

**SACRAMENTO GROUNDWATER AUTHORITY
REGULAR MEETING OF THE BOARD OF DIRECTORS**

Thursday, June 10, 2010; 9:00 a.m.

5620 Birdcage Street, Suite 110

Citrus Heights, CA 95610

(916) 967-7692

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 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) 967-7692. Requests must be made as early as possible, and at least one full business day before the start of the meeting.

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**
 - a) Minutes of April 8, 2010 meeting.
Action: Approve Consent Calendar items.
4. **WATER ACCOUNTING FRAMEWORK UPDATE**
 - Information: Staff overview of the Water Accounting Framework Phase III.
Action: Adopt Resolution No. 2010-03 to accept Phase III of the SGA Water Accounting Framework.
Action: Adopt CEQA Notice of Exemption.
5. **LEGISLATION UPDATE**
 - a) Information: Status of Implementation of SBX7 6.
 - b) **Action: Consideration of adoption of positions on legislation.**
6. **FISCAL YEAR 2010-2011 SGA BUDGET**
 - Information: Proposed FY 2010-2011 budget and fees.
Action: Adopt Resolution No. 2010-04 to fund the administrative and program budgets for FY 2010-2011, and providing for the collection of said funds.
7. **EXECUTIVE DIRECTOR'S REPORT**
 - a) Regional Contamination Issues Committee Update

- b) Grant Funding Update
- c) SGA Board Appointments

8. DIRECTORS' COMMENTS

ADJOURNMENT

Next SGA Board of Director's Meeting – August 12, 2010, 9:00 a.m., RWA/SGA office, 5620 Birdcage Street, Ste. 110, Citrus Heights.

Sacramento Groundwater Authority Board Meeting
June 10, 2010

AGENDA ITEM 3: CONSENT CALENDAR

STAFF RECOMMENDATION:

Action: Approve April 8, 2010 minutes.



SACRAMENTO GROUNDWATER AUTHORITY
Regular Board Meeting
Draft Minutes
April 8, 2010

1. CALL TO ORDER

Chair Sadler called the meeting of the Board of Directors to order at 9:00 a.m. at the Regional Water Authority/Sacramento Groundwater Authority office. Individuals in attendance are listed below:

Board Members

Walt Sadler, City of Folsom (Chair)
Andy Soulé, California American Water
Sandy Kozlen, Carmichael Water District
Chuck Rose, Citrus Heights Water District
Herb Niederberger, County of Sacramento
Rich Allen, Del Paso Manor Water District
Randy Marx, Fair Oaks Water District
Paul Schubert, Golden State Water Company
David Simpson, Orange Vale Water Company
Mary Harris, Rio Linda/Elverta Community Water District
Pam Tobin, San Juan Water District
Jack DeWit, Agriculture
Rink Sanford, Self Supplied Industry

Staff Members

John Woodling, Rob Donlan (Legal Counsel), Rob Swartz, Nancy Marrier and Cecilia Partridge.

Others in Attendance

Al Dains, Sean Maguire, Jim Peifer, Steve Dalrymple, Debra Sedwick, Rob Roscoe, Jose Ramirez, Ali Taghavi, Shauna Lorange, Steve Nugent, Richard Shatz, Robert Churchill, Sharon Wilcox, Nicole Krotoski, Chris Petersen and Mychael Cardenas.

2. PUBLIC COMMENT

None

3. CONSENT CALENDAR

The minutes of the March 16, 2010 meeting.

Motion/Second/Carried (M/S/C) Mr. Kozlen moved, with a second by Mr. Rose, that the consent calendar items be approved.

4. FISCAL YEAR 2010-2011 SGA BUDGET

The budget committee met on March 22, 2010 to discuss and review the proposed SGA FY 2010-2011 (FY11) Budget. The FY11 Budget Committee members include Walt Sadler, City of Folsom; Randy Marx, Fair Oaks Water District; Pam Tobin, San Juan Water District; and Chuck Rose, Citrus Heights Water District. After discussion, the Committee directed staff to bring the proposed budget to the Board.

EXECUTIVE SUMMARY PROPOSED BUDGET FOR FY 2010-2011

In light of continued economic difficulties experienced by some members, the FY11 budget proposal was developed with no increase in the rate setting formula. No increase for FY 2010-2011 will maintain the operating reserves at approximately 5 months. The budget presented is very lean and defers some expenses to future years.

Major budget assumptions used in preparing the budget projections for FY11 include:

While the formula did not change, each agency's specific fee depends on the changes in connections and groundwater pumping from the previous year. In the proposed budget, the minimum base administrative fee is \$6,740 plus 85 cents per connection for connections over 6,000. The total base administrative fee would contribute approximately 38% to the overall budget. The pumped groundwater fee per acre-foot will remain the same at \$4.00 per acre foot. The total groundwater fees would contribute approximately 62% to the overall budget. Overall, the total fees for groundwater and base fees is approximately 2% less than the amount assessed in FY10. Even though the overall fees are declining, some agencies will pay more than in the previous year due their individual groundwater pumping average.

The proposed budget also includes receiving \$250,000 in grant reimbursements, over the two years (FY10 and FY11), along with the related consulting expenses.

The proposed FY11 budget maintains the principles adopted during the FY10 budget process. The FY11 budget proposed expenses assume the following:

- 1) The general assessment fee assumes an average annual groundwater extraction of 80,562 acre-feet, which is approximately 2,475 acre-feet lower than the previous year average. The acre-feet are based upon the five-year historical average data provided by member information.
- 2) Staff salaries include four full time positions for both SGA and RWA, each split equally between the organizations for a total of 2 FTEs for SGA. A 4% increase in the salaries budget is reflected, representing both the cost of living and possible merit adjustments, at the discretion of the Executive Director. This percentage is lower than years prior, in which a 6% increase was routinely budgeted, but higher than in FY10. For FY10, a 2% increase in the salaries budget was approved, but no merit or cost of living increases were granted to staff.
- 3) Common costs for staffing, office, some professional fees, and other expenses are shared with RWA at 50/50;
- 4) In FY11, it is anticipated that SGA revenues will be approximately \$18,920 less than expenses.
- 5) The SGA consulting budget reflects \$91,500 in out-sourced support activities in FY11, which includes completing the biennial report, grant application assistance, maintaining the data management system, regional contamination, monitoring water quality levels, and banking and exchange; and
- 6) The operating fund is targeted at approximately five months for FY11.

Mr. Woodling explained that the purchase of a copier has been delayed by entering into a long term lease. He also indicated there was discussion in the budget committee meeting regarding the proposed salary increase of 4%. Mr. Kozlen mentioned his concern that legislation on groundwater reporting may necessitate the hiring of an additional program manager in the near future. He noted that SGA staff helps to keep costs at a minimum by consolidating issues and believes that this position could help keep consulting costs down for individual agencies.

Mr. Niederberger asked about the reserve policy and if we will continue to carry five months of reserves. The current policy is two to four months. It was noted that the reserves will be back down to the four month range in the next fiscal year. Mr. Woodling asked that members voice any feedback on the salary increases now so that we will be able to pass the budget in June. Ms. Tobin argued that unless there is a good reason to freeze salaries, we need to look at what the staff is worth and whether we want to retain them. She asked if we should freeze wages just because we can or because others are doing so and that we need to calculate what the loss of one staff member would cost the organization. She believes that no increases in salaries just because the economy is in bad shape would be irresponsible. Mr. Sadler asked there was any opposition to the increase in salary. There was none expressed.

Due to the lack of a double majority vote the adoption of the FY 2010-2011 budget will be postponed until the June board meeting.

