

**SACRAMENTO GROUNDWATER AUTHORITY
SPECIAL MEETING OF THE BOARD OF DIRECTORS
Tuesday, May 17, 2022; 9:30 a.m.**

AGENDA

**This is a Special Board Meeting regarding Phase 2 - Governance
Options of the Sacramento Groundwater Authority (SGA) and
the Sacramento Central Groundwater Authority (SCGA)**

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 in the customer service area of the Authority's Administrative Office at the address listed above. 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 the Executive Director of the Authority at (916) 847-7589. Requests must be made as early as possible, and at least one full business day before the start of the meeting. The Board of Directors may consider any agenda item at any time during the meeting.

Note: Pursuant to the Governor's Executive Order N-29-20 and given the state of emergency regarding the threat of COVID-19, the meeting will be held via teleconference.

Meeting Information:

Tues., May 17, 2022 9:30 AM - 11:30 AM (PST)

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

<https://global.gotomeeting.com/join/621468781>

You can also dial in using your phone.

United States: [+1 \(312\) 757-3121](tel:+13127573121)

Access Code: 621-468-781

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. Any Board members 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.

Action: Approve Consent Calendar

**4. POTENTIAL GOVERNANCE OPTIONS FOR INTEGRATION OF
SACRMENTO GROUNDWATER AUTHORITY (SGA) AND SACRAMENTO
CENTRAL GROUNDWATER AUTHORITY (SCGA)**

Presentation and Discussion: Led by Gina Bartlett, Consensus Building Institute

Action: Provide Direction on Preference for Potential Governance Options

5. APPOINTMENT TO THE 3X3 COMMITTEE

Action: Chair to Appoint a Member to the 3x3 Committee

ADJOURNMENT

2022 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 Chair Kerri Howell (alternate)	Folsom City Council
City of Sacramento	Jeff Harris Brett Ewart (alternate) Larry Carr (alternate)	Sacramento City Council
County of Sacramento	Sue Frost Kerry Schmitz (alternate) Darrell Eck (alternate) Michael Peterson (alternate)	Sacramento County
Del Paso Manor Water District	Robert Matteoli Vacant (alternate)	Sacramento City Council
Fair Oaks Water District	Randy Marx Vice Chair 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 Vacant (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 Dan Rich (alternate)	Sacramento County
Agriculture	Mike DeWit	Sacramento County
Self-Supplied Industry	Larry Johnson	Sacramento City Council

May 2022

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. Any Board member 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.

Action: Approve Consent Calendar Item

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 2021 Board meeting and re-approved it on November 10, 2021, December 9, 2021, January 6, 2022, January 25, 2022, February 10, 2022, March 10, 2022, April 7, 2022 and May 2, 2022. 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.

Per legal counsel's recommendation, 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 17th day of May, 2022 by the following vote:

AGENDA ITEM 4: POTENTIAL GOVERNANCE OPTIONS FOR INTEGRATION OF SACRAMENTO GROUNDWATER AUTHORITY (SGA) AND SACRAMENTO CENTRAL GROUNDWATER AUTHORITY (SCGA)

BACKGROUND:

On February 10, 2022, the SGA Board of Directors voted to proceed to Phase 2 of the Process Roadmap to develop a governance proposal for Sacramento Groundwater Authority – Sacramento Central Groundwater Authority Consolidation. The purpose of this SGA special board meeting is to provide information on possible governance models for a merged organization and receive board input on which option(s) are the most supported from the SGA perspective, possible mechanisms for addressing concerns expressed regarding a merged organization, and next steps in the process.

Potential governance models include:

- An organization with a board and subbasin councils that has a similar form of governance to the existing SGA and SCGA
- An organization with a board but does not have subbasin councils. The organization is similar form of governance to the existing SGA and SCGA
- A newly-formed organization that utilizes SGMA powers that does not rely on current underlying JPA signatories

Attached to this staff report is briefing document that provides additional details of the governance models discussed and some of the pros and cons raised through the committee meetings (see pages 6-9 of the Briefing Material document). Finally, a summary of the most recent 3x3 Ad Hoc Committee meeting is attached.

