Expenditures	756,750	613,511	143,239
SGMA Grant Expenditures	450,000	630,845	(180,845)
Total Expenditures	1,206,750	1,244,356	(37,606)
DEFICIENCY - EXCESS PROGRAM EXPENDITURES OVER REVENUES	(81,750)	60,635	142,385
Fund Balance, July 1, 2019	724,159	724,159	-
Fund Balance, June 30, 2020	\$ 642,409	\$ 784,794	\$ 142,385

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REQUIRED SUPPLEMENTARY DISCLOSURES PENSION

SCHEDULE OF THE PROPORTIONATE SHARE OF NET PENSION LIABILITY LAST TEN YEARS

	Measurement Date				
	2020	2019	2018	2017	2016
Proportion of the net pension liability	0.001873%	0.001578%	0.002251%	0.002957%	0.003076%
Proportionate share of the net pension liability	\$ 79,009	\$ 63,208	\$ 84,845	\$ 116,581	\$ 106,839
Covered - employee payroll	\$ 302,959	\$ 285,636	\$ 289,758	\$ 263,178	\$ 266,850
Proportionate share of the net pension liability as a percentage of covered payroll	26.08%	22.13%	29.28%	44.30%	40.04%
Plan fiduciary net position as a percentage of the total pension liability	75.10%	75.26%	75.26%	73.31%	75.87%
SGA fiduciary net position as a percentage of the SGA pension liability	94.39%	94.82%	92.10%	90.24%	89.09%

Notes to Schedule:

For the measurement period ended June 30, 2020, there were no assumption or benefit changes.

For the measurement period ended June 30, 2019, there were no assumption or benefit changes.

For the measurement period ended June 30, 2018, the inflation rate was lowered from 2.75% to 2.50%. There were no benefit changes.

For the measurement period ended June 30, 2017, the discount rate assumption decreased from 7.65% to 7.15%. There were no benefit changes.

For the measurement period ended June 30, 2016, there were no assumption or benefit changes.

Historical information is only required for the years in which GASB 68 is applicable. Future years' information will be displayed for up to 10 years as information becomes available.

SACRAMENTO GROUNDWATER AUTHORITY

REQUIRED SUPPLEMENTARY DISCLOSURE PENSION

SCHEDULE OF CONTRIBUTIONS TO THE PENSION PLAN LAST TEN YEARS

	Fiscal Year				
	2020-2021	2019-2020	2018-2019	2017-2018	2016-2017
Contractually required contribution (actuarially determined)	\$ 36,316	\$ 32,003	\$ 27,571	\$ 27,004	\$ 23,831
Contributions in relation to the actuarially determined contributions	63,016	46,503	76,921	53,904	50,731
Contribution excess	\$ (26,700)	\$ (14,500)	\$ (49,350)	\$ (26,900)	\$ (26,900)
Covered - employee payroll	\$ 306,879	\$ 302,959	\$ 285,636	\$ 289,758	\$ 263,178
Contributions as a percentage of covered - employee payroll	20.53%	15.35%	26.93%	18.60%	19.28%
Contributions valuation date:	June 30, 2018	June 30, 2017	June 30, 2016	June 30, 2015	June 30, 2014
Contributions measurement date:	June 30, 2019	June 30, 2018	June 30, 2017	June 30, 2016	June 30, 2015

Methods and Assumptions Used to Determine Contribution Rates:

Actuarial Cost Method	Entry age normal				
Amortization Method	Level percentage of payroll, closed				
Remaining Amortization Period	Varies, not more than 30 years				
Asset Valuation Method	Market Value	Market Value	Market Value	Market Value	Market Value
Investment Rate of Return	7.25% ⁽¹⁾	7.25% ⁽¹⁾	7.375% ⁽¹⁾	7.5% ⁽¹⁾	7.5% ⁽¹⁾
Inflation	2.625%	2.625%	2.75%	2.75%	2.75%
Payroll Growth	2.875%	2.875%	3.00%	3.00%	3.00%
Salary Increases	Varies by entry age and service				
Mortality	(3)	(3)	(3)	(2)	(2)

Notes to Schedule:

- (1) Net of administrative expenses, includes inflation.
- (2) Probabilities of retirement and mortality are based on CalPERS' 2010 Experience Study for the period from 1997 to 2007.
- (3) Probabilities of retirement and mortality are based on CalPERS' 2014 Experience Study for the period from 1997 to 2011.

Historical information is only required for the years in which GASB 68 is applicable. Future years' information will be displayed for up to 10 years as information becomes available.

OTHER REPORT

**REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING
AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT
OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE
WITH *GOVERNMENT AUDITING STANDARDS***

Independent Auditor's Report

**Board of Directors
Sacramento Groundwater Authority
Sacramento, California**

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the governmental activities and special revenue fund of the Sacramento Groundwater Authority (the Authority) as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements, and have issued our report thereon dated December 1, 2021.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Authority's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Authority's internal control. Accordingly, we do not express an opinion on the effectiveness of the Authority's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Authority's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Gilbert CPAs

**GILBERT CPAs
Sacramento, California**

December 1, 2021

AGENDA ITEM 5: SUSTAINABLE GROUNDWATER MANAGEMENT ACT (SGMA)

BACKGROUND:

Staff is bringing three items related to the Sustainable Groundwater Management Act (SGMA) of 2014 for consideration by the Board: 1) a resolution to adopt the North American Subbasin (NASb) Groundwater Sustainability Plan (GSP); 2) a memorandum of agreement (MOA) to implement the NASb GSP; and 3) a request to waive SGA Policy 300.1 for the purpose of timely preparation and submission of the first SGMA annual report.

The SGA Board authorized staff to file with the Department of Water Resources (DWR) to become the exclusive Groundwater Sustainability Agency (GSA) for its jurisdictional area in the NASb in October 2015. Since January 2017, SGA has been working cooperatively with four other GSAs that overlie the NASb in the development of a single GSP in compliance SGMA. The four other GSAs include Reclamation District 1001 GSA, South Sutter Water District GSA, Sutter County GSA and the West Placer GSA.

Following three NASb-wide public meetings in early 2021, a Public Draft GSP was released on September 1, 2021. Also on September 1, 2021, the cities and counties in the NASb that are subject to the GSP were notified as required by SGMA. A fourth NASb-wide public meeting was held on September 15, 2021 to explain to interested parties how they could comment on the Public Draft GSP. The public comment period was open until October 29, 2021. The NASb GSAs have addressed comments received and have completed a Draft Final NASb GSP. The entire NASb GSP can be accessed at nasbgroundwater.org. An Executive Summary of the GSP is enclosed with the Board packet.

As provided by SGMA, a GSA can hold a public hearing after 90 days following the notification of affected cities and counties. Staff is requesting that the Board approve SGA Resolution 21-03 to adopt the NASb GSP. The resolution is enclosed in the packet. SGA will be the first NASb GSA to adopt the GSP. The schedule for adopting by the remaining agencies is provided on nasbgroundwater.org. The final GSP is required to be submitted to DWR by January 31, 2022.

One of the requirements of SGMA is, where multiple GSAs are working together on a single GSP, that the GSAs demonstrate the means for long-term coordination and cooperation. The NASb GSA Coordination Committee has endeavored to develop a Memorandum of Agreement (MOA) that serves as a binding document, enables transparency between GSAs and sets a framework within which the provisions and responsibilities laid out in the final NASb GSP can be implemented. The proposed MOA is included as an attachment to this packet. All GSAs have participated in development of this MOA and desire acceptance for inclusion with the GSP submittal. Staff is requesting that the Board authorize the Executive Director to execute the MOA.

Finally, SGMA requires submission of a comprehensive report by April 1 of each year. The first NASb report is required in 2022. To meet this deadline, preparation of the report must begin as soon as possible. To prepare the initial report, staff is requesting

that we continue to use the technical team, GEI and Woodard & Curran, that was selected through a Board-approved procurement process in 2018. Both firms have satisfactorily performed a previous stage that would be considered related to the proposed work and have acquired extensive background and working knowledge relative to the work to be completed. A copy of SGA Policy 300.1 is enclosed. The estimated level of consulting support for the first year is just under \$100,000. All NASb GSAs will contribute to funding this work as identified in the MOA being considered under this item.

Presentation and Discussion: Rob Swartz, Manager of Technical Services

Action: Approve Resolution 21-03 Adopting the Groundwater Sustainability Plan for the North American Subbasin

Action: Authorize the Executive Director to Execute the Memorandum of Agreement Regarding Coordination Between Groundwater Sustainability Agencies and Implementation of the Groundwater Sustainability Plan for the North American Subbasin

Action: Waive SGA Policy 300.1 for the Purpose of Timely Preparation and Submission an Annual Report to the Department of Water Resources

Attachments:

1. North American Subbasin Groundwater Sustainability Plan – Executive Summary
2. SGA Resolution 21-03
3. Memorandum of Agreement
4. SGA Policy 300.1



NORTH AMERICAN SUBBASIN Groundwater Sustainability Plan

Executive Summary

PREPARED FOR:

RD1001 GSA

Sacramento Groundwater Authority GSA

South Sutter Water District GSA

Sutter County GSA

West Placer County GSA

DECEMBER 2021

Executive Summary

Overview

In 2014, the California Legislature passed the Sustainable Groundwater Management Act (SGMA), which became effective on January 1, 2015. SGMA requires local Groundwater Sustainability Agencies (GSAs) to develop Groundwater Sustainability Plans (GSPs) that, among other things, explain how the basin will be managed sustainably over a 20-year timeframe. SGMA provides authorities to support locally controlled sustainable management of groundwater – meaning in a way that does not produce undesirable results such as chronic lowering of groundwater levels, causing subsidence or degrading water quality.

The North American Subbasin (NASb or Subbasin) includes five GSAs that have worked cooperatively to develop this single GSP covering the 548 square-mile subbasin that includes portions of Placer, Sacramento, and Sutter counties. The GSAs include: Reclamation District 1001 (RD 1001) GSA; Sacramento Groundwater Authority (SGA) GSA; South Sutter Water District (SSWD) GSA; Sutter County GSA; and West Placer GSA.

SGMA requires certain information be included in every GSP. This includes, among other things, the subbasin setting, a hydrogeological conceptual model, a comprehensive water budget, a basin-wide monitoring network, sustainable management criteria, and projects and management actions necessary to ensure the Subbasin's sustainability. A summary of each of the primary NASb GSP sections is provided below.

ES 1 – Introduction

SGMA effectively prescribes four basic steps to the management process: 1) form a GSA; 2) develop and adopt a GSP; 3) implement the GSP to achieve a sustainability goal and avoid undesirable results within 20 years; and 4) report the implementation activities to DWR to document whether progress towards the sustainability goal and the avoidance of undesirable results are being achieved.

Ultimately, five GSAs were formed to manage groundwater in the NASb, completing Step 1. Figure ES-1 shows the location of the Subbasin and the GSAs. This GSP and adoption by each GSA will complete Step 2. The GSP will be assessed every 5 years as additional information becomes available. Steps 3 and 4 will be implemented over the next 20 years.

The NASb is bounded by four adjacent subbasins. Figure ES-1 shows the location of the NASb along with the adjacent subbasin names and locations. The NASb is closely coordinating with these subbasins.