5. ASSESSMENT OF WATER QUALITY RISKS STUDY UPDATE

In June 2008, SGA was awarded a \$249,930 grant through the California Department of Water Resources' Local Groundwater Assistance Grant Program (AB 303 Grant). The study is to conduct an assessment of the various threats to the long-term sustainability of groundwater quality underlying the SGA area. Commencement of the work was delayed for nearly a year due to the State's suspension of funds resulting from its ongoing fiscal concerns. In late 2009, SGA was notified that it is now authorized to commence work again on the project. We are now in the basic data collection phase of the project.

Mr. Swartz provided an overview of the project and the data that we anticipate from member agencies as part of the study. Future steps include completion of the data collection, development of a risk analysis method, assessing potential impacts and preparing a final report.

6. WATER ACCOUNTING FRAMEWORK UPDATE

In June 2007, the SGA Board adopted Phase II of the Water Accounting Framework and directed staff to develop a Model Groundwater Banking Program Element for member agencies interested in implementing a groundwater banking and exchange program. The intent of the Model Groundwater Banking Program is to encourage agencies to implement conjunctive use programs, while ensuring sustainability of the underlying groundwater basin.

On March 16, 2010, staff conducted a special workshop to receive comment on the latest draft version of the WAF Phase III document. Staff also met with the Model Groundwater Banking Program Oversight Committee on March 26, 2010 to receive additional feedback. While feedback received to date has been very positive, staff believes that there are issues that should be more fully discussed prior to adopting Phase III. In particular, we need to address the issue of whether groundwater conserved by agencies should be considered as potentially transferable from the region under a banking and exchange program. Additionally, the committee has requested that staff develop a series of example scenarios in order to better understand how potential transactions might be treated during implementation of Phase III.

Mr. Woodling reported that we are making good progress. There are details that need to be addressed and the changes since the March workshop that need to be discussed. Mr. Woodling showed how the basin sustainability goals could be tracked, reviewed issues with net banked water and showed

an example of how net banked water could be tracked. A handout of the Sacramento Groundwater Authority Water Accounting Framework Phase III with the updated changes was presented.

Mr. Donlan brought up the question of whether adoption of the Water Accounting framework constitutes a “project” under the California Environmental Quality Act (CEQA). He will conduct research and provide a recommendation to the board in June.

There was discussion and agreement on the principles and what the next steps and timeline should be. A subcommittee meeting will be set for further discussion and the final framework will be brought back to the board in June.

7. EXECUTIVE DIRECTOR’S REPORT

Legislation/Regulatory Update – The state of California passed a package of water bills in 2009. SBX7 6 requires monitoring of groundwater levels in all of the basins and sub-basins of the state. Areas that are not complying with the monitoring requirements would be ineligible for water-related grant funding. Entities that seek to undertake the required monitoring must notify the Department of Water Resources (DWR) by January 1, 2011. DWR is currently developing guidelines for the program. SGA would be eligible to become the monitoring entity, and our current monitoring would likely satisfy requirements. SBX7 2 authorizes an \$11 billion water bond for the November ballot. Among other things, the bond bill provides \$1 billion for projects to prevent or reduce the contamination of groundwater that serves as a source of drinking water.

Regional Water Authority staff is tracking a number of bills in the current legislative session. Of note related to groundwater is AB 2304. This bill would add coordination with local planning agencies to develop and implement land use strategies that protect priority recharge areas to the list of authorized components of a groundwater management plan.

U.S. EPA announced its intention to consider tightening standards on waterborne contaminants. Lowered standards for TCE and PCE could have significant impacts in our region.

Regional Contamination Issues Committee Update – The RCIC met on January 28, 2010. One significant item discussed was a proposed update to the regional contamination brochure originally developed in 2006. The update will be coordinated with the Sacramento Central Groundwater Authority (SCGA) and Placer County groundwater managers to expand the geographic coverage. Attendees heard from the California Department of Toxic Substances Control (DTSC) about a new state program to assist water providers in identifying the sources of contaminants detected in wells. Cal-

Am Water, California Department of Public Health, and DTSC will evaluate a partnership to explore potential sources of detected contaminants in wells near the Placer County line.

Grant Funding Update – SGA has received its first reimbursement check (\$18,944.55) from DWR for expenses on our AB 303 grant to study the potential future impacts of contaminants on our groundwater supplies. Staff has submitted a request to DWR to extend the project deadline to March 31, 2011.

Groundwater Model Evaluation Proposal – The development of a regional groundwater model by Roseville, along with recent improvements to our existing Integrated Groundwater – Surface Water Model (IGSM) provides two valuable tools with which to evaluate water management strategies in the region. However, there is some concern that the existence of two modeling platforms could lead to additional expense and potential conflict in model results. Staff recommends undertaking an evaluation of our future modeling needs and available tools to guide future investments in model development and application. Such a study would be coordinated with SCGA and Placer County groundwater users. Staff met with SCGA on March 10, 2010, and SCGA has expressed an interest in coordinating in this effort. Staff proposes to hire a consultant to facilitate and provide technical support to the process and seeks input from the board on the selection process.

LAO Report on Groundwater – On March 24, 2010, the Legislative Analyst's Office released a report entitled *Liquid Assets: Improving Management of the State's Groundwater Resources*. The report includes recommendations to the Legislature for improving statewide management of groundwater resources, including phasing in a statewide permitting system for groundwater.

SGA Board Appointments – The term of office for agencies appointed by the Sacramento County Board of Supervisors will expire on August 11, 2010. According to the SGA JPA, the term of office of each member of the governing board of the Authority shall be for a period of four (4) years. Please send a written request on your agency's letterhead to the SGA office as soon as possible so this item can be placed on the Board of Supervisor's agenda for action.

8. DIRECTORS' COMMENTS

Mr. Kozlen reported that there is a Time Magazine issue on water that members should read.

Ms. Harris talked about the Grand Jury report and acknowledged that the Rio Linda board has taken steps to deal with the problems within their district. She reported that the district will have a balanced budget this year.

Adjournment

With no further business to come before the Board, Chair Sadler adjourned the meeting at 10:55 a.m.

By:

Chairperson

Attest:

Nancy Marrier, Finance and Administrative Services Officer

AGENDA ITEM 4: WATER ACCOUNTING FRAMEWORK UPDATE

BACKGROUND:

In June 2007, the SGA Board adopted Phase II of the Water Accounting Framework (Framework) and directed staff to develop a Model Groundwater Banking Program Element for member agencies interested in implementing a groundwater banking and exchange program. The intent of the Model Groundwater Banking Program is to encourage agencies to implement conjunctive use programs, while ensuring sustainability of the underlying groundwater basin.

On April 8, 2010, staff briefed the Board on progress toward developing the Framework Phase III document. Staff described that there are two remaining issues to resolve prior to consideration of adoption of the Framework Phase III: 1) whether groundwater conserved by agencies should be considered as potentially transferable from the region under a banking and exchange program; and 2) identifying the appropriate level of review for purposes of complying with the California Environmental Quality Act (CEQA). The Board directed staff to meet with the Framework Oversight Committee to resolve the remaining issues. Staff met with the committee on May 10, 2010 to resolve these issues, and provided a draft final document for committee members to review. Staff will provide an overview of the Framework and is requesting the Board to consider adoption of Phase III of the Framework (see enclosed draft).

STAFF RECOMMENDATION:

Information: Staff overview of the Water Accounting Framework Phase III.

Action: Adopt Resolution No. 2010-03 to accept Phase III of the SGA Water Accounting Framework.

Action: Adopt CEQA Notice of Exemption.

