

Briefing Material: SCGA and SGA Consolidation

Updated 4/6/2022

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Introduction

The purpose of this document is to outline the work plan and key issues for consideration as the boards of RWA, SCGA, and SGA make decisions regarding a potential consolidation of SGA and SCGA, with RWA serving as staff to the consolidated authority. This potential consolidation has been under consideration since 2019. The Consensus Building Institute facilitator will update this briefing document regularly.

Process Roadmap

Decision-Making Roadmap:

SCGA, SGA, and RWA Shared Operations

01/19/22

Discussion Topics and Phases for Decision-Making

The recommended approach anticipates boards' decisions to proceed to subsequent phases and finalizing the whole package in Phase 4.

Phase 1

Assessment: issues and questions

Vision for ideal organization

Decision-making timeline

Phase 2

Governance structures and options

- ☐ Representation
- ☐ Voting
- ☐ Public Involvement

Criteria for evaluating options

Phase 3

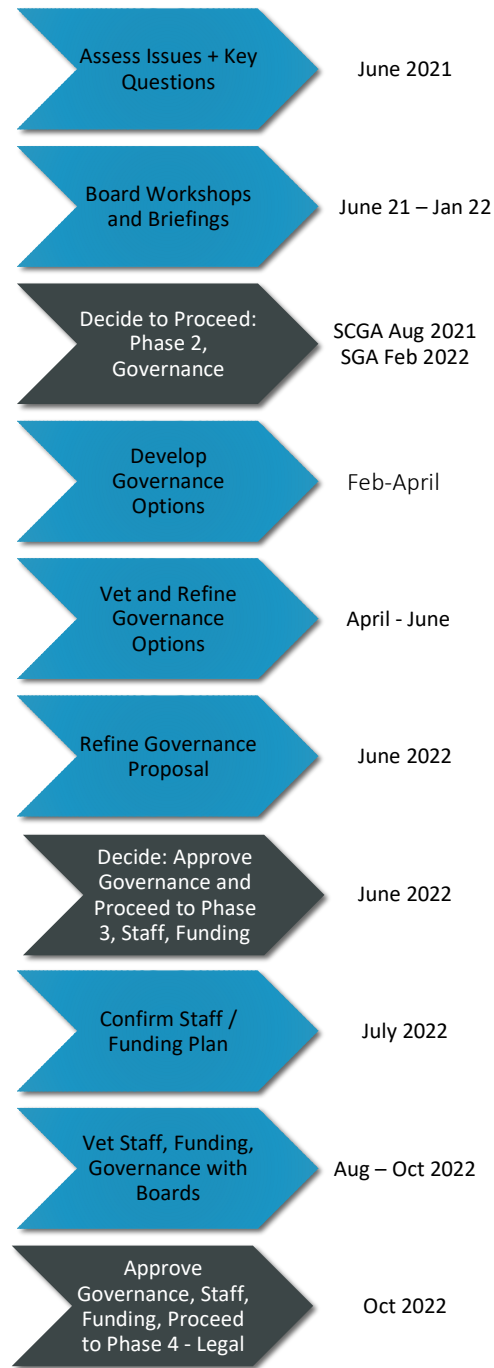
Staffing, funding, cost structure

Package governance, staffing, funding

Phase 4

Legal structure and documentation

Approval process



2022 Ad Hoc 3x3 Committee Members

SGA

Chair, Marcus Yasutake

Vice Chair Randy Marx

Director Robert Reisig

SCGA

Chair Paul Schubert

Vice Chair Dalia Fadl

Director Brett Ewart

RWA

Chair Dan York

Vice Chair Tony Firenzi

Director Kerry Schmitz

Jim Peifer, SGA and RWA Executive Director

John Woodling, Interim SCGA Executive Director

Staff: Rob Swartz, SGA and RWA

Facilitation Team: Gina Bartlett and Sophie Carrillo-Mandel, CBI

Criteria to Weigh Governance Options

The purpose of these criteria is to reflect the collective interests of the Authorities and assist in understanding and weighing governance structure proposals.

The Ad Hoc 3x3 Committee discussed these concepts during its April 6, 2022, meeting.

Effective regional groundwater coordination: Facilitates sustainable groundwater coordination and management in the North and South American Subbasins, including successful SGMA implementation and groundwater banking.

Representative, yet nimble: Structure encompasses beneficial users of groundwater, but is small enough to make decisions efficiently.

Opportunity for stakeholder engagement: Creates an opportunity for stakeholder engagement in sustainable groundwater management.

Cost efficient: Provides for operational efficiencies and cost savings.

Organizational integration: Integrates Boards' and organizational cultures. Draws on staff expertise effectively.