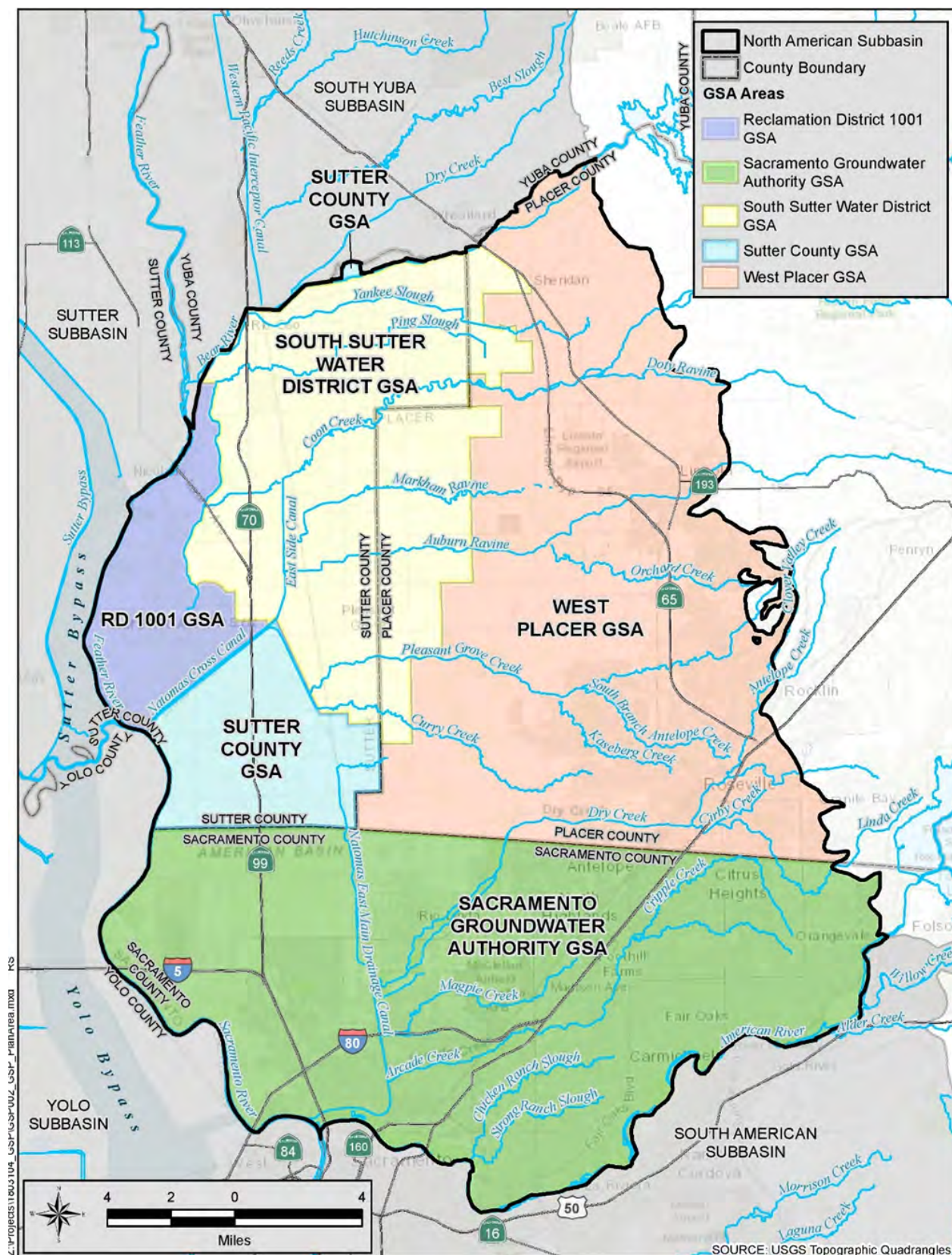


Figure ES-1. North American Subbasin, GSAs and Adjacent Subbasins

ES 2 – Agency Information

The five GSAs, by mutual agreement, selected the SGA GSA to be the Plan manager and lead agency for the preparation and implementation of the NASb GSP. The GSAs have entered into a Memorandum of Agreement (MOA) for the implementation of this GSP, which includes monitoring and reporting in the Subbasin along with projects and management actions.

ES 3 – Plan Area

The NASb encompasses about 342,000 acres in Sutter, Placer, and Sacramento counties and is bounded by the American, Bear, Feather, and Sacramento rivers. The Sierra Nevada foothills form the eastern boundary of the Subbasin. The NASb is about 40 percent urban, 30 percent farmland (mostly in Placer and Sutter counties), and less than 1 percent riparian vegetation. About 30 percent of the land is either native vegetation or fallowed farmland that could not be fully characterized. Most of the urban area is in Sacramento County and the southeastern portion of Placer County. Currently, the NASb has about 16,900 acres of habitat conservation preserves and easements, of which about 1,700 acres is riparian habitat. Figure ES-2 shows the general locations of these water use sectors.

Within the NASb, there are federal, state, county, and tribal agencies with land use jurisdiction. Within Placer and Sacramento counties, there are 20 water agencies, water districts, city/county water departments and water wholesalers that provide water to residents in the cities and towns. There are also over 40 small community water and non-community non-transient water systems, that are overseen by the counties and the state, whose water supply is from groundwater. Irrigation districts are also present that provide surface water for agriculture. Within many of the irrigation districts and cities are reclamation districts that are responsible for managing and maintaining the levees, freshwater channels, or sloughs, canals, pumps, and other flood protection structures in the area.

Surface water is available to most areas of the Subbasin and is supplemented with groundwater. There are about 3,800 water supply wells present in the Subbasin (about 2,600 domestic, 800 agricultural, 400 municipal and industrial wells).

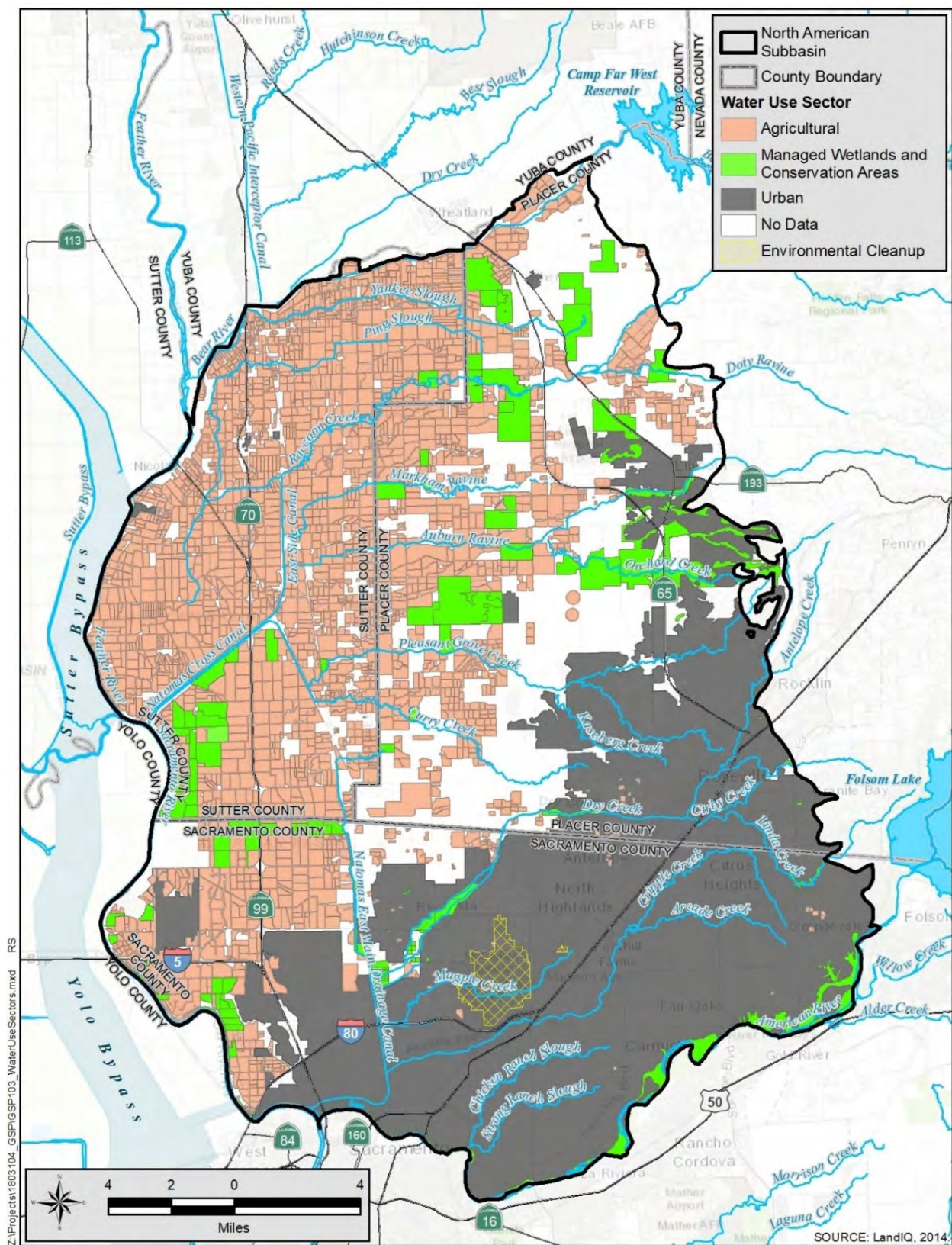


Figure ES-2. Water Use Sectors

The NASb is in the Sacramento Valley and is filled largely with sediments derived from the adjacent Sierra Nevada foothills, which contain fresh water. In general, these fresh-water bearing sediments beneath the NASb are thinnest to the east and thicken up to 2,000 feet to the west (see Figure ES-3). The sediments consist of alternating layers of clays, silts, sand and gravel. The sand and gravels layers into which wells are constructed are referred to as aquifers. These sand and gravel layers were deposited by meandering rivers and creeks, so they are not continuous across the entire Subbasin. Although the sediments are not present as continuous layers, they are interconnected. This was demonstrated by observing that groundwater levels in the various sand and gravel layers have similar levels and trends. Based on this information, the NASb is interpreted as having one principal aquifer.



Groundwater discharge occurs along some of the creeks, canals, and rivers. The conditions may change seasonally from recharge to discharge conditions. These discharge areas are typically along the rivers and creeks as they represent topographic lows where the groundwater surface may intersect the ground surface.

ES 5 – Groundwater Conditions

Groundwater levels in the western portion of the Subbasin are generally stable through time dating back to early in the 20th century. Groundwater levels in the central part of the Subbasin showed long-term declines in the north-central portion until the mid-1960s and in the south-central portion until the mid-1990s, when conjunctive use programs arrested these declines and allowed groundwater levels to begin to recover. Groundwater levels in the eastern portion of the subbasin have been generally stable since the 1970s, but they do show declines during dry periods with recovery during wet periods.

The groundwater contours show a pumping depression in the center of the Subbasin that is currently about 30 feet below mean sea level. Groundwater flows radially toward this depression, from the fringes of the Subbasin toward the center. The depression has been stabilized, with groundwater levels generally declining during dry periods and recovering during wet periods.

Limited land subsidence due to groundwater pumping was documented up to the early 1990s, but there were no documented impacts associated with the subsidence. Since then, the subsidence has been negligible.

Areas with surface water that is interconnected with groundwater were identified along portions of the American, Bear, Feather, and Sacramento rivers, along with creeks primarily in the western part of the Subbasin.

Potential groundwater dependent ecosystems (GDEs) identified in the natural communities commonly associated with groundwater dataset were evaluated using groundwater levels and the types of vegetation to classify them as *Likely*, *Less Likely* or *Unlikely* GDEs. Classifications of the species types and diversity of vegetation were used to further prioritize these areas. In many cases, GDEs were identified along canals and natural waterways that are used to convey surface water to agricultural users. In some cases, GDEs were identified in areas that could be supported by groundwater, but it appears their primary source of supply is groundwater pumped from wells.

Generally, the quality of groundwater in the Subbasin is suitable for nearly all uses, with the exception of contamination plumes and localized, naturally-occurring and human-caused quality issues, which may affect the supply, beneficial uses, and potential management of groundwater in the Subbasin if not properly managed. Total dissolved solids (TDS) and nitrate were identified as constituents that represent general conditions in the Subbasin, with some wells displaying upward trends. Nitrate is below the drinking water standards for all wells in the Subbasin. TDS exceeds the drinking water standards in some wells, predominantly in the western and eastern portions of the Subbasin. The higher salinity concentrations are generally considered to be present due to natural sources.