RESOLUTION NO. 10-03

A RESOLUTION OF THE SACRAMENTO GROUNDWATER AUTHORITY APPROVING AND ADOPTING THE WATER ACCOUNTING FRAMEWORK PHASE III EFFORT

Whereas, in April 2000, representatives from a diverse group of 40 stakeholder organizations executed the historic Sacramento Area Water Forum Agreement (WFA);

Whereas, the two co-equal objectives of the Water Forum Agreement are (a) providing a reliable and safe water supply for the region's economic health and planned development through the year 2030, and (b) preserving the fishery, wildlife, recreational, and aesthetic values of the Lower American River;

Whereas, a key element of the WFA is a regional program to manage and conjunctively use groundwater and surface water to help meet water supply needs through the year 2030, while reducing diversions from the Lower American River during environmentally sensitive times;

Whereas, the Sacramento Groundwater Authority (SGA) was formed in 1998 through the Water Forum process to manage the groundwater resources of the North Area Basin;

Whereas, the mandate and mission of the SGA is to actively manage groundwater to (a) maintain the long-term sustainable yield of the North Area Basin and (b) facilitate implementation of an appropriate conjunctive use of surface water and groundwater program in the North Area Basin;

Whereas, individual water purveyors within the North Area Basin have made significant investments in infrastructure and operational improvements and conjunctive use, which have resulted in improvements in groundwater basin conditions;

Whereas, SGA adopted an updated Groundwater Management Plan (GMP) in December 2008 in furtherance of its mandate and mission;

Whereas, SGA desires to create a means to further carry out and implement its groundwater management and conjunctive use mandate, by developing an institutional framework through which current and future investments in conjunctive use infrastructure and operations will be recognized and encouraged;

Whereas, the SGA and its member agencies have undertaken to develop and implement a Water Accounting Framework (Framework);

Whereas, the Framework is a critical element of the SGA’s mandate and mission under the WFA;

Whereas, the Framework does not authorize nor require any investments or improvements in infrastructure or operations, and any such activities are not part of this Framework and would require appropriate environmental review;

Whereas, the Framework involves basic data collection, research and resource evaluation activities, which will not result in any serious or major disturbances to any environmental resources;

Whereas, these activities may be used as part of guidelines leading to groundwater banking and monitoring programs, but such additional programs have not yet been scoped, approved, adopted, or funded;

Whereas, the Framework will serve to further develop information and data for the purpose of maintaining, restoring, enhancing, and protecting groundwater and related environmental and natural resources in the North Area Basin;

Whereas, a voluntary approach to maintaining the long term sustainability of the North Area Basin is appropriate at this time based on currently available information.

Now, Therefore, the SGA Board of Directors Hereby Finds and Resolves as Follows:

1. The Framework (a) is an appropriate means to further carry out and implement the SGA’s groundwater management and conjunctive use mandate; (b) will protect and encourage investment in conjunctive use infrastructure and operations by member purveyors; and (c) is in the best interest of water users and the health of regional groundwater resources as a whole.
2. SGA will work with and assist water managers in adjacent areas that share the same groundwater basin, and will coordinate SGA’s groundwater management efforts to facilitate, to the extent practicable, consistent and coordinated regional groundwater planning and management.
3. Approval of this Framework is exempt from the California Environmental Quality Act (CEQA) pursuant to CEQA Guidelines 15306, 15307, and 15308. To the extent that specific projects are developed or proposed as a result of this Framework, SGA and the participating purveyors will comply with CEQA as necessary.
4. Within five years of adoption of this Framework, SGA will evaluate groundwater conditions and review and/or modify the Framework to ensure that it satisfies the objective of sustaining the groundwater basin, and does so in an equitable manner.

5. The Board of Directors of the SGA hereby approves and adopts the Water Accounting Framework Phase III Document as a policy of the SGA.

PASSED AND ADOPTED by the Board of Directors, at their regular board meeting, on the 10th of June, 2010.

By: _____
Chair

Attest: _____
John K. Woodling, Executive Director

SGA Legal Counsel, Approved subject to form

Sacramento Groundwater Authority

Water Accounting Framework

Phase III Effort

I. Introduction

The Water Accounting Framework (Framework) establishes a set of policies and procedures that will encourage and support conjunctive use operations within the Sacramento Groundwater Authority (SGA) area of jurisdiction to facilitate the long-term sustainability of the underlying groundwater basin as source of public water supply. The Framework recognizes investments by the SGA member agencies in the development of conjunctive use programs and supports groundwater banking programs that enhance the long-term sustainability of the groundwater basin.

II. Background

In June 2007, the SGA Board adopted Phase II of the Framework for the SGA area. Phase II established that SGA would maintain an ongoing record of groundwater banking and withdrawal activities within the SGA area, maintain necessary groundwater management tools (e.g., groundwater model, monitoring wells, etc.), and coordinate with regional stakeholders as necessary to communicate essential information regarding banking and withdrawal activities. Phase II also directed staff to develop a Model Groundwater Banking Program (MGBP) for use by SGA member agencies should they choose to implement a groundwater banking program that would result in transfers of water outside the SGA area.

At the direction of the MGBP Oversight Committee and the SGA Board, three additional elements were proposed in addition to the MGBP itself. The following four Framework components are described in this Phase III document:

- A. principles that reflect current understanding of the underlying groundwater basin¹ and existing management practices, including basin sustainability goals, as a foundation of the Framework;

¹ The basin as referenced here is the groundwater basin underlying the SGA management area, which includes Sacramento County north of the American River.

- B. standardized methodology for determining the volume of water available for banking and withdrawal operations under the framework;
- C. elements of an MGBP for agencies proposing groundwater exchanges under the Framework; and
- D. specific roles and responsibilities of SGA staff, the SGA Board, and member agencies in implementation of the Framework.

This Framework is intended to provide guidance to SGA member agencies on voluntary actions to help ensure the long-term sustainability of groundwater resources in the SGA area. It is not intended to restrict or limit the access to groundwater of any individual or agency.

III. Framework Principles

Based on current understanding of the underlying groundwater basin and existing groundwater management practices, the following principles are generally applicable within the SGA area. Specific principles are applicable to three sub-units (central, eastern, western) of the SGA area as listed below.

- A. To ensure the long-term sustainability of the groundwater basin underlying the SGA area, SGA should establish a basin sustainability² goal for each sub-unit.
- B. Achievement of basin sustainability goals can be met by agencies through either direct implementation (e.g., conjunctive use operations, conservation measures, etc.) or indirect means (e.g., purchase credits).
- C. Basin sustainability goals developed for this Framework should be pursued as feasible for each agency. In evaluating whether an agency is progressing toward meeting its sustainability goal, the availability of water, costs, significant water conservation that offsets groundwater extraction, and other factors affecting feasibility shall be taken into account.
- D. Basin sustainability goals established through the Framework do not include consideration of impacts associated with known or unknown contaminants. Putting to beneficial use any water from contaminant plume remediation shall be recognized as