Action: Provide Direction on Preference for Potential Governance Options

Presentation and Discussion: Led by Gina Bartlett, Consensus Building Institute

Attachments:

1. Briefing Material: SCGA and SGA Consolidation, updated 5/6/2022, prepared by Gina Bartlett
2. Summary: 3x3 Ad Hoc Committee, April 19, 2022 (Meeting 3)

Briefing Material: SCGA and SGA Consolidation

Updated 5/6/2022

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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 (*Deceased in April 2022*)

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

Ad Hoc 3x3 Meetings and Anticipated Topics

Dates	Anticipated Discussion Topics
1 3/16 at 1	Committee organization: operating guidelines and process road map Vision for consolidated entity
3/30 at 9	<i>Meeting cancelled, delaying development of work prior to April Board meetings.</i>
2 4/6 at 9	Criteria to weigh options Discuss roles and responsibilities and public involvement for effective groundwater management Prepare to brief Boards
4/7 at 9	SGA Board Meeting - <i>provide high level briefing</i>
4/13 at 9	SCGA Board Meeting – <i>provide high level briefing</i>
3 4/20 at 9	Discuss Board feedback Revisit vision statement Continue discussing roles, responsibilities, and potential structure Prepare to brief Boards on Criteria and Roles and Responsibilities
5/17 at 9:30	SGA Board Special Meeting or <i>Vision, Criteria, Roles and Responsibilities, Options Discussion</i>
4 5/18 at 9	Discuss any Board feedback Develop proposal for potential structure Begin discussing board representation and voting
5 5/24 at 3	Continue discussing board representation and voting Craft governance proposal for Boards' consideration Review materials to be submitted to boards
By June 1	<i>may need to defer if not yet ready</i> Submit Proposed Governance Structure to Boards
6/8 at 9	SCGA Board Meeting
6/9 at 9	SGA Board Meeting
7/14 at 8:30	RWA Board Meeting

Vision for a Consolidated Entity – Working Proposal

On 4/20/22, the 3x3 agreed to this vision statement as its working proposal. The Committee also discussed during its inaugural meeting on 3/16/2022. The Committee recognized that a new entity would need to undergo strategic planning and develop its own mission, vision, and goals. The purpose of the vision is to serve as a “north star” for considering governance options for the consolidated entity.

Sustainably and cost effectively manage groundwater to support the regional economy, environment, and quality of life and collaboratively govern with representation and engagement of water suppliers and stakeholders in the North and South American Sub-basins.

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 and generally supported these concepts during its 4/6/22 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

Governance, Engagement, and Groundwater Management

V: 4/29/2022. Modified after 4/6/2022 and 4/20/2022 Committee discussions.