In the NASb, there are a few large groundwater contamination sites and multiple smaller sites that could affect supply and beneficial uses of groundwater in the Subbasin. The most significant of these sites are the former McClellan AFB and the Aerojet Superfund Site (outside of the Subbasin). Cleanup activities, as overseen by U.S. Environmental Protection Agency, SWRCB, and the California Department of Toxic Substances Control, have been in progress for years and contaminants appear to be contained. SGA and interested water agencies meet with regulators on a quarterly basis to discuss the plumes' containment and how groundwater management activities may affect the remediation.

ES 6 – Water Budgets

Water budgets were created utilizing the Cosumnes-South American-North American (CoSANA) model, a fully integrated surface and groundwater numerical flow model that covers the entire NASb as well as the adjacent South American and the Cosumnes subbasins. CoSANA integrates the groundwater aquifer with the surface hydrologic system and land surface processes and operations. CoSANA was used to preform analyses of hydrogeologic conditions, agricultural and urban water demands, agricultural and urban water supplies and an evaluation of current and projected future regional conditions, including climate change, for the NASb. Because the model is integrated with the adjacent subbasins to the south, future projected conditions, along with climate change and projects, were assessed for the entire region.

The water budget for current conditions in the NASb showed the Subbasin has a current surplus of water, which was confirmed by groundwater levels rising in the central portions of the Subbasin. This surplus continues into the future, but in lesser amounts. The future conditions modeling included planned new developments, along with changes in agriculture and projected changes in water supply. When the future conditions were modeled with a central tendency climate change scenario, the Subbasin has an estimated future deficit of about 3,500 acre-feet per year. Table ES-1 shows the average annual estimated change in groundwater storage under each of these conditions.

Table ES-1. Estimated groundwater change in storage

Model Baseline Condition	Average Annual Groundwater Storage Change (acre-feet)
Historical (water years 2009 through 2018)	31,900
Current (water years 1970 through 2019)	14,900
Projected Future Demands over 50 years (using 1970 through 2019 hydrology)	5,400
Projected Future Demands over 50 years with Climate Change (using 1970 through 2019 hydrology)	-3,500

ES 7 – Monitoring Networks

Groundwater levels and water quality are currently being monitored by the GSAs, local agencies, counties, DWR and federal entities in over 160 wells, not including those present near contamination sites. Representative monitoring wells were selected from this larger network that are spatially distributed, actively being monitored, and have construction details to prove which portion of the aquifer they are monitoring. A total of 41 representative monitoring wells for groundwater levels (to monitor for chronic lowering of groundwater levels, reduction of storage, the potential for subsidence, and surface water depletion) were selected. The monitoring locations were developed to protect beneficial uses and users including, domestic well owners, GDEs and interconnected surface water.

Separate representative groundwater quality monitoring networks were developed. Sixteen shallow groundwater monitoring wells were selected to monitor water quality in the shallow portions of the aquifer in areas that are used by domestic well owners. The deeper portions of the aquifer, commonly used by public water systems, will be monitored by over 200 public supply wells that are required to monitor and report the analyses to state agencies.

There are instances of poorer water quality along the westerly and eastern edges of the Subbasin, so a separate sentry well monitoring network was developed to track the potential movement of these waters into the Subbasin. This sentry well network is not designated as being representative monitoring wells where minimum thresholds and measurable objectives would have been established.

ES 8 – Sustainable Management Criteria (SMC)

The NASb sustainability goal is to:

Manage groundwater resources sustainably for beneficial uses and users to support the lasting health of the Subbasin's community, economy, and environment. This will be achieved through:

- *The monitoring and management of established SMC;*
- *Continued expansion of conjunctive management of groundwater and surface water;*
- *Proactively working with local well permitting and land use planning agencies on effective groundwater policies and practices;*
- *Continued GSA coordination and stakeholder engagement; and*
- *Continued improvement of our understanding of the Subbasin.*

Undesirable results, minimum thresholds, and measurable objectives were developed for five of the six SGMA sustainability indicators: chronic lowering of groundwater levels, reduction of storage, land subsidence, degradation of water quality, and surface water depletion. Seawater intrusion has not occurred in the past and is unlikely to occur in the future and, therefore, sustainability criteria were not established for this sustainability indicator. As allowed under SGMA, the NASb uses groundwater elevations as a proxy for minimum thresholds and measurable objectives for its applicable sustainability indicators, with the exception of degradation of water quality. Undesirable results are summarized in Table ES-2 below.

Table ES-2. NASb undesirable results

Sustainability Indicator	Undesirable Result Definition
Chronic lowering of groundwater levels	<i>20% or more of all NASb representative monitoring sites have minimum threshold exceedances for 2 consecutive Fall measurements (8 out of 41 wells)</i>
Reduction of storage	<i>20% or more of all NASb representative monitoring sites have minimum threshold exceedances for 2 consecutive Fall measurements (8 out of 41 wells)</i>
Degraded groundwater quality	<p>For public water system wells</p> <ul style="list-style-type: none"> <i>The basin wide average total dissolved solids (TDS) concentrations of <u>all</u> public water system wells exceeds 400 mg/l</i> <p><i>OR</i></p> <ul style="list-style-type: none"> <i>The basin wide average nitrate (as N) concentration of <u>all</u> public water system wells exceeds 8 mg/l</i> <p>For the shallow aquifer (i.e. domestic and self-supplied) wells</p> <ul style="list-style-type: none"> <i>25% of the representative monitoring sites' (RMS) total dissolved solids (TDS) and nitrate (as N) concentrations exceed state maximum contaminant levels (MCLs)</i>
Land Subsidence	<i>The rate of inelastic subsidence exceeds 0.5 feet over a five-year period over an area covering approximately five or more square miles</i>
Depletion of surface water	<i>20% or more of the NASb interconnected surface water (ISW) representative monitoring sites (RMSs) have minimum threshold exceedances for 2 consecutive Fall measurements (5 out of 21)</i>

ES 9 – Projects and Management Actions

Because the water budget estimated that the Subbasin may be about 3,500 AFY in deficit with future demands and with climate change, the NASb evaluated a conjunctive use project that can resolve the deficit and has a net benefit of reducing groundwater pumping by 5,000 AFY. The project uses, for the most part, existing infrastructure, so project costs are minimal and are to be funded by the public water suppliers participating in the program.

A second planned project will make improve flood protection and habitat for aquatic species in the Natomas Cross Canal. As part of the continued water resources management of the NASb, six supplemental projects that are in the conceptual or planning level stages are also identified in the event projected conditions are worse than expected.

Five management actions are identified. The first management action is to continue development of the Sacramento Regional Water Bank, which will expand conjunctive use to further ensure basin sustainability. The second action is to explore potential revisions to Placer, Sacramento, and Sutter

counties' and the City of Roseville's well permitting programs to assess whether the permitting ordinances can be improved to be more protective of domestic wells, GDEs and interconnected surface water, along with reducing potential impacts to designated representative wells. The third action is to proactively coordinate with land use agencies on their development of plans and approvals of new developments, to improve communications with the agencies and inform them of findings of this GSP, annual report findings, and whether groundwater can be relied upon for future growth without causing undesirable results. The fourth action will improve data collection and communication with domestic and other shallow well owners to protect these beneficial users of groundwater in the NASb. The fifth action will continue monitoring and assessment of the NASb's GDEs to better understand these ecosystems to help protect them.

ES 10 – Plan Implementation

The NASb GSAs estimate a budget of \$1.15 million over the next five years for monitoring, reporting, GSP assessment and update, data management, coordination, outreach, and management actions. The budget also includes a 20 percent contingency for unanticipated expenses. The GSAs have also identified a funding plan in an MOA for GSP implementation. The budget does not include estimates of the costs for conjunctive use or development of the Sacramento Regional Water Bank, which already have funding through individual participating agencies. The budget also does not include the value of the in-kind time being provided by the participating GSAs.

The GSP identifies 28 specific implementation actions with associated schedules, where applicable. These actions are organized into the following categories: monitoring; data management; data analysis; coordination and outreach; and other management activities.

ES 11 – Notice and Communications

The GSAs reached out to the public by developing a website (nasbgroundwater.org) and a list of more than 300 interested parties. The GSAs sought input from small community water systems by notifying them through direct mailer post cards. The GSAs developed informational materials and held over 40 public meetings (both at board and city councils and monthly technical committee meetings) and four NASb-wide public workshops.

The public had opportunities to comment directly on this GSP during releases of draft chapters, through workshops and on the Public Draft GSP. If a comment was specific to an individual section of the GSP, the GSP text was revised. General comments that raised substantial technical or policy issues may have resulted in changes to multiple GSP sections. Comments that were general in nature or that did not raise substantial issues were noted, but no changes were made. The GSAs plan to continue public outreach and stakeholder engagement through the GSP implementation phase through various activities, including an annual public meeting to release the results of the Annual Report and the status of projects and management actions.

RESOLUTION NO. 2021-03

A RESOLUTION OF THE SACRAMENTO GROUNDWATER AUTHORITY ADOPTING A GROUNDWATER SUSTAINABILITY PLAN FOR THE NORTH AMERICAN SUBBASIN

The Board of Directors of the Sacramento Groundwater Authority (SGA) does hereby find that:

WHEREAS, the SGA was formed under the Joint Exercise of Powers Act (Chapter 5 of Division 7 of Title 1 of the California Government Code) on August 11, 1998 by the Cities of Citrus Heights, Folsom, and Sacramento, and the County of Sacramento; and

WHEREAS, the SGA was created for the purposes of protecting, preserving, and enhancing, for current and future beneficial uses, the groundwater resources in Sacramento County, north of the American River; and

WHEREAS, the Sustainable Groundwater Management Act (SGMA) of 2014, as amended and codified in California Water Code §§ 10720, *et seq.*, requires that each groundwater basin be managed by a Groundwater Sustainability Agency (“GSA”), or multiple GSAs; and

WHEREAS, the SGA Board approved of SGA’s submittal to the California Department of Water Resources (DWR) as the exclusive GSA for its jurisdictional area on October 8, 2015; and

WHEREAS, SGMA requires that a Groundwater Sustainability Plan (“GSP”), or multiple GSPs, be developed and submitted to the California Department of Water Resources by January 31, 2022 for each high- and medium-priority basin that is not critically overdrafted; and,

WHEREAS, the SGA lies within the North American Subbasin (NASb) of the Sacramento Valley Groundwater Basin, DWR No. 5-21.64, which has been designated as a high-priority subbasin in Bulletin 118 and not critically overdrafted; and

WHEREAS, the following GSAs collectively cover under their respective jurisdictions the entire NASb: Reclamation District 1001; SGA; South Sutter Water District; County of Sutter; and West Placer (consisting of the City of Lincoln, the City of Roseville, the County of Placer, and the Placer County Water Agency); and

WHEREAS, prior to initiating the development of the GSP, the SGA made available to the public and DWR a written statement on September 24, 2018, pursuant to Water Code section 10727.8, describing the manner in which interested parties could participate in the development and implementation of the GSP; and

WHEREAS, the NASb GSAs have collaboratively prepared a joint GSP for the NASb; and

WHEREAS, the SGA, gave notice on September 1, 2021, pursuant to Water Code section 10728.4, to affected cities and counties in the Sacramento County portion of the NASb regarding the intent of the SGA to adopt the GSP; and

WHEREAS, the SGA published a notice on December 3, 2021 in the Sacramento Bee, a newspaper of general circulation in the North American Subbasin, giving notice that a public hearing would be held on December 9, 2021 for the purpose of considering adoption of a GSP for its portion of the NASb; and,

WHEREAS, upon adoption of a GSP, Water Code section 10733.4 requires that the GSP be submitted to DWR for review and that DWR will post the GSP on its website for further comment.