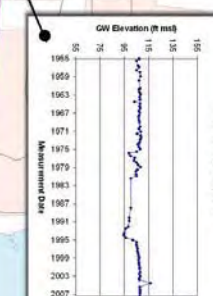
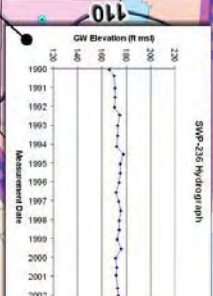
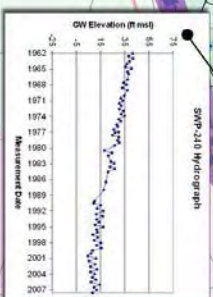
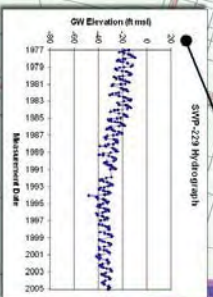
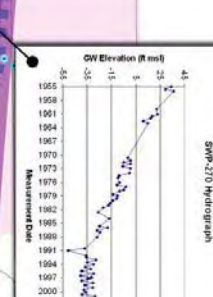
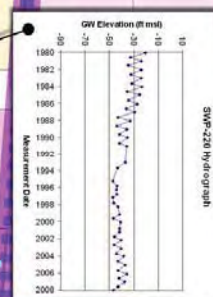
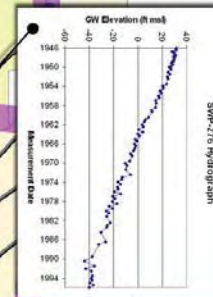
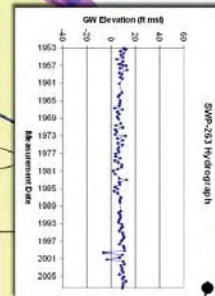
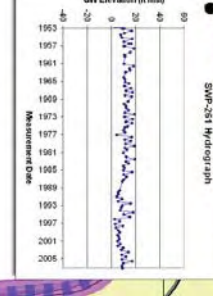
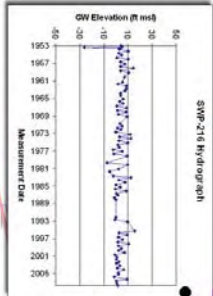
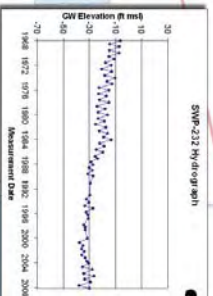
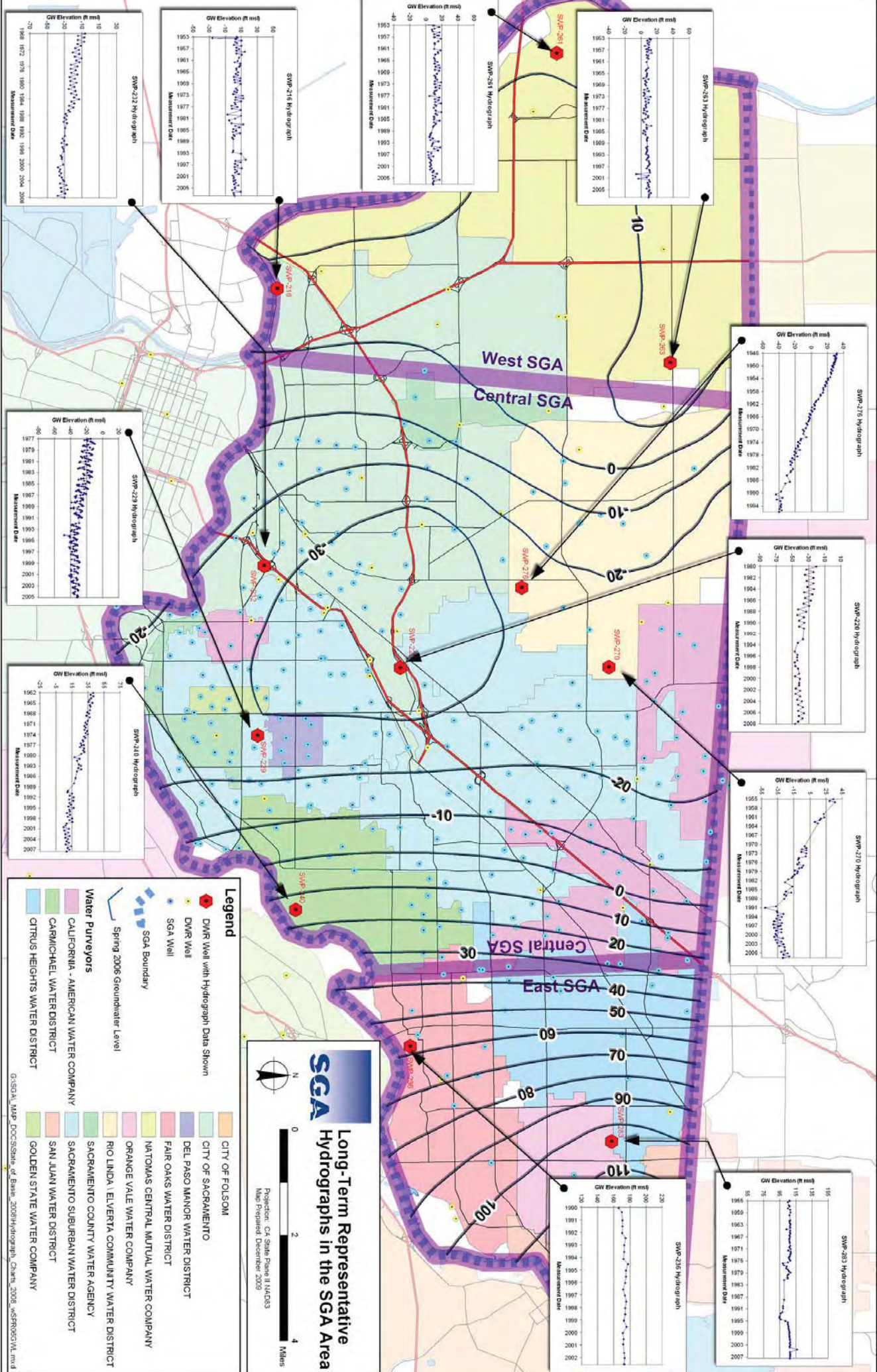
² Sustainability as used here is the planned use of a resource in a manner such that the resource is not depleted or damaged through time.

beneficial to the basin and shall not be assessed against an agency's basin sustainability goal.

- E. Basin sustainability goals will not be developed for agricultural and other self-supplied groundwater users at this time.
- F. This Framework and basin sustainability goals will be reviewed at least every five years to evaluate their effectiveness and equitable application among the participating agencies.
- G. Agencies interested in participating in a banking and exchange program with a party outside the SGA area will submit a plan for operation to demonstrate that the exchange will not adversely impact the sustainability of the groundwater basin or negatively impact Framework objectives.
- H. A proposed exchange arrangement resulting from this Framework should honor contracts within the region as the highest priority.
- I. The SGA area is set up as three discrete operating units (central, eastern, and western units), each with unique hydrogeology and water use characteristics. These units were previously described in the SGA Groundwater Management Plan and Basin Management Report [see figure next page].

1. Central Unit

- a) A cone of depression has developed in the central portion of the SGA area (Central Unit) as a result of historic reliance on groundwater as the primary source of water by agencies within the Central Unit.
- b) The Central Unit agencies have a common interest in maintaining the sustainability of the basin and share responsibility for implementing programs to stabilize groundwater elevations.
- c) Central Unit agencies should implement measures to ensure the groundwater basin is sustainable.
- d) The initial sustainable pumping estimate, i.e., the estimated volume that can be pumped from the central portion of the basin while maintaining a stable groundwater elevation, is presented in Table 1. This estimate of 90,000 ac-ft is based on an analysis in the Central Unit as of 2004. It is not intended that this be a fixed number, and may change over time with continued monitoring of water levels, pumping amounts and locations, new facilities, and future operational changes. It is also not intended to limit the amount of groundwater that an agency can extract to meet its service area water supply demands.