JPA signatories' support: Current signatories as well as future (if a JPA would be the structure moving forward).

Manages likely legal / financial risks or liability

Board Member Representation across Authorities

Agency	RWA	SGA	SCGA
California American Water	Member	Member	Member
Carmichael Water District	Member	Member	
Citrus Heights Water District	Member	Member	
City of Elk Grove			Member
City of Folsom	Member	Member	Member
City of Lincoln	Member		
City of Rancho Cordova			Member
City of Roseville	Member		
City of Sacramento	Member	Member	Member
City of West Sacramento	Member		
City of Yuba City	Member		
Del Paso Manor Water District	Member	Member	
El Dorado Irrigation District	Member		
Elk Grove Water District	Member		Member
Fair Oaks Water District	Member	Member	
Golden State Water Company	Member	Member	Member
Orange Vale Water Company	Member	Member	
Placer County Water Agency	Member		
Rancho Murieta Community Services District	Member		Member
Rio Linda/Elverta Community Water District		Member	
Sacramento County Water Agency	Member	Member	Member
Sacramento Suburban Water District	Member	Member	
San Juan Water District	Member	Member	
County of Placer	Associate		
El Dorado County Water Agency	Associate		
Sacramento Area Flood Control Agency (SAFCA)	Associate		
Sacramento Municipal Utility District (SMUD)	Associate		
Sacramento Regional County Sanitation District	Associate		Member
Agriculture		Member	Member
Natomas Central MWC		Member	
Self Supplied Industry		Member	Member
Agricultural-Residential			Member
Conservation Landowners			Member
Public Agencies Self-Supplied			Member

Existing Joint Powers Agreement Signatories

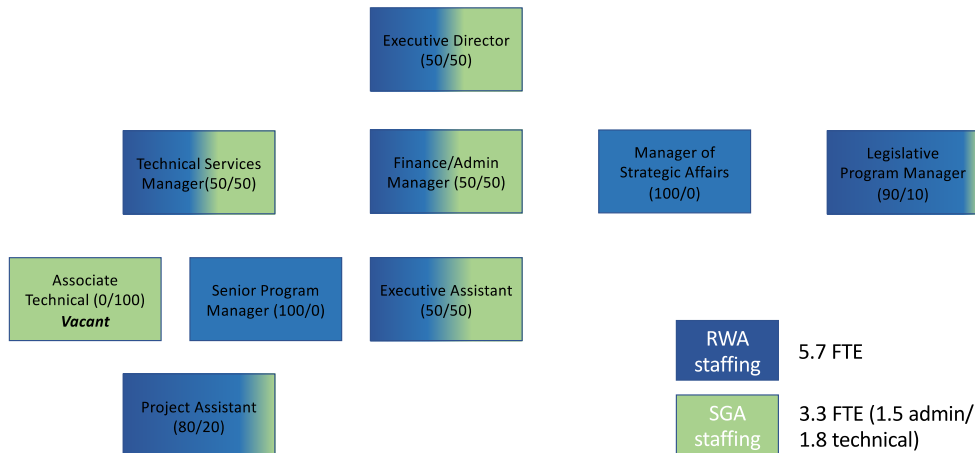
SGA JPA Signatories	SCGA JPA Signatories
Sacramento County	Sacramento County
City of Folsom	City of Folsom
City of Sacramento	City of Sacramento
City of Citrus Heights	
	City of Elk Grove
	City of Rancho Cordova

Staffing Concept – Working Proposal

These staffing considerations are based on the recommendations of the “3x3 RWA-SCGA-SGA Ad Hoc Committee” (3x3 Committee) convened from August to December of 2020 to contemplate staffing issues and options. The outcomes of the 3x3 Committee’s deliberations were presented in December 2020 – January 2021. SGA / RWA staff member Rob Swartz presented this same proposed staffing structure to the SGA board on Jan 25, 2022, included here for easy reference.