NOW, THEREFORE, be it resolved that:

1. The SGA Board hereby adopts the Groundwater Sustainability Plan for the North American Subbasin.
2. The SGA Board directs the SGA, as the Plan Manager, to file the Groundwater Sustainability Plan and additional required information with the Department of Water Resources upon adoption by the remaining North American Subbasin Groundwater Sustainability Agencies.

PASSED AND ADOPTED by the Board of Directors of the Sacramento Groundwater Authority, on December 9, 2021.

By:

Chairperson, Sacramento Groundwater Authority

Attest:

Josette Reina-Luken, Finance and Administrative
Services Officer/Clerk

**MEMORANDUM OF AGREEMENT
REGARDING COORDINATION BETWEEN GROUNDWATER SUSTAINABILITY
AGENCIES AND IMPLEMENTATION OF THE GROUNDWATER SUSTAINABILITY
PLAN FOR THE NORTH AMERICAN SUBBASIN**

THIS MEMORANDUM OF AGREEMENT (MOA or Agreement) is entered into and effective this day of [DATE], 2021 (Effective Date) by and among the City of Lincoln, the City of Roseville, the County of Placer, the County of Sutter, the Natomas Central Mutual Water Company, the Placer County Water Agency, the Reclamation District 1001, the Sacramento Groundwater Authority, and the South Sutter Water District (all hereafter known individually as a "Party" and collectively as "Parties").

RECITALS

Whereas, on August 29, 2014, the California Legislature passed comprehensive groundwater legislation contained in SB 1168, SB 1319, and AB 1739. Collectively, those bills, as subsequently amended in later years, enacted the Sustainable Groundwater Management Act (SGMA). Governor Brown signed the legislation on September 16, 2014 and it became effective on January 1, 2015; and

Whereas, SGMA requires "sustainable groundwater management "for all groundwater basins and requires "sustainable groundwater management" via a Groundwater Sustainability Plan (GSP) for all groundwater basins or subbasins that are designated as high-priority or medium- priority basins by the California Department of Water Resources (DWR) in its' report entitled "California's Groundwater: Bulletin 118"; and

Whereas, the North American Subbasin (NASb) of the Sacramento Valley Groundwater Basin, DWR Basin No. 5-21.64, has been designated as a high priority subbasin in Bulletin 118; and

Whereas, the following Groundwater Sustainability Agencies (GSAs) collectively cover under their respective jurisdictions, the entire NASb; Reclamation District 1001; Sacramento Groundwater Authority; South Sutter Water District; County of Sutter (consisting of the County of Sutter and the Natomas Central Mutual Water Company); and West Placer GSA (consisting of the City of Lincoln, the City of

Roseville, the County of Placer, the Nevada Irrigation District and the Placer County Water Agency); and

Whereas, the Nevada Irrigation District Board of Directors took action on November 10, 2021] to formally withdraw from the West Placer GSA thereby removing them as a Party to this Agreement; and

Whereas, the California American Water Company and the Golden State Water Company are participants, as defined by SGMA, in certain GSAs overlying the NASb; and

Whereas, the GSAs overlying the NASb have jointly prepared a single Groundwater Sustainability Plan (GSP) to cover the entire NASb, and each Party plans to adopt the GSP to ensure continued sustainable management of the basin; and

Whereas, it is the desire of the Parties to coordinate on the development and long-term implementation of the GSP for the NASb; and

Whereas, the Parties seek to memorialize the terms and conditions of the development and long-term coordination of the GSP and long term SGMA coordination through this Memorandum of Agreement.

THEREFORE, in consideration of the mutual promises, covenants and conditions herein set forth, the Parties agree as follows:

- I. **DEFINITIONS.** As used in this Agreement, the meaning of the terms hereinafter set forth shall be as follows:
 - A. **"Agreement"** shall mean this Memorandum of Agreement Regarding Coordination Between Groundwater Sustainability Agencies and Implementation of the Groundwater Sustainability Plan for the North American Subbasin.
 - B. **"Annual Budget" or "Budget"** means the budget provided for in this Agreement.

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- C. **"California Public Records Act"** shall mean California Government Code section 6250, *et seq.*
- D. **"Contracting Entity"** shall mean the Party appointed from time to time by agreement of a majority of the NASb GSA Representatives in the manner set forth in this Agreement, who is authorized to collect funds annually from the approved budgets from each Party and contract with service providers for common GSP activities, including monitoring, analysis, and reporting, as well as implementation of Projects and Management Actions.
- E. **"Coordination Committee"** shall mean, the five-member committee organized to oversee GSP implementation and SGMA compliance for the NASb.
- F. **"Data Management System" or "DMS"** shall mean a system that is capable of storing and reporting information relevant to the development or implementation of the GSP and monitoring of the subbasin as defined by the GSP Regulations (California Code of Regulations, Title 23, Division 2, Chapter 1.5, Subchapter 2).
- G. **"Day" or "Days"** shall mean calendar day.
- H. **"Fiscal and Contracting Entity"** shall mean either the GSP Administrator or GSP Coordinator while acting from their home agency to perform financial accounting and contracting duties on behalf of the NASb GSAs.
- I. **"Fiscal Year"** shall mean the term to which the Annual Budget applies from July 1 through June 30.
- J. **"Funds"** means funds received by the Fiscal and Contracting Entity from the Parties, or any other source for use in carrying out the purposes of this Agreement.
- K. **"Groundwater Sustainability Agency" or "GSA"** shall mean an agency or combination of local agencies authorized by SGMA to regulate a portion of

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a groundwater subbasin cooperatively with all other Groundwater Sustainability Agencies formed in a subbasin, in compliance with SGMA.

- L. **"Groundwater Sustainability Plan" or "GSP"** shall have the definition set forth in SGMA.
- M. **"GSP Coordinator"** shall mean a Coordination Committee Primary or Alternate Representative appointed from time to time by agreement of a majority of the NASb GSA Representatives, in the manner set forth in this Agreement, who is authorized to administer the activities contemplated by this Agreement. Generally, the nature of this position is technical coordination.
- N. **"GSP Administrator"** shall mean a Coordination Committee Primary Representative appointed from time to time by agreement of a majority of the NASb GSA Representatives, in the manner set forth in this Agreement, who is authorized to coordinate the activities contemplated by this Agreement. Generally, the nature of this position is administrative including meeting coordination and documentation.
- O. **"GSP Managers"** shall mean, collectively, the GSP Coordinator and the GSP Administrator.
- P. **"GSP Plan Manager"** shall mean a Coordination Committee Primary or Alternate Representative appointed as GSP Plan Manager, as defined in SGMA, as part of this MOA and by the NASb GSAs from time to time by agreement of a majority of the NASb GSA Representatives. The GSP Plan Manager may also serve as the GSP Coordinator or the GSP Administrator. Generally, the duty of this position is to submit required documents to and be the point of contact with the DWR.
- Q. **"Management Action"** shall have the definition set forth in SGMA.
- R. **"NASb" or "Subbasin"** as used in this Agreement shall mean the North American Subbasin of the Sacramento Valley Groundwater Basin, DWR Basin No. 5-21.64 as its boundaries may be modified from time to time in accordance with California Water Code section 10722.2.

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- S. **“NASb GSAs”** as used in this Agreement shall mean the GSAs formed in the North American Subbasin consisting of the Reclamation District 1001 GSA; the Sacramento Groundwater Authority GSA; the South Sutter Water District GSA; the Sutter County GSA; and the West Placer GSA.
- T. **“NASb GSA Representative” or “Representative”** shall mean the staff member (and/or alternates), designated from time to time by each NASb GSA, who is authorized to take actions under this Agreement to the extent permitted, until such time as the NASb GSA notifies the GSP Administrator and the other Parties of a change in its NASb GSA Representative.
- U. **“Party” or “Parties”** shall mean the entities listed in the Preamble to this Agreement.
- V. **“Project”** shall mean projects defined in the GSP and projects proposed by the Parties to this Agreement following adoption of the GSP.
- W. **“SGMA”** shall mean the Sustainable Groundwater Management Act and all regulations adopted under the legislation (SB 1168, SB 1319 and AB 1739) that collectively comprise the Act, as that legislation and those regulations may be amended from time to time.
- X. **“Super Majority”** shall mean a vote of four-fifths (4/5) of the Coordination Committee representatives voting on an item.
- Y. **“Undesirable Results”** shall mean one or more of the following effects as defined in SGMA, caused by groundwater conditions occurring throughout the basin: (NASb specific measures can be found in the GSP):
1. Chronic lowering of groundwater levels indicating a significant and unreasonable depletion of supply if continued over the planning and implementation horizon. Overdraft during a period of drought is not sufficient to establish a chronic lowering of groundwater levels if extractions and groundwater recharge are managed as necessary to ensure that reductions in groundwater levels or storage during a period of drought are offset by increases in groundwater levels or storage during other periods.

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2. Significant and unreasonable reduction of groundwater storage.
3. Significant and unreasonable seawater intrusion.
4. Significant and unreasonable degraded water quality, including the migration of contaminant plumes that impair water supplies.
5. Significant and unreasonable land subsidence that substantially interferes with surface land uses.
6. Depletions of interconnected surface water that have significant and unreasonable adverse impacts on beneficial uses of the surface water.

II. PURPOSE AND TERM

- A. **Compliance with SGMA.** The purpose of this Agreement is to ensure that: (i) the NASb GSAs, including the members of each NASb GSA, are appropriately coordinated to achieve sustainable management of the basin; (ii) the NASb remains under the coordinated local management of the GSAs and does not become a “probationary” basin as defined by SGMA; and (iii) the NASb GSAs consistently implement the NASb GSP and any subsequent amendments or updates to the GSP as required by SGMA or as otherwise made by the NASb GSAs.
- B. **Responsibilities of Parties.** The Parties agree that by executing this Agreement, they are committing to the other Parties to carry out the actions specified in this Agreement in good faith, and in a manner consistent with their individual responsibilities to comply with the California Sustainable Groundwater Management Act of 2014 (“SGMA”).
- C. **Agreement Term.** This Agreement shall remain in effect until amended or terminated by the Parties as provided herein.

III. ORGANIZING PRINCIPLES

- A. **Obligation to Coordinate.**
 1. The Parties shall strive to provide for, in addition to the interests of GSAs, the interests of all legal users and stakeholders of groundwater within the NASb. To that end, the Parties intend to update and seek input from the public and other interested stakeholders as part of the NASb GSP implementation and SGMA compliance.

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2. The Parties shall consider the interests of all beneficial users and uses of groundwater within the NASb, GSA member agencies, and members of the general public. To that end, the Parties intend to update and seek input from the public and other interested stakeholders as part of the NASb GSP implementation and SGMA compliance.
3. Those Parties with land use authorities shall communicate with and inform other Parties of potential land use decisions as they may relate to the GSP and the intended objectives of SGMA.
4. The Parties will share with each other information that is relevant to GSP implementation and SGMA compliance as provide herein.

B. Obligation to Fund Common Activities, Projects, and Management Actions.

The Parties agree to fund common activities that are approved in accordance with this Agreement, to achieve the sustainability goals for the NASb, as may be amended from time to time, and to meet the requirements of SGMA. Common activities include, but are not limited to, monitoring, analysis, and reporting of groundwater conditions and implementation of projects or actions determined necessary for sustainability. For planning and budgeting purposes, anticipated common activities will be estimated over a five-year period for each five-year period leading up to the required GSP updates due to DWR by January 31 of, 2027, 2032, 2037 and 2042. The Parties agree that this Agreement constitutes a binding commitment to fund the approved five-year costs presented and approved, by all Parties, at the beginning of each five-year period.