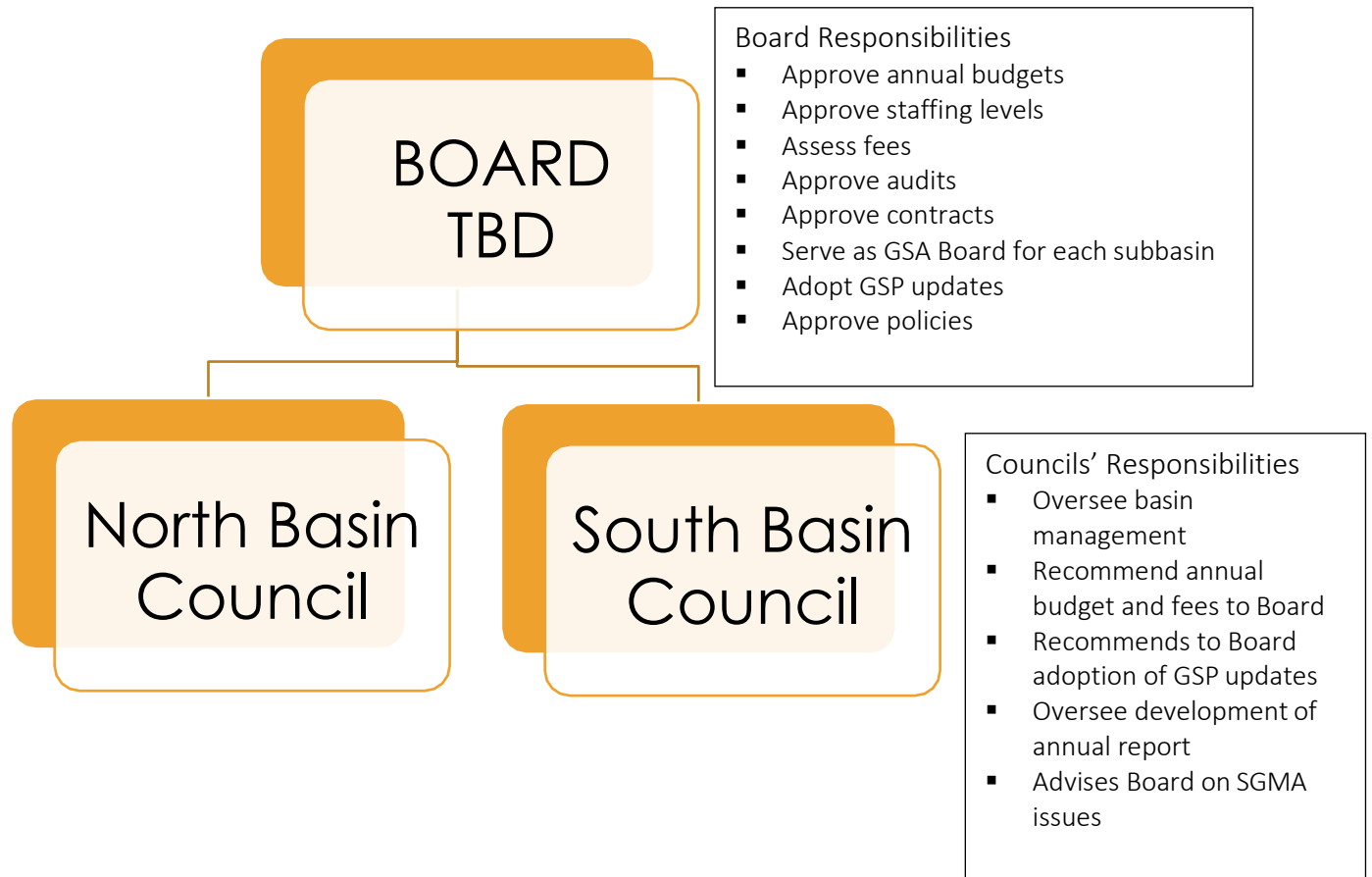
Roles and Responsibilities for Sustainable Groundwater Management

What would the ideal structure look like to achieve sustainable groundwater management?