Current RWA and SGA Staffing

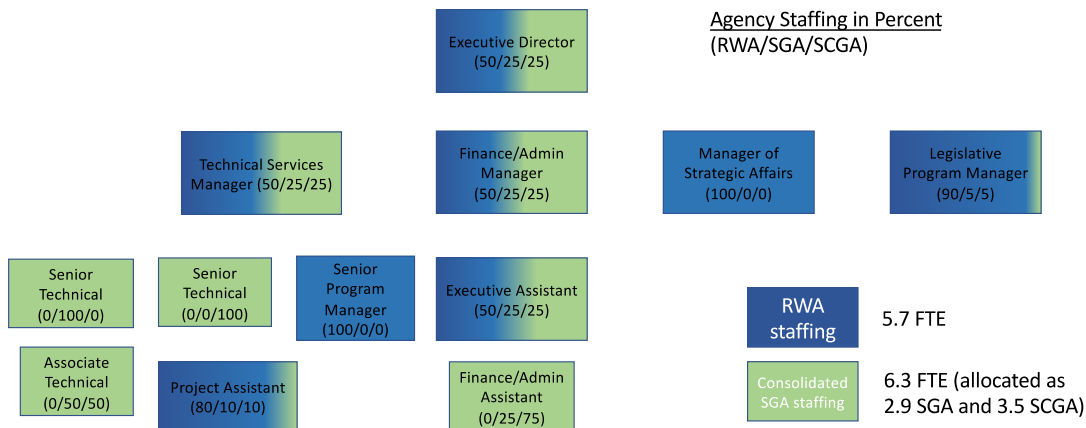
SGA



Presented to SGA Board 01/25/2022

Potential RWA and Combined SGA Staffing

SGA



Presented to SGA Board 01/25/2022

Cost Estimates – Working Proposal

Staff presented this potential cost estimate to the SGA Board on Jan. 25, 2022. For the purposes of developing a governance structure proposal in Phase 2, the Boards will assume that this staffing model / cost estimate is the working proposal. In Phase 3 Funding would likely be generated via dues and grants. A detailed funding plan would be developed as part of the package for consideration.

Budget Comparison

SGA

Current

Staffing	RWA	SGA
Executive Director	50%	50%
Technical Services Manager	50%	50%
Senior Technical - North American		
Senior Technical - South American		
Senior Program Manager (WEP)	100%	
Associate Specialist		100%
Project Assistant	80%	20%
Finance/Admin Manager	50%	50%
Executive Assistant	50%	50%
Finance/Admin Assistant		
Manager of Strategic Affairs	100%	
Legislative Program Manager	90%	10%
FTE	5.7	3.3
Estimated FY23 Loaded Labor Costs	\$ 1,322,058	\$ 715,478

1.8 technical staff

Potential

Staffing	RWA	SGA	SCGA
Executive Director	50%	25%	25%
Technical Services Manager	50%	25%	25%
Senior Technical - North American		100%	
Senior Technical - South American			100%
Senior Program Manager (WEP)	100%		
Associate Specialist		50%	50%
Project Assistant	80%	10%	10%
Finance/Admin Manager	50%	25%	25%
Executive Assistant	50%	25%	25%
Finance/Admin Assistant		25%	75%
Manager of Strategic Affairs	100%		
Legislative Program Manager	90%	5%	5%
FTE	5.7	2.9	3.4
Estimated FY23 Loaded Labor Costs	\$ 1,322,058	\$ 632,739	\$ 698,739

1.9 technical staff

Presented to SGA Board 01/25/2022

Options Considered and Rationale for Setting Aside

“Triangle” Option – RWA provides Staff to SGA and SCGA

This option is not feasible because the complexity of the staffing necessary to manage a third organization. Costs would increase. This option would necessitate a separate membership in PERS with a different retirement formula for a subset of staff that would be problematic.

Timeline of Activities to Date

Timeline	Major Activities
Jan. 25, 2022	SGA Board votes to move to Phase 2 governance
Aug. 12, 2021	SGA Board Workshop
Aug. 11, 2021	SCGA Board votes to move to Phase 2 governance
June 7, 2021	Joint Board Workshop on assessment and process recommendations
April-June 2021	Consensus Building Institute conducts independent issue assessment via interviews and Tri-Board (RWA, SCGA, SGA) Workshop
March 2021	Secure DWR funding and hire impartial facilitation services from the Consensus Building Institute
Dec 2020 to Jan 2021	3x3 Report - Presentations on Staffing to RWA, SGA and SCGA
Aug to Dec 2020	3x3 members ⁽¹⁾ (chair, vice chair, +1 from each authority) discuss proposed staffing for SCGA
July 2020	RWA-SGA-SCGA MOU approved and “3x3” Committee convened
March 2020	Water Forum White Paper presented to SCGA
December 2019	RWA presents to the SCGA Board on RWA staffing for SGA
August 2019	Established “2x2” meetings (Chair and Vice Chair of the authorities) to begin discussing the potential to have the RWA provide staffing to SCGA
2019	SCGA prepares a strategic plan that includes provisions to: <ul style="list-style-type: none"> ▪ “Consider status quo, merger with SGA, or other measures to most effectively and efficiently govern” ▪ “Create new governance to foster independence, transparency, accountability, and cost efficiency as it relates to the long term management of the basin.”