Individual NASb GSAs will have an obligation to fund approved and required projects or management actions determined necessary by actual measured “Undesirable Results” conditions to mitigate Undesirable Results from discretionary projects or actions (or inactions) taken by them or by their GSA members to ensure the sustainable management criteria are met in compliance with SGMA.

C. Duties of Individual Parties.

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1. Each Party agrees to individually undertake activities and actions to carry out SGMA, in accordance with the terms of the GSP, within their respective GSA boundaries in the NASb. Each Party, or the GSA that Party is a member of, is individually responsible to make decisions consistent with the GSP and to fund and implement activities, plans, or decisions necessary to prevent Undesirable Results within their respective GSA.
2. Each Party shall appoint and authorize one Primary Representative and one Alternate to participate in coordination functions as described herein, and to facilitate reasonably timely and informed input and direction to the Coordination Committee and the GSP Managers.
3. By execution of this Agreement, each Party confirms the authority of its Primary Representative or Alternate to provide input and direction to the Coordination Committee and the GSP Managers on behalf of that Party, and each Party understands that the Coordination Committee and the GSP Managers may undertake further consideration or conduct further analysis on the basis of that input and direction.
4. Each Party shall work cooperatively and in good faith with other Parties within their respective GSA boundaries to manage local groundwater to meet Sustainability Criteria as established and defined within the NASb GSP and to investigate, and address if applicable, Undesirable Results as defined within the NASb GSP.
5. Parties with land use authorities shall work in good faith when making land use decisions to do so in a manner consistent with the GSP and shall seek to achieve the intended objectives of SGMA within the NASb.

IV. GOVERNANCE

A. NASb Coordination Committee.

1. **Purpose.** The purpose of the NASb Coordination Committee is to oversee GSP implementation and SGMA compliance for the NASb.

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2. **Representatives.** Each GSA shall appoint a Primary representative from the staff level to the Coordination Committee. Each GSA shall also appoint an Alternate representative, from the staff level, to serve in the place of Primary representative should the Primary representative be unavailable to attend a Coordination Committee meeting(s). Each NASb GSA Representative and Alternate will serve at the pleasure of the appointing Party. There will be no limit on the term of participation.
3. **Engagement** Each GSA agrees to use best efforts to ensure at least one of its NASb GSA Representatives attend Coordination Committee meetings. If a NASb GSA is not represented by at least one of its NASb GSA representatives at more than two consecutive meetings, the GSP Administrator may request the GSA appoint a new representative(s).
4. **Meeting Frequency.** The NASb Coordination Committee will strive to meet at least quarterly of each calendar year but may meet more or less frequently as otherwise determined by the Coordination Committee. Meetings of the Coordination Committee are not public meetings unless specifically advertised as public by the Coordination Committee and as provided below.

The NASb Coordination Committee will hold at least one annual public meeting to inform and update stakeholders on NASb activities and basin wide conditions. Nothing within this Agreement precludes the Coordination Committee or individual NASb GSAs from holding additional public stakeholder meetings regarding GSP activities. NASb GSAs shall provide reasonable notice to the Coordination Committee of any planned public meetings regarding GSP activities that they intend to hold regarding NASb GSP activities.

If a NASb GSA holds a public meeting for their stakeholders regarding GSP activities, the GSA shall provide the Coordination Committee with documentation of the meeting for posting on the NASb website. Acceptable documentation includes but is not limited to presentation recording (if recorded), presentation materials, and meeting agenda/minutes.

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5. **Designation of Fiscal and Contracting Entity.** The Coordination Committee shall designate either the GSP Administrator or GSP Coordinator to serve as the Fiscal and Contracting Entity for the Coordination Committee.
 6. **Responsibilities.** The Coordination Committee will have the responsibility and authority to act on or otherwise manage the following, on its own account, or through the Fiscal and Contracting Entity, as the case may be:
 - i. Selection of the GSP Plan Manager, GSP Coordinator, GSP Administrator, and the Contracting Entity, if not otherwise identified herein.
 - ii. Development and adoption of an annual work plan and associated annual budget.
 - iii. Approval of service providers, scope of work, fee, and schedule for contracted work.
 - iv. Review, comment, and approval of technical work, including monitoring, analysis, and reporting.
 - v. Selection of Projects and Management Actions.
 - vi. Reporting back to their respective NASb GSAs on GSP implementation.
 7. **Quorum.** A majority (three of five – 3/5) of NASb GSA Representatives (one from each GSA) on the Coordination Committee will constitute a Quorum. A Quorum is required for the Coordination Committee to meet.
 8. **Meeting Location.** The Coordination Committee may meet in a virtual setting or in person at locations agreed to by the Coordination Committee.
 9. **Agenda.** An Agenda will be developed by the GSP Coordinator or GSP Administrator in advance of each Coordination Committee meeting.
- B. **GSP Coordinator, GSP Administrator, GSP Plan Manager, and Fiscal and Contracting Entity.**

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1. **Selection.** The Parties hereby appoint the Primary or Alternate Representative from the Sacramento Groundwater Authority GSA to be the GSP Coordinator and GSP Plan Manager. The Parties hereby appoint the Primary Representative from the West Placer GSA to be the GSP Administrator. The Fiscal and Contracting Entity shall be selected by the Coordination Committee.
2. **Term.** The Coordination Committee will reaffirm the GSP Managers and the Fiscal and Contracting Entity at the first meeting of the Coordination Committee of each calendar year and they will also be reevaluated at the time of each GSP Update as required by SGMA. If the GSP Coordinator and/or the GSP Administrator or the Fiscal and Contracting Entity is unable to fulfill the required responsibilities as set forth herein, the Coordination Committee shall, by a Super Majority vote, reassign the role to another NASb GSA Representative, or, through the Fiscal and Contracting Entity, retain Consultant services. If the Fiscal and Contracting Entity is unable to fulfill the required responsibilities as set forth herein, the Coordinating Committee shall reassign the role to another Party to fulfill the responsibilities.
3. **Responsibilities.**
 - i. The GSP Coordinator will be responsible for the following:
 - a. Coordinate the preparation and submittal of Annual Reports as required by SGMA.
 - b. Coordinate the preparation and submittal of GSP Updates as required by SGMA.
 - ii. The GSP Administrator will be responsible to:
 - a. Plan and facilitate Coordination Committee meetings and action items.
 - iii. The GSP Plan Manager will be responsible to:
 - a. To submit required documents to and be the point of contact with the DWR.

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- iv. The Fiscal and Contracting Entity will be responsible to:
 - a. Collect the established contributions to the annual budget at the beginning of each budget year.
 - b. Contract with service providers, including professional consultants and construction contractors, to implement common GSP activities.
- v. The GSP Managers, if requested by the Coordination Committee shall:
 - a. Prepare grant applications and administration of grants.
 - b. Contract for consulting services after review and recommendation of the Coordination Committee.
 - c. Manage projects.
- vi. The Fiscal and Contracting Entity shall comply with the procurement and contracting requirements of their respective entity, as well as state and federal laws as applicable.
- vii. The GSP Managers shall be designated to fulfill, or provide direction to the Fiscal and Contracting Entity for the following actions upon and after prior approval by the Coordination Committee:
 - a. To undertake or arrange for approved activities in accordance with the provisions of this Agreement consistent with the approved budget and approving action by the Coordinating Committee.
 - b. To apply for, accept and expend Funds for use in carrying out the purposes of this Agreement consistent with the approved budget and approving action by the Coordinating Committee.
 - c. To hold Funds for the purposes herein mentioned provided such Funds are not presently needed to pay costs related to the authorized uses of such Funds under this Agreement consistent with the approved budget and approving action by the Coordinating Committee.
 - d. To make and enter into contracts reasonably necessary to carry out the purpose of this Agreement, consistent with the approved budget,

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recommended action and scope of activities by the Coordinating Committee and within that agency's procurement rules and regulations.

viii. Fiscal and Contracting Entity shall have the following responsibilities:

- a. Serve as the contracting counterparty for engagement of third-party service providers, including consultants and contractors as the Coordination Committee directs, be engaged through approved contracts.
- b. Establish separate accounts, and receive, hold, manage, and provide strict accounting for funds contributed by the members, or obtained from other sources such as grant proceeds, in furtherance of this Agreement. The Fiscal and Contracting Entity shall perform these functions as a fiduciary for the Committee.

V. INFORMATION SHARING

A. **Obligation to Share Information.** The Parties acknowledge and recognize pursuant to this Agreement that the Parties will need to exchange information amongst and between the Parties. The Parties agree that each NASb GSA shall provide the data reasonably required to implement the GSP, develop the Annual Report and update the GSP as required by SGMA.

B. Procedure for Exchange of Information.

1. The Parties shall exchange relevant public and non-privileged information through collaboration and/or informal requests made at the Coordination Committee level or through subcommittees designated by the Coordination Committee. However, to the extent it is necessary to make a written request for information to another Party, each Party shall designate a representative to respond to information requests and provide the name and contact information of the designee to the Coordination Committee. Requests may be communicated in writing and transmitted in person or by mail, email, or other electronic means to the designated representative. The designated representative shall respond in a reasonably timely manner.

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2. Nothing in this Agreement shall be construed to prohibit any Party from voluntarily exchanging information with any other Party by any other mechanism separate from the Coordination Committee.
 3. The Parties agree that the Coordination Committee is not a public agency and shall take reasonable steps to refer any data requests made under the Public Records Act or otherwise to the appropriate NASb GSA or public entity.
 4. To the extent that a court order, subpoena, or the California Public Records Act is applicable to a Party and applicable or relevant to the GSP, such Party in responding to a request made pursuant to any such authority for release of information exchanged from another Party or Parties shall notify each Party in writing of its proposed release of information within a reasonable time prior to disclosure to allow the appropriate entity the ability to seek a court order restricting such disclosure.
- C. **Disclosures.** The Parties agree to disclose to the other Parties non-privileged information that is reasonably relevant to GSP implementation and SGMA compliance. Information that is not time sensitive (e.g., groundwater quality results) shall be disclosed through the NASb GSA representative at the next Coordination Committee meeting or to the GSP Managers. Information that is deemed time sensitive (e.g., groundwater substitution request with timelines attached) shall be disclosed within 5 business days in writing, via mail, email, or other electronic means, to each NASb GSA Coordination Committee Primary or Alternate Representative and to the GSP Managers.

VI. FUNDING PROVISIONS

A. Budget.

1. The Coordination Committee shall create, approve, and recommend an Annual Budget aligned to the fiscal year, which will run from July 1 through June 30. The initial annual budget shall be prepared and agreed to within ninety (90) days of the effective date of this Agreement and include a five-year look ahead and budget estimate for the period leading up to the first required GSP update. Thereafter, a Budget shall be agreed upon no later than February 1 of the preceding fiscal year or other such date as approved

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by the Coordination Committee. The Budget must be approved by unanimous vote of the Coordinating Committee and recommended for approval to and subsequently approved by the governing body of each Party to this Agreement.

- a. Where the Annual Budget anticipates expenditures attributable to multiple NASb GSAs, the Fiscal and Contracting Entity, as approved by the Coordination Committee, will be responsible for handling funds and reporting on financial accounts as otherwise described in Section III, herein. Funds collected but not used in a fiscal year will roll over as a contribution for the following year.

The Annual Budget shall identify the activities, costs, and cost share to each NASb GSA associated with common expenses required to meet SGMA / GSP compliance. The first year annual Draft Budget is contained in Exhibit 1. Also included in Exhibit 1 is a five-year projection of total costs required to submit the first required NASb GSP update by January 31, 2027.