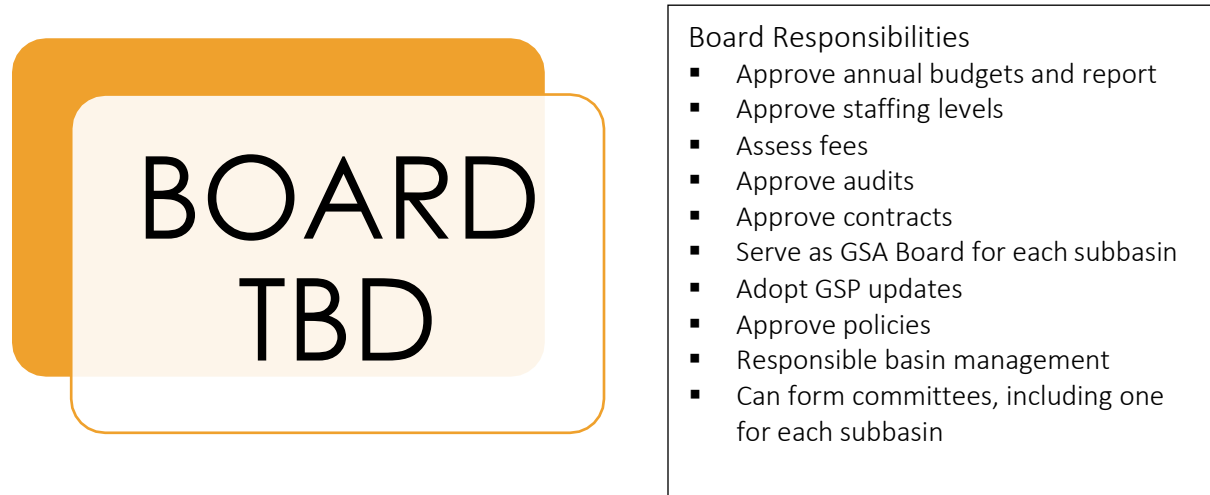
What is an effective way to engage stakeholders in groundwater management?

Option 1: Establish Board with active Subbasin Councils

(Either combining existing boards or a reconfiguration)



Option 2: Establish Single Board
(Either combining existing boards or a reconfiguration)



Option 3 "SGMA Model" - Eliminate existing JPA Authority and Re-form under SGMA
(using MOA or JPA with an additional agreement with investor-owned utilities)

Pros and Cons of the Options

The 3x3 will continue to explore the pros and cons of these options with the Authorities' Boards.

<p>Option 1: Establish Board with active Subbasin Councils <i>Subbasin councils would provide a forum for subbasin-specific groundwater issues and targeted stakeholder engagement</i></p>		
<p>Pros</p> <ul style="list-style-type: none"> ▪ Subbasin councils provide in-depth discussion forum on specific GW issues ▪ Preserves some functional elements of SGA & SCGA ▪ Allows flexible response to local needs 	<p>Cons</p> <ul style="list-style-type: none"> ▪ Bifurcation does not necessarily support co-managing groundwater resources to the benefit of everyone ▪ Potential inefficiencies with multiple authorities and meetings ▪ Complication identifying what issues apply to only one basin vs. both basins 	<p>Other Considerations</p> <ul style="list-style-type: none"> ▪ Current JPA could change ▪ Basin councils retain expertise ▪ Shared staff and coordinated meetings would help with consistency of information ▪ Would representatives that pump from both basins have more votes or power?
<p>Option 2: Establish Board under current JPA <i>Topic-specific subcommittees would be the forum for regional issues and stakeholder engagement</i></p>		
<p>Pros</p> <ul style="list-style-type: none"> ▪ Easier to keep board informed ▪ Potentially more streamlined 	<p>Cons</p> <ul style="list-style-type: none"> ▪ Would require large and possibly duplicative board to represent all the representative interests ▪ Concern for less (or diluted) local control and engagement in technical issues 	<p>Other Considerations</p> <ul style="list-style-type: none"> ▪ Board could form topic-specific committees ▪ "Roll call" system could provide regional emphasis ▪ If these two subbasins combine, there may be justification to combine the whole Sacramento Valley basin – where are the "firewalls"?
<p>Option 3: Eliminate existing JPA authority and re-form under SGMA (using MOA or JPA with a side agreement with investor-owned utilities)</p>		
<p>Pros</p> <ul style="list-style-type: none"> ▪ Participants have more flexibility in appointing their representatives 	<p>Cons</p> <ul style="list-style-type: none"> ▪ Lose police powers provided for under JPA (curtailing GW pumping) 	<p>Other Considerations</p> <ul style="list-style-type: none"> ▪ The JPA could be refined rather than using an MOA