(1)

2020 Ad Hoc 3x3 Committee Members

RWA: Kerry Schmitz (Sacramento County Water Agency), Sean Bigley (City of Roseville) , Cathy Lee (Carmichael Water District)

SGA: Caryl Sheehan (Citrus Heights Water District), Brett Ewart (City of Sacramento), Robert Reisig (Rio Linda Elverta Community Water District)

SCGA: Todd Eising (City of Folsom), Paul Schubert (Golden State Water Co.), Dalia Fadl (City of Rancho Cordova)

[3x3] Ad Hoc Committee Operating Guidelines

SCGA - SGA – RWA

Updated 3/14/2022 Prepared by Senior Mediator Gina Bartlett, CBI

On March 16, 2022, the 3x3 Ad Hoc Committee agreed to work under these guidelines.

Intent

The purpose of the 3x3 Ad Hoc Committee is to develop a recommended governance structure for a consolidated SGA – SCGA. The boards of SCGA and SGA are the ultimate decision makers on consolidation and the governance option. The RWA Board must authorize any needed changes to the management agreement between SGA and RWA.

The 3x3 will serve as a representative group to anticipate issues to be considered in developing governance proposals. Staff in cooperation with the facilitator will develop the governance proposal(s) for the boards to consider that reflect the insights of the Ad Hoc 3x3 Committee.

Tasks

The primary tasks of the Ad Hoc 3x3 Committee are to:

- ✦ Help develop vision for a consolidated entity.
- ✦ Identify criteria to evaluate governance options considering board feedback to date.
- ✦ Discuss governance structure options, including representation, voting, and public involvement.
- ✦ Vet and refine governance options with the three boards, refining the proposals for governance based on feedback received.
- ✦ Submit governance proposal to the SGA and SCGA boards by June 2022.

Meetings and Schedule

Staff have scheduled six meetings, every two weeks for 75 minutes. The goal is to craft a governance proposal by June 2022.

Roles and Responsibilities

Board Members

Board members can jointly explore but must independently evaluate options and proposals. Ultimate decision making is with each board, following board protocols. Ad Hoc 3x3 Committee members along with the Executive Directors will regularly update each Authority.

Executive Directors

Per the MOU, the Executive Directors of SGA, RWA, and SCGA will participate in the committee.

Staff

Staff will provide technical expertise and supportive information.

Facilitator

The Consensus Building Institute (CBI) will provide impartial facilitation services and guidance on governance structures. The primary role of the facilitator is to work with all the parties to ensure the process is credible and effective. The facilitator will organize the process, developing a work plan, designing meetings, and guiding the group toward its desired outcomes. The facilitator may identify and synthesize points of agreement, assist in building consensus, and serve as a confidential communication channel for participants. CBI also works with organizations designing governance structures and can share best practices and examples with the Ad Hoc.

Decision Making

The Ad Hoc 3x3 Committee will strive for consensus outcomes and proposals where possible, recognizing that each Authority board retains full decision-making autonomy. The definition of consensus spans the range from strong support to neutrality, to “I can live with it,” to abstention.

When exploring the level of support for any proposal, the facilitator will check with each Authority as an entity.

If the Ad Hoc 3x3 Committee does not agree on a particular issue, staff and the facilitator will write up the viewpoints as appropriate and present to the boards for decision.

Process Agreements

The following process agreements will guide the Ad Hoc 3x3 Committee’s work.

Everyone agrees to factor in existing information that has been presented to boards. Staff have presented detailed information and numerous proposals, including most recently, a staffing and funding proposal to the boards of the Authorities. The Ad Hoc will build on previous boards’ conversations and proposals and refrain from revisiting options that have already been “set aside” unless compelling or new information has emerged. For this phase, the Ad Hoc will assume that the staffing and funding structure, presented during the SGA Board meeting on Jan 25, 2022, is the working model. Once governance is decided, staff may revisit the staffing and funding proposal and present to the boards as part of Phase 3.

Everyone agrees to address the issues and concerns of the three boards, to the extent that those issues and concerns are understood. For the process to be successful, committee members acknowledge the issues and concerns of the Authorities and will attempt to craft a proposal that is responsive. When unable to be responsive to a particular issue, the Ad Hoc will document and continue its work, recognizing that the boards of the Authorities will ultimately decide on the governance structure and consolidation.

Working Agreements

All ideas and points of view have value.

Focus on the work at hand: Thank you in advance for staying focused on the task set in the meeting and attempting to move the process forward.

Take Space. Make Space.

Honor the overall timeline of this effort and each meeting: The goal is to use the Ad Hoc 3x3 Committee's time as effectively as possible. Participants will strive to be concise and follow the process.