Legend

- DKR Well with Hydrograph Data Shown
- DMR Well
- SGA Well
- SGA Boundary
- Spring 2006 Groundwater Level

Water Purveyors

- CITY OF FOLSOM
- CITY OF SACRAMENTO
- DEL PASO MANOR WATER DISTRICT
- FAIR OAKS WATER DISTRICT
- NATOMAS CENTRAL MUTUAL WATER COMPANY
- ORANGE VALE WATER COMPANY
- RIO LINDA / ELVERTA COMMUNITY WATER DISTRICT
- SACRAMENTO COUNTY WATER AGENCY
- SACRAMENTO SUBURBAN WATER DISTRICT
- SAN JUAN WATER DISTRICT
- GOLDEN STATE WATER COMPANY

Water Districts

- CALIFORNIA - AMERICAN WATER COMPANY
- CARMICHAEL WATER DISTRICT
- CITRUS HEIGHTS WATER DISTRICT

SCA

Long-Term Representative Hydrographs in the SGA Area

Projection: CA State Plane II NAD83
Map Prepared: December 2009

0 2 4 Miles

GIS/SHA_Map_Docs/Shape_of_Basin_2008/Hydrographs_Chapter_2008_wsf806304.mxd

e) The proportion of total annual groundwater use within the Central Unit by each of the overlying agencies nearest the time of formation of SGA has been determined to be an appropriate basis for assignment of an annual basin sustainability goal. The average extractions for the five-year period 1993 through 1997 are deemed to be representative of the highest level of groundwater extraction from the Central Unit by the various agencies pumping from the Central Unit. This pumping totaled 101,784 ac-ft, as presented in Table 1. There have been no significant increases in groundwater extraction since that time.

d) The initial basin sustainability goal of 11,784 acre-feet for the Central Unit represents an average annual goal for reduction in groundwater extractions from this portion of the basin, which will contribute to stabilizing groundwater levels. Table 1 identifies the average extraction by each agency in the Central Unit for the period 1993 through 1997. Based on the each agency's relative groundwater extraction during this period, each agency is assigned a basin sustainability goal (expressed as a pumping target). This goal may be revised based on future observations of groundwater conditions or changing future demands. Member agencies will voluntarily identify programs by which they propose to meet these goals. While SGA promotes basin sustainability through a conjunctive use³ program, the SGA Board shall not unreasonably withhold endorsement of alternative programs.

e) Attainment of basin sustainability goals for each agency will be required for SGA's endorsement of banking and exchange programs in which water is exported from the SGA area.

f) Central Unit agencies will endeavor to attain their respective basin sustainability goals beginning in calendar year 2012.

2. Eastern Unit

a) Past groundwater extractions by agencies overlying the eastern portion of the SGA area (Eastern Unit) have been comparatively low, averaging approximately 1,300 acre-feet per year from 1998 through 2008. The SGA Board recognizes that this nominal past pumping has benefited the groundwater basin as compared to conditions that would exist if water demands in the Eastern Unit had been met with groundwater from the SGA area.

³ Conjunctive use as referred to in this document is maximizing operational capacity to utilize either surface water or groundwater as a source of supply. Surface water is used preferentially during wet periods, while groundwater is used preferentially in dry periods.

Table 1. Central Unit Basin Sustainability Goals

Agency	Groundwater Pumping prior to SGA Formation (ac-ft) (1)	% Total Groundwater Pumping prior to SGA Formation	Sustainable Pumping Estimate (ac-ft) (2)	Average Annual Basin Sustainability Goal (ac-ft)
Carmichael Water District	7,516	7.4	6,646	870
City of Sac	23,287	22.9	20,591	2,696
California American Water	20,351	20.0	17,995	2,356
Del Paso Manor Water District	1,657	1.6	1,465	192
Golden State Water Company	1,242	1.2	1,098	144
Rio Linda/Elverta Community Water District	3,259	3.2	2,882	377
Sacramento, County of	4,850	4.8	4,288	562
Sacramento Suburban Water District	39,622	38.9	35,035	4,587
Total	101,784	100	90,000	11,784

1) Data based on average pumping 1993 through 1997.

2) The sustainable pumping estimate reflects observations of extractions and drawdowns based on facilities in the basin as of 2004. This should not be construed as a fixed volume of water that can be extracted from the basin under future facilities and operations.

b) Additional groundwater pumping by these agencies may be needed in certain years to achieve environmental goals and maintain flows in the American River watershed. The agencies in the Eastern Unit estimate that they would use groundwater to meet overlying demand as follows: up to 3,000 acre-feet per year when inflow⁴ to Folsom Reservoir is above 950,000 acre-feet; up to 9,000 acre-feet per year when inflow to Folsom Reservoir is less than 950,000 acre-feet but greater than 400,000 acre-feet; up to 18,000 acre-feet per year when inflow to Folsom Reservoir is at or below 400,000 acre-feet.

c) As a result of current and past practices, and the current water supply systems in place in the Eastern Unit, the Eastern Unit has not been assigned a basin sustainability goal at this time. However, groundwater pumping in excess of the amounts identified in part 2b above, which results in an exchange of water outside the SGA area, should include a plan to mitigate impacts resulting from the increased groundwater use (e.g., expanding conjunctive use to import additional surface water in wet periods).

d) The planned groundwater pumping identified in part 2b above does not include consideration of potential shortage conditions resulting from cutbacks of Federal water project deliveries or other shortage conditions within the San Juan Wholesale Area. Additional pumping during these conditions is not subject to mitigation planning identified in Part 2c above.

e) The planned groundwater pumping identified in part 2b above does not include consideration of impacts associated with known and unknown contaminants in groundwater. Current and future pumping associated with remediation efforts in the Eastern Unit is not subject to mitigation planning identified in part 2c above.

f) The pumping amounts identified above will be evaluated not later than five years from the date of adoption.

3. Western Unit

a) The Western Unit historically has relied almost exclusively on surface water for supply. Groundwater pumping has been primarily by independent pumpers, and no significant impacts to the groundwater basin have been observed.

⁴ This is the calculated unimpaired inflow to Folsom Reservoir for March through November as presented in Department of Water Resources Bulletin 120.

- b) As a result of current and past practices, and the current water supply systems in place in the Western Unit, the Western Unit has not been assigned a basin sustainability goal at this time.
- c) The geology of the Western Unit is characterized by finer-grained flood basin deposits associated primarily with the Sacramento River. As a consequence of this geologic structure, additional pumping could result in significant drawdown of groundwater elevations. Groundwater pumping in the Western Area, therefore, should include an appropriate monitoring and mitigation program.

IV. Banking and Exchange Principles

Determining the Volume of Water Available for Exchanges Outside of the SGA Area.

The quantity of water available for exchange will be based upon a variety of factors, including the effective date on which the project participant is awarded banked water credits, how much water can be demonstrated to have been banked, and the quantity of banked water that should remain in the basin to mitigate against any unforeseen impacts (referred to as the “basin mitigation factor”) or to meet an agency’s sustainability goal.

A. **Effective Date** – the SGA⁵ was formed in August 1998. The SGA Joint Powers Agreement (JPA) cites the following purposes for establishing SGA: 1) to maintain the long-term sustainable yield of the North Area Basin; and 2) to manage the use of groundwater in the North Area Basin and facilitate implementation of an appropriate conjunctive use program by water purveyors. Given that these foundational purposes are linked to the formation of SGA, it is recommended that water available for exchange operations under the program managed by SGA should include documented banked water dating back to August 1998.