<ul style="list-style-type: none"> ▪ Could eliminate some of the minor inconsistencies between SGMA authority and existing JPA limitations 	<p><i>(JPA can only exercise common powers)</i></p> <ul style="list-style-type: none"> ▪ SCGA would not be able to proceed as CalPERS employer ▪ MOAs tend to be less autonomous bodies resulting in inefficiencies in decision-making ▪ If an MOA participant withdraws, this leaves a gap in management area 	
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Board Member Representation across Authorities

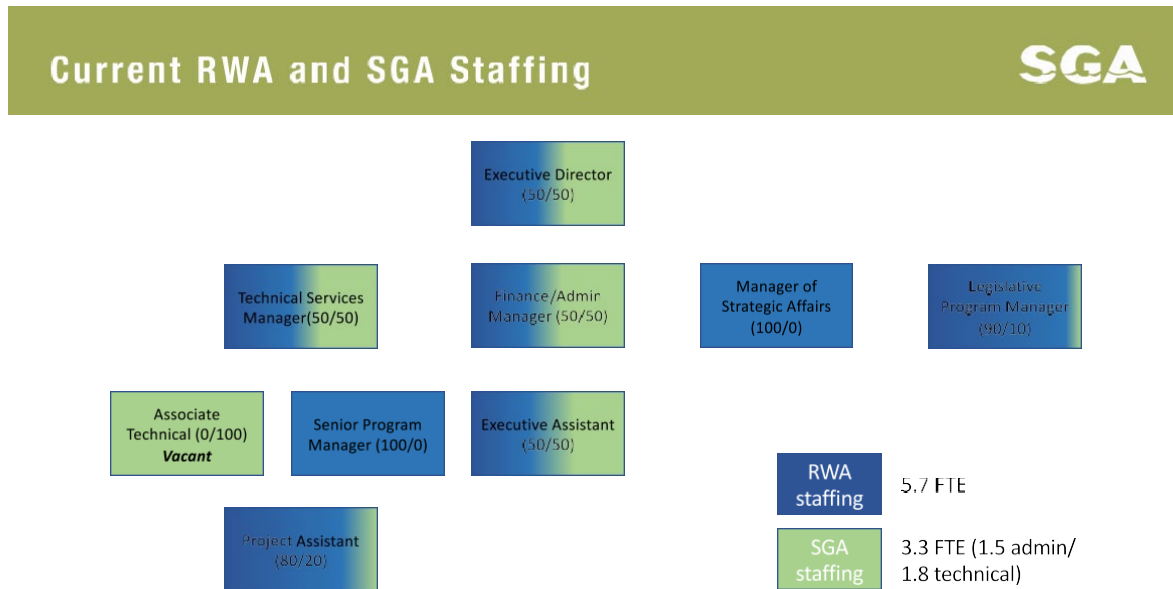
Agency	RWA	SGA	SCGA
California American Water	Member	Member	Member
Carmichael Water District	Member	Member	
Citrus Heights Water District	Member	Member	
City of Elk Grove			Member
City of Folsom	Member	Member	Member
City of Lincoln	Member		
City of Rancho Cordova			Member
City of Roseville	Member		
City 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