- B. **Coordination Expenses.** Each NASb GSA shall share in the general operating and administrative costs of complying with SGMA and implementing the GSP as approved in the Annual Budget. Approved budgeted costs shall be shared in accordance with the percentages set forth in Exhibit 2 attached hereto and incorporated herein. The cost share formula shall remain in effect for the five-year projected expenses in Exhibit 1 at which time the formula will be reviewed for equity.
- C. **Alternative Funding Sources.** The Coordination Committee may pursue State of California, federal, local, or private company grants, but shall not create any indebtedness without prior approval of all Parties to this Agreement.
- D. **Accounting of Funds.** The Fiscal and Contracting Entity shall maintain a strict accounting of funds collected, spent, and maintained on behalf of the Coordinating Committee, and shall provide fiscal statements not less frequently than Annually. The books and records of the Fiscal Agent shall be open to inspection by any Party upon reasonable notice.

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- E. **Individual Party Resources.** Each Party shall bear its own costs associated with activities performed under this Agreement. No Party shall incur debt, liabilities, or obligations on behalf of any other Party unless provided for in a separate agreement.

VII. **DECISION-MAKING**

A. **Voting.**

1. In the event a vote of the Coordination Committee is necessary, each GSA Representative shall be entitled to one vote. Said vote may be cast by either the Primary or Alternate Representative.
2. The GSA Representative (or, if applicable, GSA Alternate Representative) must be in attendance at a meeting to vote.
3. Prior to voting, the Coordination Committee shall endeavor in good faith to reach consensus on the matters to be determined such that any subsequent vote shall be to confirm the consensus of the Coordination Committee. If any NASb GSA Representative objects to a consensus-based decision prior to a vote being cast, the Representative shall work in good faith to reasonably resolve such objection, and, if the same is not resolved collaboratively, then the matter will proceed to a vote for final resolution.

- B. **Unanimous vote Requirements for Certain Actions.** Coordination Committee recommendation of the Annual Budget will require a unanimous vote.

- C. **Super Majority Vote Requirements for Certain Actions.** All actions not considered as general business, as determined by the Coordination Committee, shall require a Super Majority vote of the Coordination Committee.

VIII. **GROUNDWATER MONITORING NETWORK**

- A. **Obligation to Develop and Maintain a Groundwater Monitoring Network.** In accordance with SGMA, the Parties hereby agree to coordinate in the development, information sharing, and maintenance of a Groundwater Monitoring Network at the Subbasin level and as established pursuant to the

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NASb GSP. This may include but not be limited to the addition of monitoring wells if determined necessary to assess basin conditions in accordance with the GSP and/or SGMA, making repairs to and taking measurements at monitoring network facilities, and collection and analysis of water quality samples.

IX. DATA MANAGEMENT SYSTEM

- A. **Obligation to Develop and Maintain a Data Management System.** In accordance with SGMA, the Parties hereby agree to coordinate in the development, information sharing and maintenance of a Data Management System capable of storing and reporting information relevant to the reporting requirements established pursuant to the GSP and SGMA. Data shall be provided in the format required by the Data Management System.

X. REQUEST TO JOIN, WITHDRAW AND TERMINATION

- A. **Request to Join.** Requests to join this Agreement shall be considered by the Coordination Committee and per the provisions of Section XIII, Other Provisions/Modifications.
- B. **Termination of Participation.**
1. Each Party may, in its sole discretion, unilaterally withdraw from and terminate its participation in this Agreement effective upon ninety (90) days prior written notice to the NASb GSA Representatives participating on the Coordination Committee and the GSP Managers, provided that the withdrawing Party will remain responsible for its proportionate share of any indebtedness incurred prior to the effective date of withdrawal. Such withdrawal by a Party will not cause a termination of this Agreement as to the remaining Parties.
 2. Upon withdrawal, the withdrawing Party acknowledges it has a continuing obligation to comply with SGMA and any coordination guidelines or regulations issued by the Department of Water Resources or the State Water Resources Control Board. The Withdrawing Party also acknowledges the need to coordinate with all NASb GSAs in accordance

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with applicable law. This obligation shall survive the withdrawal from this Agreement and is for the express benefit of the remaining Parties.

3. Subject to the requirements of Section XI, Procedures for Resolving Conflict, nothing in this section shall be construed as a limitation on the right of a Party to seek legal remedies against a Withdrawing Party.
 4. Upon withdrawal, any Party shall be entitled to use any data or other information developed under this Agreement during its time as a Party to this Agreement. After withdrawal, a Party shall be entitled to utilize the NASb GSP for future implementation of SGMA compliance within its legal boundary. Should the Withdrawing Party have an obligation under State law to comply with SGMA, the Withdrawing Party agrees to comply with the coordination requirements set forth in SGMA allowing multiple GSPs over a basin.
- C. **Termination.** The Agreement shall terminate if the requirements of SGMA are no longer applicable. This Agreement may be terminated by a unanimous vote of the Parties. However, in the event of termination, each of the Parties will remain responsible for its proportionate share of all debts, liabilities and obligations incurred prior to the effective date of termination.

XI. PROCEDURES FOR RESOLVING CONFLICT

A. Procedures for Resolving Conflict

1. If any dispute arises among the Parties relating to this Agreement or the rights and obligations arising from this Agreement, the aggrieved Party or Parties shall provide written notice to the GSP Managers of the dispute. Within 20 days after receipt of such written notice, the GSP Administrator and/or GSP Coordinator shall call a meeting of the Coordination Committee. Members of the Coordination Committee shall attempt in good faith to resolve the dispute through informal means for a period of 60 days. If the Parties, through the Coordination Committee, cannot agree upon resolution of the dispute within 60 days from the date of the first meeting of the Coordination Committee on the issue in dispute, the Parties shall submit the dispute to non-binding mediation prior to commencement of any legal action. The cost of mediation shall be paid in equal proportion

MEMORANDUM OF AGREEMENT

REGARDING COORDINATION BETWEEN GROUNDWATER SUSTAINABILITY AGENCIES AND IMPLEMENTATION OF THE
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amongst Parties involved in the dispute. Upon completion of mediation, if the controversy has not been resolved, any Party may exercise any and all rights to bring a legal action relating to the dispute.

2. In the event a dispute or claim is not resolved by a mutually agreeable settlement through negotiation or mediation, the aggrieved Party may file suit in Placer County Superior Court, Sacramento County Superior Court, or Sutter County Superior Court.

XII. OTHER PROVISIONS

- A. **Agreement Limitations.** The Parties expressly intend that this Agreement shall not limit or interfere with the respective Parties' rights and authorities over their own internal matters, including, but not limited to, a Party's legal rights to surface water supplies and assets, groundwater supplies and assets, facilities, operations, water management and water supply matters. The Parties make no commitments by entering into this Agreement to share or otherwise contribute their water supply assets as part of the development or implementation of a GSP.
- B. **Amendment of Agreement.** The Parties agree this Agreement may be amended from time to time by a written amendment approved by unanimous vote of the Coordination Committee and subsequent approval by all Parties.
- C. **Non-Indemnification.** No Party to this Agreement, nor any director, officer or employee of a Party, shall be responsible for any damage or liability occurring by reason of anything done or omitted to be done by another Party under or in connection with this Agreement.
- D. **Good Faith.** The Parties agree to exercise their best efforts and good faith to effectuate all terms and conditions of the Agreement and, to take appropriate, expedient, or proper actions reasonably necessary to carry out the intent and purposes of this Agreement.
- E. **Governing Law.** The validity and interpretation of this Agreement will be governed by the laws of the State of California.

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REGARDING COORDINATION BETWEEN GROUNDWATER SUSTAINABILITY AGENCIES AND IMPLEMENTATION OF THE
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- F. **Counterparts.** This Agreement may be executed in any number of counterparts, each of which will be an original, but all of which will constitute one and the same agreement.
- G. **Construction and Interpretation.** The Agreement has been developed through negotiation and each of the Parties has had a full and fair opportunity to review and to make suggestions to revise the terms of this Agreement. As a result, the normal rule of construction that any ambiguities are to be resolved amongst the drafting Parties shall not apply in the construction or interpretation of this Agreement.
- H. **Severability.** If any term, provision, covenant, or condition of this Agreement is determined to be unenforceable by a court of competent jurisdiction, it is the Parties' intent that the remaining provisions of this Agreement will remain in full force and effect and will not be affected, impaired, or in validated by such a determination.
- I. **Authority of Signers.** The individuals executing this Agreement represent and warrant that they have the authority to enter into this Agreement and to legally bind the Party for whom they are signing to the terms and conditions of this Agreement.

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REGARDING COORDINATION BETWEEN GROUNDWATER SUSTAINABILITY AGENCIES AND IMPLEMENTATION OF THE
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IN WITNESS WHEREOF, the Parties have executed this Agreement on the day and year first above-written.

CITY OF LINCOLN

By: _____

Printed Name/Title: _____

Date: _____

Approved As to Form: _____

[Title]

Date: _____

MEMORANDUM OF AGREEMENT

REGARDING COORDINATION BETWEEN GROUNDWATER SUSTAINABILITY AGENCIES AND IMPLEMENTATION OF THE
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CITY OF ROSEVILLE

By:

Dominick Casey
City Manager

ATTEST:

Sonia Orozco
City Clerk

APPROVED AS TO FORM:

Michelle Sheidenberger
City Attorney

APPROVED AS TO SUBSTANCE:

Richard D. Plecker
Environmental Utilities Director

COUNTY OF PLACER

By: _____

Ken Grehm, Director of Public Works

Date: _____

Approved As to Form: _____

[Title]

Date: _____

MEMORANDUM OF AGREEMENT

REGARDING COORDINATION BETWEEN GROUNDWATER SUSTAINABILITY AGENCIES AND IMPLEMENTATION OF THE
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COUNTY OF SUTTER

By: _____

Printed Name/Title: _____

Date: _____

Approved As to Form: _____

[Title]

Date: _____

MEMORANDUM OF AGREEMENT

REGARDING COORDINATION BETWEEN GROUNDWATER SUSTAINABILITY AGENCIES AND IMPLEMENTATION OF THE
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NATOMAS CENTRAL MUTUAL WATER COMPANY

By: _____

Printed Name/Title: _____

Date: _____

Approved As to Form: _____

[Title]

Date: _____

MEMORANDUM OF AGREEMENT

REGARDING COORDINATION BETWEEN GROUNDWATER SUSTAINABILITY AGENCIES AND IMPLEMENTATION OF THE
GROUNDWATER SUSTAINABILITY PLAN FOR THE NORTH AMERICAN SUBBASIN

PLACER COUNTY WATER AGENCY

By: _____

Printed Name/Title: _____

Date: _____

Approved As to Form: _____

[Title]

Date: _____

MEMORANDUM OF AGREEMENT

REGARDING COORDINATION BETWEEN GROUNDWATER SUSTAINABILITY AGENCIES AND IMPLEMENTATION OF THE
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RECLAMATION DISTRICT 1001

By: _____

Printed Name/Title: _____

Date: _____

Approved As to Form: _____

[Title]

Date: _____

MEMORANDUM OF AGREEMENT

REGARDING COORDINATION BETWEEN GROUNDWATER SUSTAINABILITY AGENCIES AND IMPLEMENTATION OF THE
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SACRAMENTO GROUNDWATER AUTHORITY

By: _____

Jim Peifer, Executive Director

Date: _____

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REGARDING COORDINATION BETWEEN GROUNDWATER SUSTAINABILITY AGENCIES AND IMPLEMENTATION OF THE
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SOUTH SUTTER WATER DISTRICT

By: _____

Printed Name/Title: _____

Date: _____

Approved As to Form: _____

[Title]

Date: _____

MEMORANDUM OF AGREEMENT

REGARDING COORDINATION BETWEEN GROUNDWATER SUSTAINABILITY AGENCIES AND IMPLEMENTATION OF THE
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ATTACHMENTS:

Exhibit 1: 2022 Annual Budget and Four-Year Projection Summary

Exhibit 2: Cost Sharing Acreage Summary

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REGARDING COORDINATION BETWEEN GROUNDWATER SUSTAINABILITY AGENCIES AND IMPLEMENTATION OF THE
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Exhibit 1

2022 ANNUAL BUDGET AND FOUR-YEAR PROJECTION SUMMARY					
GSA Name	Estimated Annual Contribution by GSAs (a)				
	2022	2023	2024	2025	2026
Reclamation District 1001	11,673	11,673	11,673	11,673	11,673
Sacramento Groundwater Authority	83,171	83,171	83,171	83,171	83,171
South Sutter Water District	44,521	44,521	44,521	44,521	44,521
Sutter County	13,583	13,583	13,583	13,583	13,583
West Placer Groundwater Sustainability Agency	76,912	76,912	76,912	76,912	76,912
TOTAL	\$229,860	\$229,860	\$229,860	\$229,860	\$229,860
FIVE-YEAR TOTAL	\$1,149,300				
NOTES:					
a. The Parties acknowledge the need to establish an aggregate contingency budget of up to 20%. Any future use of any portion of the contingency budget shall be provided to each GSA for review and approved by a unanimous vote of the Parties at a GSA Basin Coordination Meeting before implementation. Upon approval of the use of the contingency budget, SGA will invoice the Parties to collect the agreed upon contingency amount.					