B. **Exchangeable Water Balance** – while the intent of the banking program is to recognize investment in conjunctive use operations in the basin, it is important to consider the commitment needed to ensure the sustainability of the underlying groundwater basin for future beneficial uses. A significant cone of depression developed in the Central Unit of the basin is a potential threat to basin sustainability if not managed. Therefore, water available for banking and exchange through this program should be a quantity of water over and above that needed to stabilize groundwater elevations in the basin. In 2006, SGA conducted a study of water agencies that were historically reliant on groundwater for supply in the Central Unit overlying the cone of depression. That study determined that an annual average reduction of

⁵ SGA was initially formed as the Sacramento North Area Groundwater Management Authority (SNAGMA) on August 1, 1998. The organization’s name was changed to SGA through an amendment of the joint powers agreement on May 7, 2002.

groundwater extraction of 11,784 acre-feet from the average extraction from 1993 through 1997 would result in stable groundwater elevations in the Central Unit. The study also estimated the responsibility of each agency to attain this target, based on their historical use. For agencies in the Central Unit, the initial amount of exchangeable water will be calculated as:

For the period August 1, 1998 through December 31, 2011, the amount of documented banked water will include the volume of surface water put to beneficial use within the Central Unit above baseline levels of surface water use during or prior to the period 1993 through 1997.

Beginning January 1, 2012, exchangeable water in a given year will be calculated as:

The volume of surface water put to beneficial use within the Central Unit in excess of the amount necessary to offset groundwater extraction to meet the agency's respective basin sustainability goal. The annual exchangeable water will be added to the exchangeable water balance on an annual basis.

There is currently no methodology for accurately determining savings from conservation efforts as a component of water supply⁶. While water conservation efforts will help an agency meet its basin sustainability goal (by reducing pumping), conserved water will not be included as net banked water for purposes of banking and exchange from the SGA area at this time.

For agencies in the Eastern and Western units, the amount of exchangeable water will be individually determined by the SGA Board, based on records of surface and groundwater use and observations of groundwater elevations.

C. Basin Mitigation Factor – In 2009, SGA completed an analysis using the Sacramento County Integrated Groundwater and Surface Water Model to determine the fate of water banked in the basin. The simulation included banking of nearly 150,000 acre-feet of water from actual in-lieu recharge operations in the basin from 1998 through 2008. The model demonstrated that banked groundwater generally remains within the operational control of SGA member agencies (i.e., the banked groundwater did not flow out of the groundwater basin). These results generally reflect the significant cone of depression in the Central Unit of the SGA area.

Notwithstanding the foregoing, the SGA Board proposed a conservative approach to basin losses to ensure that banking and exchange programs are consistent with other

⁶ DWR has been tasked with developing a method for correcting annual demand data to reflect changes in annual climatic conditions in 2010, which may help better identify water savings associated with conservation efforts.

basin sustainability objectives in the Framework. The Framework, therefore, assigns a basin mitigation factor to exchanges outside of the basin to protect against negative impacts of the loss of this resource and to help recovery of the cone of depression in the basin. SGA will assess a 5% reduction to water banked on behalf of agencies from outside the SGA area that is subsequently exchanged outside the SGA area or substituted for surface water that will be exchanged. The basin mitigation factor will be applied during the withdrawal phase of the banking and exchange operation. SGA will work with agencies that participate in banking and exchange programs to develop and implement the basin mitigation factor as warranted by the specific circumstances of each transaction.

D. Use of Banked Water to Meet Basin Sustainability Goal – An agency with a positive exchangeable water balance may reduce its balance and apply the credit toward meeting its basin sustainability goal.

E. Transfer of banked water credits - An agency with both a positive exchangeable water balance and a positive basin sustainability balance may transfer exchangeable water credits to another agency in the basin. The receiving agency may apply the credit to either its exchangeable water or basin sustainability balance.

F. Attainment of the basin sustainability goal (i.e. maintaining a positive basin sustainability balance), as well as maintenance of a positive balance of exchangeable water will be required for SGA endorsement of banking and exchange programs in which water is exported from the SGA area.

Examples of how a few agencies could operate under this Framework are provided as Exhibit 1.

V. Model Groundwater Banking Program Elements

The purpose of this MGBP is to recognize and create incentives for agencies developing or expanding conjunctive use practices beyond basin sustainability goals. Conjunctive use will be critical to the region's future water supply and to the sustainability of the underlying groundwater basin. The MGBP will establish a consistent set of policies to ensure the sustainability of the groundwater basin, while creating opportunities to recover investments for agencies that can demonstrate they have banked water in the basin in excess of basin sustainability goals.

The MGBP elements listed below include all of the elements arising over an entire banking and exchange cycle. The timing as to when information would be required by SGA would depend on the timing of the operations. For example, a banking and exchange agreement might involve the banking of excess surface water on behalf of an agency from outside the SGA area in a wet year, with the recovery of that water occurring in a future dry year. In

such a case, the exchange agreement and environmental documentation may be required at the time water is banked. Since the recovery of banked water could occur several years into the future, it may be more appropriate to secure permits and develop the plans listed below at that time.

- A. Exchange agreement - an exchange agreement is the agreement between the seller and buyer. While there is no single model for this agreement, SGA staff can provide examples of existing exchange agreements in other parts of the state.
- B. Environmental documents – depending on the program, preparation of environmental documentation may be necessary. In other cases, banking and exchange programs may rely on existing environmental documentation. For example, the 2009 Drought Water Bank used existing CEQA coverage under the Environmental Water Account (EWA). Therefore, potential participants in the program would not require CEQA. Potential exchanges not falling under an existing state Department of Water Resources program (e.g., EWA) may require NEPA compliance, if the exchange involves the use of federal facilities.
- C. County permit – Sacramento County has an ordinance that pertains to the export of groundwater and surface water outside the county. Sacramento County Water Agency Code Title 3 Chapter 3 under Section 3.40.090 is as follows:

Groundwater and Surface Water Export

Groundwater or surface water shall not be transported in any manner from Sacramento County to any point outside the County, except pursuant to a permit issued by the Engineer for each and every source and/or location of water export in accordance with the following:

- 1) Application. To obtain a permit the owner or authorized agent shall first file an application in writing stating the following:
 - a) Name of applicant, owner of source, owner of place of use, consulting engineer who will plan and design the work;*
 - b) Description of proposed action, location of source(s) and point(s) of use;*
 - c) Justification for proposed action;*
 - d) Any other information requested by Engineer.**
- 2) Engineer shall within thirty days of receipt of the application, or within thirty days of receipt of additional information, make such investigations as necessary to determine if the proposal is in conformance with County water planning policies adopted and revised from time to time by the County and the Sacramento County Water Agency, and if the proposal will impose liability on*

the County or the Water Agency, or cause adverse impacts on the source, the area of use, or the environment.

3) After investigation Engineer shall approve, approve conditionally, or disapprove the application for permit. Engineer shall not grant a permit if the permit will authorize work or activity which is inconsistent with the general plan of the County of Sacramento, the water plan of the Sacramento County Water Agency, or a specific plan of the County or Water Agency which may be affected by the work or activity.

Nothing in this section contained shall apply to those public water purveyors providing water service in two or more counties within a legally defined service area.

- D. Exchange Recovery Plan – prior to the extraction of groundwater for the purposes of exchanging surface water or groundwater from the SGA area, the project proponent⁷ shall submit an Exchange Recovery Plan (ERP) to SGA and any appropriate state and federal agencies. The ERP should be submitted at least two months in advance of expected operations to allow staff time to review the ERP and report to the SGA Board. Consistent with criteria developed for state and federal groundwater substitution transfers, the ERP shall include the five elements discussed below. Note that the state and federal programs also have a minimum two month review time, so these documents should be submitted concurrently to the appropriate agency.
- i. General proposal information – the project proponent should provide a brief summary of the proposed project including, but not limited to, the participants, the contracted volumes available for exchange, and the term of the agreement.
 - ii. Exchange project map – the project proponent shall prepare a project map showing the locations of all production wells and clearly identifying the wells to be used in the recovery operations. The map should also include major roads, hydrology, district boundaries, and wells of adjacent water purveyors to the purveyor subject to the exchange operations. Additionally, the map should show the locations of any small water systems licensed through the County or State within one mile of the proposed operations. SGA can provide information on production wells of member agencies as well as the locations of small water systems.