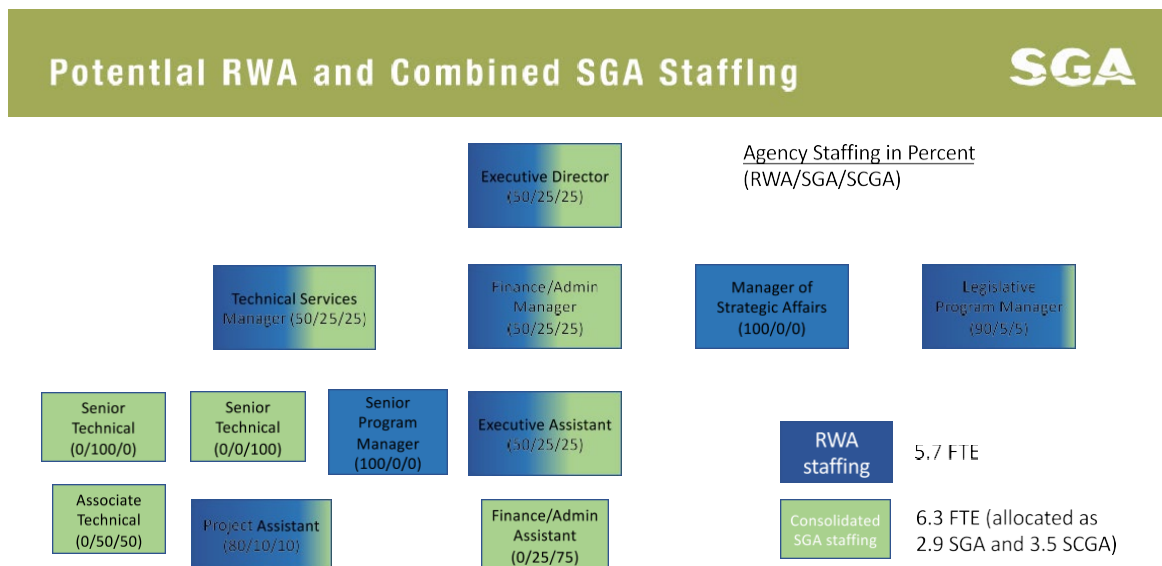
SGA JPA Signatories	SCGA JPA Signatories
Sacramento County	Sacramento County
City of Folsom	City of Folsom
City of Sacramento	City of Sacramento
City of Citrus Heights	
	City of Elk Grove
	City of Rancho Cordova

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.



Presented to SGA Board 01/25/2022



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.

SCGA – SGA – RWA

Summary: 3x3 Ad Hoc Committee

April 19, 2022 (Meeting 3)

Meeting in Brief

Vision for a Consolidated Entity – Working Proposal

The 3x3 agreed to this working draft vision for a consolidated groundwater management entity:

“Sustainably and cost effectively manage groundwater to support the regional economy, environment, and quality of life and collaboratively govern with representation and engagement of water suppliers and stakeholders in the North and South American Sub-basins.”

Potential Structures for Governance

With groundwater management as the critical driver for the consolidated entity, the 3x3 began identifying pros and cons of three potential governance models. Committee members seemed to lean more toward the first two options.

1. Combine existing boards under current JPA model, with active subbasin councils
Active subbasin councils would provide a forum for subbasin-specific groundwater management discussions and targeted stakeholder engagement.
2. Combine existing boards under current JPA into a single board
Topic-specific subcommittees would be the forum for regional issues and stakeholder engagement.
3. “SGMA Model” Eliminate existing JPA authority and reform using a memorandum of understanding under SGMA

Sharing Information and Soliciting Input from Board

On May 18, SGA representatives will present the working vision, criteria to weigh governance options, and draft roles and responsibilities and invite feedback on the pros and cons of the three options.

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## Honoring Bob Reisig

At the opening of the meeting, 3x3 members expressed their condolences to the family and colleagues of SGA 3x3 representative Bob Reisig, who passed away over the weekend.

## Updates on Board Feedback

### SGA Feedback

SGA representatives reported that in the April 7 meeting, some SGA Board members voiced dissatisfaction that the 3x3 meetings are not public. SGA’s legal counsel is clear the meetings are not required to be public, and representatives will reiterate this to the SGA Board. SGA

representatives will continue to share 3x3 meeting summaries and briefing materials with the board. SGA staff will also schedule a Special Board Meeting at the board's request to discuss the 3x3's work-to-date.

#### SCGA Feedback

SCGA representatives reported that at the April 13 meeting, the board provided positive feedback on the 3x3 briefing materials and recommended more emphasis on stakeholder engagement.