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Exhibit 2

COST SHARING SUMMARY		
GSA Name	Total Acreage	Percent Share
Reclamation District 1001	17,394.5	5.08%
Sacramento Groundwater Authority	123,933.3	36.18%
South Sutter Water District	66,340.6	19.37%
Sutter County	20,240.2	5.91%
West Placer Groundwater Sustainability Agency	114,607.8	33.46%
TOTAL	342,516.4	100%

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SACRAMENTO GROUNDWATER AUTHORITY POLICIES AND PROCEDURES MANUAL

Policy Type : Operations
Policy Title : Architectural and Engineering Services Selection Policy
Policy Number : 300.1
Date Adopted : February 10, 2005
Date Amended : October 11, 2012

Architectural and Engineering Services Selection Policy

The procurement of architectural and engineering services for the Sacramento Groundwater Authority will be on the basis of documented competence and qualifications for the types of services to be performed, and at a fair, competitive and reasonable price.

For the purposes of this policy, the term “architectural and engineering services” means any specialized services performed by firms or persons who are qualified, by education, experience, licenses or certification in a particular field. Types of services may include, but are not limited to: architectural, landscape architectural, environmental, engineering, land surveying, and construction project management services.

Architectural and engineering services that would cost \$50,000 or less will be obtained pursuant to a selection process determined by the Executive Director. Architectural and engineering services that would cost more than \$50,000 will be obtained by a competitive proposal process by issuance of a Request for Proposals or the issuance of a Request for Qualifications, as determined by the Executive Director, and a contract for such services will be subject to approval of the Board of Directors. The Executive Director will recommend to the Board of Directors selection based on documented competence and qualifications for the types of services to be performed, and at a fair, competitive and reasonable price, and not based solely on the lowest-cost proposal submitted. The Board may waive or amend this policy at any time, and may waive the competitive proposal process in cases where an engineering firm has satisfactorily performed the previous stage of a project, has acquired extensive background and working knowledge of the work to be performed, is a highly-recognized authority in the field or area of work to be performed, or is the only-known available highly-recognized authority.

A written description of the selection process, including selection rationale, list of firms on a selection short-list, basis of selection and determination of project fee/cost will be submitted by the Executive Director to the Board with each contracting recommendation.

**AGENDA ITEM 6: CLOSED SESSION – CONFERENCE WITH LABOR
NEGOTIATORS**

GOVERNMENT CODE §§ 54954.5(F), 54957(B)(1)

Title: Executive Director

Labor Negotiators: Sean Bigley and Dan York

AGENDA ITEM 7: EXECUTIVE DIRECTOR EMPLOYMENT AGREEMENT MODIFICATION

The RWA Executive Committee is proposing amendments to the employment that have been negotiated between the Executive Committee and the Executive Director. The RWA Board of Directors will be considering and approving the amendments at the January RWA Board meeting. The Executive Director's initial agreement requires that prior to modifications to the agreement, the RWA to consult with contracting agencies, including the SGA.

On October 27th, The RWA Executive Committee voted to approve amendments to the employment agreement. A summary of the amendments is attached.

Action: Whether to support recommendation from the RWA Executive Committee to amend Executive Director employment agreement

Attachment:

1. Proposed amendments to the employment agreement between the RWA and Executive Director

Summary of Executive Director Contract Amendments October 27, 2021

The RWA Executive Committee has recommended that the RWA Board of Directors approve the following changes to the RWA Executive Director employment agreement:

- The Executive Director will receive a 5% merit increase effective January 13, 2022, and merit increases ranging between CPI and 5% effective July 1, 2022, and July 1, 2023;
- The Executive Director will receive a one-time \$10,000 retention bonus;
- The Executive Director will become eligible for annual discretionary bonuses, subject to the development of a written bonus policy and RWA Board approval, beginning in July 2022 to reward exemplary performance;
- The annual discretionary bonuses awarded in 2022 or 2023, if any, will fall within ranges set as a percentage of the Executive Director's salary;
- Future salary adjustments and discretionary bonuses, subject to RWA Board approval, will be implemented through regularly-scheduled performance evaluations without the need to amend the employment agreement;
- RWA will commission a one-time labor market study regarding the Executive Director's total compensation;
- The agreement will remain in effect until terminated by RWA or the Executive Director in compliance with the agreement; and,
- There will be other updates and corresponding changes to reflect the terms summarized above.

AGENDA ITEM 8: ELECTION OF SGA 2022 OFFICERS

BACKGROUND:

The SGA Board elects a chairperson and vice-chair annually at its December meeting. The Chair appointed a nominating committee including himself, Caryl Sheehan, Paul Schubert, and Mary Harris.

AD HOC COMMITTEE RECOMMENDATION:

Information Update: SGA Ad Hoc Nominating Committee

Action: Elect 2022 SGA Chair and Vice Chair

AGENDA ITEM 9: EXECUTIVE DIRECTOR'S REPORT

DECEMBER 9, 2021

TO: SGA BOARD OF DIRECTORS

FROM: JIM PEIFER

RE: EXECUTIVE DIRECTOR'S REPORT

- a. SCGA Integration** – A special board meeting has been scheduled for January 25 at 2:00 pm to conduct a workshop on the potential business case for the SGA merging with the SCGA.
- b. SGA Outreach** – Mr. Peifer attended the ACWA Groundwater Committee during the fall ACWA Conference. Mr. Peifer participated on a panel discussion at the Environmental Law Conference regarding building storage projects.
- c. Chromium 6 MCL** – The State Water Board has filed a Notice of Preparation (NOP) of an Environmental Impact Report (EIR) for a new chromium 6 MCL. The notice states that the State Water Board is considering 17 possible MCLs (1 to 15, 20, and 25 µg/L). The project scope includes not only setting the MCL for hexavalent chromium, but also the reasonably foreseeable methods of compliance. For hexavalent chromium, three treatment technologies are being identified as the Best Available Technology: Ion Exchange, Reduction-Coagulation/Filtration, and Reverse Osmosis. The comment period on the notice of preparation of the EIR closed December 6th.

RWA coordinated with ACWA on comments focused on the need for the scope to include economic feasibility of compliance with a new MCL. A copy of the NOP and draft EIR letter are attached.

- d. RWA/SGA Holiday Social** – We hope you will attend the RWA/SGA Holiday Social on December 9, at 6:00 pm at the Blue Line Arts Gallery in Roseville.
- e. Financial Reports** – The unaudited financial reports for the period ending September 30, 2021 are attached.

Attachments

- 1. NOP for a Chromium 6 MCL
- 2. Draft Chrome EIR Letter
- 3. RWA/SGA Holiday Social Invitation
- 4. Unaudited Financial Reports ending September 30, 2021.

Notice of Preparation of a Draft Program Environmental Impact Report Attachment

PROJECT TITLE: Adoption of a Regulation for the Hexavalent Chromium Maximum Contaminant Level (Project)

PROJECT LOCATION: The Project is a statewide regulation that would apply to all public drinking water systems in the State of California. Water systems with hexavalent chromium exceeding the proposed MCL are located throughout the state and specific locations are not currently known.

PROJECT DESCRIPTION: The proposed Project consists of the State Water Board adopting and implementing a regulation that establishes the Maximum Contaminant Level (MCL) for hexavalent chromium (aka chromium-6) in drinking water provided by public water systems (PWS) in California. The State Water Board is the lead agency under the California Environmental Quality Act (CEQA) and is preparing a Programmatic Environmental Impact Report for the adoption of the regulation. The State Water Board is considering 17 possible MCLs (1 to 15, 20, and 25 µg/L).

The project scope includes not only setting the MCL for hexavalent chromium, but also the reasonably foreseeable methods of compliance. For hexavalent chromium, three treatment technologies are being identified as the Best Available Technology: Ion Exchange, Reduction-Coagulation/Filtration, and Reverse Osmosis. Public Water Systems, however, are not limited to treatment, and can consider other alternatives, if available. Such options could include the removal of contaminated source wells from use, blending of a contaminated source with an uncontaminated source to meet the MCL prior to distribution, drilling and constructing a new well in an uncontaminated aquifer, switching from contaminated groundwater to surface water, or consolidation with another water system that meets the MCL.

Tribal Notification: Notification letters have been sent to all 35 tribes who have requested notice from the State Water Board pursuant to Public Resources Code, Section 21080.3.1.

COMMENT PERIOD: November 5, 2021 to December 6, 2021

The Notice of Preparation (NOP) is available for review and comment for 31 days. The comment period for this NOP begins November 5, 2021 and ends on December 6,

E. JOAQUIN ESQUIVEL, CHAIR | EILEEN SOBECK, EXECUTIVE DIRECTOR

2021. Responses should be sent at the earliest possible date, but **no later than 5:00 PM on December 6, 2021**.

Please submit your written comments to ddw-hexavalentchromium@waterboards.ca.gov or via mail to Kim Niemeyer, State Water Board, Office of Chief Counsel P.O. Box 100 Sacramento, California 95812-0100. In your response, please indicate the public agency or other entity you represent, and the name and phone number of a contact person.

PUBLIC SCOPING MEETING

The State Water Board will hold a scoping meeting to provide information on the Hexavalent Chromium MCL Regulation and potential implementation methods, and to receive written or oral comments from agency personnel and other interested persons concerning the range of alternatives, potential significant effects, and mitigation measures that should be analyzed in the EIR. The time allotted for each individual or organization to provide oral comments may be limited if the number of people in attendance so requires.

The scoping meetings will be held virtually via Zoom as follows:

Tuesday, November 29, 2021 from 3:00 – 4:30 pm

Zoom Meeting Information: <https://waterboards.zoom.us/j/98454482459>

Or

https://bit.ly/CEQAScoping_HexChrm

Call-in number: +1 669 900 9128 US (San Jose)

Meeting ID: 984 5448 2459

If you have additional questions concerning the meeting or would like to make a request for reasonable accommodations for a disability, please contact Kim Niemeyer by email at ddw-hexavalentchromium@waterboards.ca.gov.

Kim Niemeyer, Attorney
State Water Resources Control Board
P.O. Box 100
Sacramento, CA 95812-0100

Sent via ELECTRONIC MAIL to DDW-HEXAVALENTCHROMIUM@WATERBOARDS.CA.GOV

December XX, 2021

Kim Niemeyer
State Water Board
Office of Chief Counsel
P.O. Box 100
Sacramento, CA 95812-0100

**RE: Comment Letter regarding Notice of Preparation of a Draft Program
Environmental Impact Report for the Adoption of a Regulation for the Hexavalent
Chromium Maximum Contaminant Level**

Dear Ms. Niemeyer:

The Association of California Water Agencies (ACWA) appreciates the opportunity to submit written comments to the State Water Resources Control Board (State Water Board) regarding the Draft Program Environmental Impact Report (EIR) for the Adoption of a Regulation for the Hexavalent Chromium Maximum Contaminant Level (MCL) following the public workshop held on November 29, 2021. ACWA represents over 460 local public water agencies that supply water for domestic, agricultural, and industrial uses to over 90% of California's population. ACWA's public agency members are entrusted with the responsibility of supplying the public with safe and reliable drinking water. ACWA appreciates State Water Board's role in determining an MCL for Hexavalent Chromium. Ensuring the safety of drinking water supplies by complying with all relevant state and federal standards is the highest priority of these agencies.