⁷ The project proponent is the SGA member agency proposing to enter into an exchange agreement.

iii. Well information table – the project proponent shall prepare a table of information for all wells expected to participate in the operation. The following information shall be included in the table, with each data item listed in columnar format:

1. Well owner name
2. Well identification number (per owner's naming)
3. State Well Number (if assigned)
4. Latitude of well
5. Longitude of well
6. Township/range/section descriptor of well
7. Land surface elevation at well location
8. Total depth of well
9. Depth of annular seal
10. Well construction method
11. Diameter of well casing
12. Screen interval (include top and bottom of interval referenced in feet below land surface. For wells with multiple screens, each interval should be indicated in distinct rows on the spreadsheet)
13. Gravel pack interval (include top and bottom for each gravel pack interval corresponding to screen interval from item above)
14. Estimated well capacity (gallons per minute)
15. Pump power source (electric, diesel, etc.)

iv. Geologic logs – for each well, provide available geologic/lithologic information (e.g., Driller's log, electric log). SGA maintains much of this information in its data management system. SGA staff may be able to assist in compiling this information.

v. Water quality data – baseline water quality data should include the information listed below. SGA maintains much of this information in its data management system. SGA staff may be able to assist in compiling this information.

1. For each well in the program, include the most recent measurement of total dissolved solids (TDS) or electrical conductivity (EC) and the date of the measurement.
2. For each well in the program, disclose any past primary or secondary maximum contaminant level (MCL) exceedances and the current status of the well with respect to the MCL.
3. Disclose any known areas of groundwater contamination within one mile of the service area (or the proposed wells in the program) of the project proponent.

- vi. Baseline extraction – for each well in the program, the project proponent should provide a baseline extraction by month in acre-feet to serve as a baseline from which additional extraction will serve to document “performance” of the exchange. The 2009 Drought Water Bank used 2008 as the baseline unless the project proponent was able to demonstrate that a different method for determining a baseline was more appropriate. Additionally, monthly data is important because of potential restrictions as to when the water can be physically transported. For example, the 2009 Drought Water Bank could only use additional extractions from July 1 through September 30 because of through-Delta pumping restrictions. SGA staff coordinated with DWR on the 2009 Drought Water Bank and can assist in determining an appropriate basis for establishing a baseline.
 - vii. Extraction schedule – for each well in the program, the project proponent should provide an estimated pumping schedule for each month that exchange operations are expected to occur. This information should be combined with the table of baseline extraction above and include the estimated net delivery of each well resulting from extractions above the baseline.
- E. Monitoring plan – prior to the extraction of groundwater for the purposes of exchanging water from the SGA area, the project proponent shall submit a Monitoring Plan to SGA and any applicable state or federal agencies. To allow time for review and discussion, the Monitoring Plan should be submitted two months prior to expected exchange operations. Consistent with guidelines developed with state and federal groundwater substitution transfers, the plan should include the following elements:
- i. Monitoring – the project proponent should design a monitoring program that is intended to characterize the expected impacts of the pumping during and following the exchange recovery operations. The project proponent should demonstrate that it has coordinated with adjacent purveyors and is monitoring to minimize impacts to its neighbors. Additionally, there are more than 20 small water systems⁸ that are reliant on groundwater as their primary supply within the SGA area. The monitoring plan should identify any systems within one mile of the

⁸ A small water system is defined by the California Department of Public Health as water for human consumption that has 15 or more service connections or regularly served at least 25 individuals at least 60 days out of the year, but has fewer than 200 service connections. This includes any collection, treatment, storage, and distribution facilities.

boundary of the proposed operations and address the monitoring in place to observe potential impacts to these small systems.

When possible dedicated monitoring wells (i.e., non-producing wells) should be incorporated into the monitoring well network. SGA maintains a series of dedicated wells in the basin, so the project proponent should also coordinate with SGA to ensure that these wells are monitored where applicable. Required monitoring includes:

1. Pre-exchange water elevations – in order to determine the potential impacts to groundwater elevations following the exchange operations, the project proponent shall measure groundwater elevations in the selected water elevation monitoring network by April 15 prior to commencing exchange operations (levels should be collected earlier if the performance period starts prior to the April 15 target date).
2. During exchange water elevations – during the performance period, water elevations will be collected at the beginning of each month from the approved monitoring well network. Elevations should be as static as possible by cycling the well out of production for as long as practicable prior to collecting the data. Typically, a minimum of several hours should be sufficient.
3. During exchange water quality – water quality shall be measured at a subset of 10% of wells participating in the program. The project proponent should attempt to achieve the highest practicable level of geographic distribution and the deepest wells in its system. During the performance period, water quality shall be monitored at the wellsite by collecting a grab sample of water from the production well and measuring either TDS or EC.
4. During exchange groundwater extractions – for each well in the program, the project proponent should provide meter readings of extracted data for each calendar month of performance compared to the baseline for that well. The net groundwater exchanged will be the result of subtracting the baseline from the actual water produced.
5. Post-exchange water level monitoring – typically, monthly water level monitoring continues until water levels have recovered to elevations prior to operations or until April of the year following the exchange, whichever comes first. Requests to consider discontinuing water level monitoring prior to these times should be submitted to SGA.

- ii. Reporting – monitoring and extraction data should be submitted on a monthly basis by the 15th day of the month for the previous calendar

month for the duration of the performance period. A final report will be submitted by May of the year following the exchange operation that shows a comparison of spring groundwater elevations (assume measurement of April 15) from prior to the exchange to those after the exchange.

- F. Mitigation plan – the mitigation plan is intended to minimize impacts to adjacent water purveyors or other third parties. Prior to the extraction of groundwater for the purposes of exchanging water from the SGA area, the project proponent shall submit a Mitigation Plan to SGA and any applicable state or federal agencies. To allow time for review and discussion, the Mitigation Plan should be submitted two months prior to expected exchange operations. Consistent with guidelines developed with state and federal groundwater substitution transfers, the plan should include the following elements:
- i. A designated point of contact for the project proponent where all concerns related to operation of the exchange program can be directed.
 - ii. A timeline/schedule for responding to any concerns.
 - iii. A procedure for verifying whether a problem exists related to the exchange operations.
 - iv. A procedure for notifying SGA and other potentially impacted parties.
 - v. A discussion of the range of possible actions to respond to verified problems resulting from the exchange operations.

VI. Roles under Phase III of the Framework

Role of SGA Staff:

- Develop sustainability goals for the basin in consultation with water agencies and the SGA Board.
- Review water agency plans for meeting sustainability goals and report to the SGA Board.
- Preliminarily determine net banked water and track changes to banked water amounts for each agency.
- Review and report on whether the sustainability goals appear to be appropriate for basin sustainability in the Biennial Basin Management Report beginning in 2012.

Role of the SGA Board:

- Adopt the Water Accounting Framework Policy.
- Adopt the initial voluntary basin sustainability plans for agencies in the Central Unit.
- Approve initial net banked water and annual transactions.
- Make determinations if basin sustainability plans are consistent with Framework intent.

- The Board will not have any enforcement power to prevent an agency from implementing alternatives to achieve basin sustainability goals.
- The Board will not have authority to enforce basin sustainability goals, or otherwise limit groundwater extractions.