### Vision for a Consolidated Entity – Revisit Revised Statement

The 3x3 agreed to the following working vision statement to serve as a “north star” for considering governance options for the consolidated entity:

“Sustainably and cost effectively manage groundwater to support the regional economy, environment, and quality of life and collaboratively govern with representation and engagement of water suppliers and stakeholders in the North and South American Sub-basins.”

This statement reflects emphasis from the first 3x3 meeting on the importance of groundwater management, regional benefits, and representation in the consolidation process, as well as additional input in the April 19 3x3 meeting.

Members included the terms “representation” and “engagement” to be responsive to important previously feedback received from boards, or instead to simplify the entire statement to “Sustainably and cost effectively manage groundwater through collaborative governance in the North and South American Sub-Basins,” to focus on a broad vision and save detail for the consolidation design process. Ultimately the 3x3 agreed that the above statement is a good foundation for a vision and can be revised as needed throughout the process.

### Roles and Responsibilities and Potential Structures for Governance

Rob Swartz described three potential structures for a consolidated groundwater management entity, based on conversations over the last few years and previous 3x3 comments. The table below delineates the 3x3's identified pros, cons, and other considerations for each option.

R. Swartz noted that in both Proposal 1 and Proposal 2, implementing a “roll call” system in which board members would vote only on issues relevant to their subbasin would be a possibility. For example, board agendas might consist of process items (approving minutes, consent calendars) and general business (budgets, etc.) voted on by all members, then South American business voted on by those members, followed by North American business voted on by those members. The 3x3 noted that making the distinction between which basin would vote on which issues could become overly complicated, and that the legality of this approach needs to be verified. Members reiterated that county boards of supervisors are one example of approaches in which board members vote on issues not affecting their specific geographic constituencies.

Members expressed concern for inefficiency and bifurcation in Proposal 1 and concern for an unwieldy board with diluted local control with Proposal 2.

Proposal 3 was not popular because the entity would lose the police powers provided for under the JPA, including the ability to curtail pumping. Also, SCGA could not exist as a CalPERS employer under this proposal. Members evenly supported the first two options and will take all three options to their boards when opportune to invite comments on the pros and cons of each option.

|                                                                                                                                                                                                                                                                      |                                                                                                                                                                                                                                                                                                                                          |                                                                                                                                                                                                                                                                                                                                          |
|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>Proposal 1: Combine existing Boards under current JPA model, with subbasin councils</b><br><i>Sub-basin councils would provide a forum for subbasin-specific groundwater issues and targeted stakeholder engagement</i>                                           |                                                                                                                                                                                                                                                                                                                                          |                                                                                                                                                                                                                                                                                                                                          |
| <u>Pros</u> <ul style="list-style-type: none"> <li>• Sub-basin councils provides in-depth discussion forum on basin-specific GW issues</li> <li>• Preserves some functional elements of SGA &amp; SCGA</li> <li>• Allows flexible response to local needs</li> </ul> | <u>Cons</u> <ul style="list-style-type: none"> <li>• Bifurcation does not necessarily support co-managing groundwater resources to the benefit of everyone</li> <li>• Potential inefficiencies with multiple authorities and meetings</li> <li>• Complication identifying what issues apply to only one basin vs. both basins</li> </ul> | <u>Other Considerations</u> <ul style="list-style-type: none"> <li>• Current JPA could change</li> <li>• Basin councils retain expertise</li> <li>• Shared staff and coordinated meetings would help with consistency of information</li> <li>• Would representatives that pump from both basins have more votes or power?</li> </ul>    |
| <b>Proposal 2: Combine existing boards under current JPA into a single board</b><br><i>Topic-specific subcommittees would be the forum for regional issues and stakeholder engagement</i>                                                                            |                                                                                                                                                                                                                                                                                                                                          |                                                                                                                                                                                                                                                                                                                                          |
| <u>Pros</u> <ul style="list-style-type: none"> <li>• Easier to keep board informed</li> <li>• Potentially more streamlined</li> </ul>                                                                                                                                | <u>Cons</u> <ul style="list-style-type: none"> <li>• Board could to be too large, cumbersome to represent all stakeholder interests</li> <li>• Concern for less (or diluted) local control and engagement in technical issues</li> </ul>                                                                                                 | <u>Other Considerations</u> <ul style="list-style-type: none"> <li>• Board could form topic-specific committees</li> <li>• “Roll call” system could provide regional emphasis</li> <li>• If these two subbasins combine, there may be justification to combine the whole Sacramento Valley basin – where are the “firewalls”?</li> </ul> |
| <b>Proposal 3: Eliminate existing JPA authority using MOA under SGMA</b>                                                                                                                                                                                             |                                                                                                                                                                                                                                                                                                                                          |                                                                                                                                                                                                                                                                                                                                          |
| <u>Pros</u>                                                                                                                                                                                                                                                          | <u>Cons</u> <ul style="list-style-type: none"> <li>• Lose police powers provided for under JPA (i.e., curtailing GW pumping)</li> </ul>                                                                                                                                                                                                  | <u>Other Considerations</u> <ul style="list-style-type: none"> <li>• The JPA could be refined rather than using an MOA</li> </ul>                                                                                                                                                                                                        |