ACWA supports the State Water Board's decision to seek input from interested stakeholders on the preparation of a draft program EIR and hopes this effort results in a comprehensive evaluation of the potential impacts of complying with a new Hexavalent Chromium MCL. ACWA provides the following comments for the State Water Board as it moves forward with the development of an EIR for the development of an MCL for Hexavalent Chromium.

Comment 1- ACWA encourages recirculating the Notice of Preparation to all responsible agencies.

ACWA encourages recirculating the Notice of Preparation (NOP) to ensure that all responsible agencies are able to provide input to this process ahead of the development of a Maximum Contaminant Level (MCL) for Hexavalent Chromium. NOPs are issued to provide input opportunities for responsible and trustee agencies, as well as interested members of the public, as to the scope and content of the EIR for a project. (State CEQA Guidelines, § 15375.) Requirements governing the preparation and circulation of an NOP are set forth in the State CEQA Guidelines to ensure this purpose is met. We are concerned that the current timeline will not enable all interested agencies to provide input because of:

- The quick comment deadline following the November 29 workshop
- Concern that not all agencies required to implement and carry out methods of compliance with the eventual Hexavalent Chromium MCL have been reached for input.
- Concern that the NOP lacks a finite project description (17 possible options) which makes very unclear what the Hexavalent Chromium MCL will be proposed. Each option will have different environmental impacts.

Comment 2- ACWA encourages further consideration of technical and economic issues in development of this Environmental Impact Report.

ACWA encourages further consideration of economic and physical issues in the development of the EIR because the resulting MCL could have significant impacts on the environment. The cost of compliance with the MCL for Hexavalent Chromium will shape the behavior of public water agencies and the environmental impacts of this reasonably foreseeable behavior must be analyzed in the EIR. The EIR should analyze and discuss the costs of complying with MCL, and how activity in response to such costs could potentially impact the environment. Areas of concern to ACWA members that deserve further consideration in the EIR include:

- **Increased customer rates could result from public water agency efforts to comply.** The cost of compliance with an overly stringent MCL could shape not only the behavior of water agencies, but also of ratepayers who could face dramatic increases in monthly costs as a result of public water agencies' efforts to comply with the MCL. The benefits to public health of the Project must be balanced with the cost of compliance, which by taking a larger share of community financial resources imposes foreseeable environmental and social impacts that need to be examined and understood.
- **Shift from groundwater usage to surface water usage.** The high cost of compliance with an overly stringent MCL could cause water agencies to shift from groundwater usage to surface water usage, and the EIR must analyze the potential environmental impacts of this reasonably foreseeable shift. The shift to surface water usage would have numerous deleterious impacts on the environment, including decreased in-stream flows and adverse impacts to fish and wildlife.

- **Decreasing economic feasibility of relying on groundwater supply.** We have concerns that the Project could threaten the economic feasibility of groundwater reliance in California, which would be devastating for the State and its people. While the NOP does not offer a definite project description, it suggests that the MCL for Hexavalent Chromium could be as low as 1 ppb.
- **Exacerbating drought conditions by limiting available water supply.** High treatment costs could result in increased use of surface water and other, non-groundwater sources of water. In a time of drought, the MCL could exacerbate water insecurity in California. Wells with water exceeding the MCL may be shut down where treatment of the water is not economically feasible. This shut down of impacted wells would be contrary to existing state policies emphasizing reliance on local water sources.
- **Increased dependency on surface waters would increase the need for water storage.** The MCL could spur a wave of reasonably foreseeable water storage and conveyance projects, as water agencies increasingly use surface waters to avoid the costs of compliance with the MCL. The need for water storage would require flooding large areas of land to store water, and the environmental impacts of transforming the environment in this manner must be analyzed.

Comment 3- ACWA encourages the State Water Board to develop a new Public Health Goal for Hexavalent Chromium.

ACWA encourages a review of the current public health goal (PHG) for Hexavalent Chromium and the development of a new risk assessment to determine the de minimis lifetime cancer risk from exposure to Hexavalent Chromium based on the most recent scientific information available. A revised PHG could better inform the State Water Board in determining the proper MCL for Hexavalent Chromium and streamline any EIR regarding MCL for Hexavalent Chromium to best select from the 17 options proposed.

ACWA appreciates. If you have any questions regarding these comments, please contact me at NickB@acwa.com or (916) 441-4545.

Sincerely,

Nicholas Blair
Regulatory Advocate

cc: The Honorable Joaquin Esquivel, Chair, State Water Resources Control Board

The Honorable Sean Maguire, Board Member, State Water Resources Control Board

Ms. Eileen Sobeck, Executive Director, State Water Resources Control Board

Mr. Darrin Polhemus, Deputy Director, State Water Resources Control Board
Division of Drinking Water

Mr. Michael Lauffer, Chief Counsel, State Water Resources Control Board

Mr. Dave Eggerton, Executive Director, Association of California Water Agencies

Ms. Cindy Tuck, Deputy Executive Director for Government Relations,
Association of California Water Agencies

Annual Holiday Social

Thursday,
December 9, 2021
at the

Blue Line Arts

405 Vernon Street, STE 100
Roseville, CA 95678

6:00 - 8:00 p.m. Cocktails
& Hors d'oeuvres
(No Host Bar)
8:00 - 9:00 p.m. Dessert

Spouses & Guests Welcome

Free parking garage located next
to Blue Line Arts.



Presentation of the
Regional Water Authority
Distinguished Service,
Water Statesperson of
the Year, and
Regional Management
Awards



Final Deadline to Respond:
Wednesday, December 1, 2021
No Exceptions

**Return this portion
with payment to:**

Regional Water Authority
5620 Birdcage Street, Suite 180
Citrus Heights, CA 95610
(916) 967-7692



Please complete and return
with payment to:
Regional Water Authority
by Wednesday, December 1, 2021

Name(s): _____

Organization: _____

Cost:
\$35 per person

Mail to:
Regional Water Authority
5620 Birdcage Street, Suite 180
Citrus Heights, CA 95610
(916) 967-7692

Regional Water Authority
5620 Birdcage Street, Suite 180
Citrus Heights, CA 95610

*You Are Cordially
Invited to Attend*

the
Regional Water Authority
and

Sacramento Groundwater
Authority

*Annual Holiday
Social*

Thursday, December 9, 2021



California State Treasurer
Fiona Ma, CPA



Local Agency Investment Fund
P.O. Box 942809
Sacramento, CA 94209-0001
(916) 653-3001

November 24, 2021

[LAIF Home](#)
[PMIA Average Monthly Yields](#)

SACRAMENTO GROUNDWATER AUTHORITY

ADMINISTRATIVE SERVICES MANAGER
5620 BIRDCAGE STREET, #180
CITRUS HEIGHTS, CA 95610

[Tran Type Definitions](#)

Account Number: 90-34-020

October 2021 Statement

Effective Date	Transaction Date	Tran Type	Confirm Number	Web Confirm Number	Authorized Caller	Amount
10/15/2021	10/14/2021	QRD	1688096	N/A	SYSTEM	547.33
10/22/2021	10/21/2021	RW	1689259	1649490	JOSETTE REINA-LUKEN	-50,000.00

Account Summary

Total Deposit:	547.33	Beginning Balance:	1,115,134.02
Total Withdrawal:	-50,000.00	Ending Balance:	1,065,681.35

SACRAMENTO GROUNDWATER AUTH.

Income Statement

September 2021

	<i>3 Months Ended September 30, 2021</i>	<i>Annual Budget</i>	<i>Unused</i>	<i>% Used</i>
REVENUES				
Groundwater Fees Revenue	476,742.00	476,742.00	0.00	100.0 %
Base Administrative Fee	377,570.00	377,570.00	0.00	100.0 %
Special Project Fees Revenue	0.00	145,000.00	145,000.00	
Cash Discount	68.04	0.00	(68.04)	
Interest Income	0.00	7,500.00	7,500.00	
TOTAL REVENUES	854,380.04	1,006,812.00	152,431.96	84.9 %
 Total REVENUE	 854,380.04	 1,006,812.00	 152,431.96	 84.9 %
 GROSS PROFIT	 854,380.04	 1,006,812.00	 152,431.96	 84.9 %
 OPERATING EXPENDITURES				
Staff Expenses				
General Salaries	97,103.09	455,941.00	358,837.91	21.3 %
Benefits/Taxes	28,630.41	222,921.00	194,290.59	12.8 %
Travel / Meals	224.11	11,000.00	10,775.89	2.0 %
Professional Development	0.00	4,000.00	4,000.00	
TOTAL Staff Expenses	125,957.61	693,862.00	567,904.39	18.2 %
Office Expenses				
Rent & Utilities	4,447.00	27,800.00	23,353.00	16.0 %
Insurance	4,437.00	16,500.00	12,063.00	26.9 %
Office Maintenance	0.14	400.00	399.86	0.0 %
Telephone	936.98	3,000.00	2,063.02	31.2 %
Dues and Subscription	1,087.00	6,300.00	5,213.00	17.3 %
Printing & Supplies	600.19	11,200.00	10,599.81	5.4 %
Postage	0.00	1,700.00	1,700.00	
Meetings	60.00	1,400.00	1,340.00	4.3 %
Computer Equipment/Support	2,283.40	20,000.00	17,716.60	11.4 %
TOTAL Office Expenses	13,851.71	88,300.00	74,448.29	15.7 %
Office Furniture & Equipment				
Office Furniture	0.00	3,600.00	3,600.00	
TOTAL Office Furniture & Equipment	0.00	3,600.00	3,600.00	
Professional Fees				
ADP / Banking Charges	329.14	1,600.00	1,270.86	20.6 %

	<i>3 Months Ended September 30, 2021</i>	<i>Annual Budget</i>	<i>Unused</i>	<i>% Used</i>
Audit Fees	0.00	14,350.00	14,350.00	
Legal Fees	4,851.00	44,100.00	39,249.00	11.0 %
GASB 68 reporting fee	700.00	0.00	(700.00)	
Consulting Expenses	0.00	11,750.00	11,750.00	
Budget/audit/actuarial	(0.20)	36,750.00	36,750.20	0.0 %
Human Resources Services	0.00	2,500.00	2,500.00	
TOTAL Professional Fees	5,879.94	111,050.00	105,170.06	5.3 %
Consulting - Program Management				
Annual Basin Management Report	0.00	20,000.00	20,000.00	
Monitor water quality/levels (AB 303)	0.00	5,000.00	5,000.00	
Maintain/Improve DMS	0.00	5,000.00	5,000.00	
Groundwater Modeling	0.00	10,000.00	10,000.00	
SGMA Consulting	84,139.25	88,490.00	4,350.75	95.1 %
TOTAL Consulting Program Management	84,139.25	128,490.00	44,350.75	65.5 %
TOTAL OPERATING EXPENDITURES	229,828.51	1,025,302.00	795,473.49	22.4 %
OPERATING INCOME (LOSS)	624,551.53	(18,490.00)	(643,041.53)	-3377.8 %
NET OPERATING INCOME (LOSS)	624,551.53	(18,490.00)	(643,041.53)	-3377.8 %
NET INCOME (LOSS) OF PROGRAM	624,551.53	(18,490.00)	(643,041.53)	-3377.8 %

AGENDA ITEM 10: DIRECTORS' COMMENTS