

**Issues/Questions Related to Discussion of
Potential SGA/SCGA Consolidation
San Juan Water District
February 4, 2022**

The following topics are issues or concerns that San Juan Water District has identified as needing more detailed discussion by the SGA Board of Directors (and potentially by the RWA Board of Directors), before any decision is made to incorporate SCGA in any manner.

SGMA and Management of Groundwater Basins

GSA governance

No matter what alternative is considered for any relationship between SGA and SCGA, SGMA requires a separate governing body for SGA as a GSA (and the same holds true for SCGA, with it also being a GSA). If SGA and SCGA merge and an additional joint governing body were established, what role would that body serve? Also, how would both that body and the SGA governing body be insulated from stakeholder issues, controversies, undesirable results in the South American Subbasin (SASb), existing or arising in SCGA area, or would a “merger” mean assuming those risks and obligation to address them if the SASb governing body is unable to do so and vice-versa? The SGA Board needs to discuss how this requirement for separate subbasin governance will affect its operations, independence and deliberations should there be a merger with SCGA.

NASb Governance

In December, 2022, SGA adopted a Memorandum of Agreement that defines how the North American Subbasin (NASb) will be managed and how its GSP will be implemented. That agreement was among the 5 GSAs in the subbasin, including SGA. A similar set of conditions (multiple GSAs jointly managing a subbasin) exists in the South American Subbasin, with SCGA being one of multiple GSAs responsible for managing the South American Subbasin. How would NASb SGMA governance be impacted by an SGA/SCGA merger which would then presumably incorporate SASb SGMA governance obligations? The SGA Board needs to discuss its agreement with the other NASb GSAs and how the management of the NASb might be affected by any potential merger with SCGA.

GSP Implementation

The GSPs for both the North and South American Subbasins contain management actions that SGA and SCGA either plan to implement or will implement if conditions warrant. These actions are different for each basin, and only overlap in limited ways. There are other differences between the GSPs that could affect the operation of an organization that combined SGA and SCGA in some manner. The SGA Board needs to understand what these potential impacts could be.

Organizational and Staffing Options

We appreciate the information that RWA/SGA and SCGA staff have provided in the two workshops that have been conducted by the SGA Board in October 2021 and most recently in late January 2022. The latter workshop addressed the difference in staffing

between the current RWA/SGA configuration and one potential option in which there is a merger of SGA and SCGA (with the projected allocation of staff time to RWA, SGA and SCGA needs). The SGA Board should also consider an option in which SCGA needs are met (possibly by the same complement of positions and time allocation as was presented on January 25) via a subscription program with RWA. This program would operate in a similar manner to other RWA subscription programs, including staff hired by RWA working on SCGA issues under the oversight of the SCGA Board, operating as the program management committee. There may be other staffing arrangements that should be presented as potential options as well, e.g. SCGA having its own staff and contracting for administrative support only.

Other SGA Operations

Water Accounting Framework

In 2006, SGA began developing a water accounting framework, to balance groundwater pumping with sustainable yield within its boundaries, and to establish a foundation for water transfers. The framework was adopted in 2010, and has been used effectively by SGA member agencies since that time. SGA took steps to ensure that the framework and the water banked thereunder would be accommodated by the 2022 GSP. SCGA and other GSAs in the North and South American Subbasins do not have similar frameworks, and may need to develop them to either manage groundwater use or to establish a foundation for exchanges and transfers. This disparity between SGA and SCGA could significantly affect the operations of a merged SGA/SCGA organization, including in terms of the demands on the time of any staff who work for SGA. The SGA Board should discuss this topic in detail before proceeding to consider a merger with SCGA.

Advocacy and Funding

SGA/RWA has invested heavily in Water Bank and advocacy of same, what level of investment has been made by SCGA in facilities/advocacy to improve its management over the same period? What is the implication going forward in terms of level of effort and potential conflict of interest or competition for state/federal financial resources?

Water Transfers

SGA agencies have a lengthy track record of successfully conducting water transfers (specifically groundwater substitution transfers), and they presumably plan to continue doing so. These transfers have not generated much controversy, although the 2020 transfers generated more commentary (including from SCGA agencies) than did the previous rounds. The SGA Board should also discuss this topic in detail before proceeding to consider a merger with SCGA.

Parcel Fee

What is the staffing burden associated with managing and accounting for the recently adopted SCGA parcel fee? Will SGA be required to adopt a similar funding structure for the NASb if the organizations were merged?

General Benefits

While there may be scenarios with potential financial savings and possibly shared and/or increased technical staffing, what is the benefit to SGA in taking on oversight (particularly as a merged Board) of the SCGA territory that could not be achieved without such a consolidation, e.g. through cooperative agreements, MOUs, etc.?

Business Case Analysis

We appreciate the presentations made by RWA/SGA and SCGA staff on staffing plans and salaries/benefits cost comparisons, most recently on January 25, 2022. It was a helpful overview of one potential scenario, and addressed at a high level the potential staffing allocations and overall salaries/benefits costs. Before proceeding with a potential merger with SCGA, the SGA Board should be provided with a more detailed business case analysis that covers current and projected revenues and expenses, program and project requirements, contracts, grants and loans management obligations, etc. for both SGA and SCGA. The analysis should also analyze the costs and benefits of merging these into one organization, or keeping them separate, or some hybrid option such as via a subscription program for SCGA. What assurances can be made, if any, that SGA (and RWA) dues will not need to be raised specifically to address unknown or unintended downstream impacts of merger?

Other

What is actual “connectivity” of North and South Sub-basins considering separated by the river? Is there any hydraulic connection between the two basins, or interaction between them, given that both have cones of depression and declines in elevation as one moves away from the American River and into the sub-basins?