|  |                                                                                                             |  |
|--|-------------------------------------------------------------------------------------------------------------|--|
|  | <ul style="list-style-type: none"> <li>• SCGA would not be able to proceed as a CalPERS employer</li> </ul> |  |
|--|-------------------------------------------------------------------------------------------------------------|--|

3x3 members seemed to evenly support options 1 and 2, but no member voiced support for option 3. 3x3 members will continue discussing the options as a committee and with the boards for feedback.

As a next step, the facilitator recommended the 3x3 evaluate how well each proposed structure meets the criteria to weigh governance options identified in Meeting 2.

## Preparing for Board Briefings

At the next opportunity, Committee members will share with the boards the working vision, criteria to weigh governance options, draft roles and responsibilities, and the potential governance structures with pros and cons. Staff will include graphical representations for options 1 and 2 in the briefing materials.

## Updating RWA

Jim Peifer reflected that while RWA would like a high-level informational briefing on the 3x3 process at its May board meeting, it does not need to provide feedback, as it sees the consolidated governance structure as a decision between SGA and SCGA.

## SGA Upcoming Workshop

SGA plans to schedule a May workshop to discuss the consolidation and consider these 3x3 work products. This workshop will be in addition to the May meeting, which already has a very full agenda.

## SCGA Meeting

SCGA does not have a May board meeting, but 3x3 representatives will work with staff to discuss at its June 2 board meeting if not before.

## Next Steps

Board input will inform discussion for the 3x3 to narrow down governance options in the May 18 and 24 meetings, and potentially identify a preferred option to present to the three authorities in June, with other options for discussion. Staff may schedule a joint SGA-SCGA workshop after internal board discussions. The facilitator noted that the June schedule for sharing a preferred option is ambitious and so the 3x3 can see how things progress in May and then decide how to proceed.

A member suggested seeking a guest speaker for the May 18 3x3 meeting who could share personal experience about considerations and potential pitfalls in consolidations and mergers.

## **AGENDA ITEM 5: APPOINTMENT TO THE 3X3 COMMITTEE**

### **BACKGROUND:**

The Memorandum of Understanding between the RWA, SGA and SCGA establishes a 3x3 Ad Hoc Committee to facilitate the discussions regarding a consolidation. A vacancy exists on the 3x3 Committee with the passing of Mr. Robert Reisig.

The appointment will need to be a representative from an agency that is not a member of the RWA or the SCGA. The Chair will select the representative in accordance with SGA policy.

**Action: Chair to Make an Appointment to the 3x3 Committee**