Role of the overlying agencies:

- Implement programs to achieve the agency's basin sustainability goal on a voluntary basis.
- If desired, develop a basin sustainability plan that allows increases in groundwater pumped in dry years (beyond the basin sustainability goals) while not changing their long-term groundwater extraction rate.
- If desired, enter into agreements that allow water to be banked in the basin and exchanged outside the basin.
- If desired, enter into agreements with other water agencies inside the basin to improve water supply reliability by transferring groundwater or surface water.
- Submit alternative basin sustainability plans to the SGA.

Exhibit 1
WATER ACCOUNTING FRAMEWORK EXAMPLES

Principles

These principles apply to the tracking of the Water Accounting Framework for those agencies within the Central Unit of the SGA area.

- All agencies start with a zero balance for basin sustainability beginning on January 1, 2012.
- Agencies that can demonstrate surface water deliveries in excess of baseline levels (1993-1997) during the period August 1, 1998 through December 31, 2011 will be credited with exchangeable water.
- Beginning on January 1, 2012, the volume of surface water imported, beyond that necessary to meet the pumping target, is the annual net banked water, credited to the exchangeable water balance.
- Credits may be transferred from an agency's exchangeable water balance to its basin sustainability balance.
- Credits may be transferred from an agency's exchangeable water balance to the exchangeable water balance *or* the basin sustainability balance of another agency.
- A basin sustainability balance is neither transferable to another agency nor to the exchangeable water within an agency's accounting.
- An agency must have a positive or neutral sustainability balance to participate in a transfer of surface water or groundwater outside the basin.
- The 5% basin mitigation factor assessed on banked water applies only to direct pumping of groundwater for transfer outside the basin or to future banking for parties outside the basin.

Examples for three agencies operating under the Framework are provided below along with the accompanying table.

Agency A – Agency A is actively practicing conjunctive use. Agency A built a large balance of exchangeable water (100,000 af) through actions prior to adoption of the Framework. Agency A will take advantage of opportunities to transfer surface water to which it has access, and may develop the capacity to transfer groundwater directly.

2012 – Agency A pumped 16,000 acre-feet (af), which is less than its target of 20,000 af. The basin sustainability balance increases by 4,000 af. Agency A took delivery of 10,000 af of surface water. Of this amount, 6000 af went to offset pumping to meet the target (total demand was 26,000 af); 4000 af is credited toward the exchangeable water balance.

2013 – Agency A pumped less than the target. Basin sustainability balance increases by 1,000 af. No surface water delivered, so banked water balance does not increase.

2014 – Agency A pumping exceeded target. Basin sustainability balance reduced. Agency A took delivery of 3,000 af surface water. No credit to exchangeable water balance since, even with surface water, pumping target still exceeded. No debit to exchangeable water.

2015 – Agency A pumping exceeds target. Basin sustainability balance decreased. No surface water transactions, exchangeable water balance does not change.

2016 – Agency A pumping exceeds target. Basin sustainability balance decreased to negative. No surface water transactions, exchangeable water balance does not change. Agency A may carry negative balance if no transfer proposed.

2017 – Agency A pumping meets target. Agency A transfers 5,000 af of available surface water. Debit 1,000 af from exchangeable water to achieve zero basin sustainability balance, because no transfers of available surface water if basin sustainability balance is negative.

2018 – Agency A pumping less than target. Basin sustainability balance increased. Agency A uses 8,000 af surface water; 7,000 af toward meeting pumping target, 1,000 af added to exchangeable water. 3,000 af surface water transfer not debited since pumping target was met.

2019 – Agency A pumps 35,000 af; of which 14,000 af is transferred through direct pumpback. 14,000 af debited from exchangeable water to achieve zero sustainability balance. 700 af (5% basin mitigation factor) debited for direct groundwater export.

Agency B – Agency B is not engaged in active conjunctive use, but intends to achieve its target pumping through water efficiency and/or purchase of credits from others.

Agency B exceeds pumping target in early years (2012-2014), resulting in negative basin sustainability balance. Beginning in 2015, conservation reduces pumping and basin sustainability balance recovers. In 2019, Agency B purchases 2,000 af of exchangeable water credits from Agency C to zero out basin sustainability balance.

Agency C – Agency C practices limited conjunctive use, taking relatively small volumes of surface water when it is available. Having done this for several years, Agency C begins with a positive exchangeable water balance of 3,000 af.

2012 – Agency C exceeds pumping target, basin sustainability balance goes negative.

2013 – Agency C takes delivery of surface water, but entire amount goes toward offsetting pumping to meet target. No increase to exchangeable water balance.

2015-16 – Surface water deliveries exceed that necessary to offset pumping. Exchangeable water balance increases.

2019 – Agency C sells 2,000 af exchangeable water credits to Agency B. No basin mitigation factor applied since transfer was in-basin.

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Basin Sustainability Goal

Exchangeable Water

Agency A	Target Pumping	Actual GW pumped	Total Demand	Transfer of Credits	Basin Sustainability Balance	Surface Water for Conjunctive Use (above baseline)	Water Transfer (out of basin)	Credits Purchased/Sold/ Transferred	Net Banked Water	Exchangeable Water Balance	Notes
	20,000									100,000	
2012		16,000	26,000		4,000	10,000	0	0	4,000	104,000	
2013		19,000	19,000		5,000	0	0	0	0	104,000	
2014		21,000	24,000		4,000	3,000	0	0	0	104,000	
2015		22,000	22,000		2,000	0	0	0	0	104,000	
2016		23,000	23,000		-1,000	0	0	0	0	104,000	
2017		20,000	20,000	1,000	0	0	5,000	-1,000	0	103,000	
2018		19,000	27,000		1,000	8,000	3,000	0	1,000	104,000	
2019		35,000	35,000	14,000	0	0	14,000	-14,700	0	89,300	transferred gw, 5% mitigation applied
all volumes in acre-feet											

Basin Sustainability Goal

Exchangeable Water

Agency B	Target Pumping	Actual GW pumped	Total Demand	Transfer of Credits	Basin Sustainability Balance	Surface Water for Conjunctive Use (above baseline)	Water Transfer (out of basin)	Credits Purchased/Sold/ Transferred	Net Banked Water	Exchangeable Water Balance	Notes
	10,000									-	
2012		12,000	12,000		-2,000	0	0	0	0	0	
2013		12,000	12,000		-4,000	0	0	0	0	0	
2014		11,500	11,500		-5,500	0	0	0	0	0	
2015		10,000	10,000		-5,500	0	0	0	0	0	
2016		9,500	9,500		-5,000	0	0	0	0	0	
2017		9,000	9,000		-4,000	0	0	0	0	0	
2018		9,000	9,000		-3,000	0	0	0	0	0	
2019		9,000	9,000	2,000	0	0	0	0	0	0	purchase credits from Agency C
all volumes in acre-feet											

Basin Sustainability Goal

Exchangeable Water

Agency C	Target Pumping	Actual GW pumped	Total Demand	Transfer of Credits	Basin Sustainability Balance	Surface Water for Conjunctive Use (above baseline)	Water Transfer (out of basin)	Credits Purchased/Sold/ Transferred	Net Banked Water	Exchangeable Water Balance	Notes
	8,000									3,000	
2012		9,000	9,000		-1,000	0	0	0	0	3,000	
2013		8,000	9,000		-1,000	1,000	0	0	0	3,000	
2014		8,000	8,000		-1,000	0	0	0	0	3,000	
2015		7,000	9,000		0	2,000	0	0	1,000	4,000	
2016		7,000	8,500		1,000	1,500	0	0	500	4,500	
2017		7,500	7,500		1,500	0	0	0	0	4,500	
2018		8,500	8,500		1,000	0	0	0	0	4,500	
2019		8,000	8,500		1,000	500	0	2,000	0	6,500	credits sold to Agency B
all volumes in acre-feet											

To: Office of Planning and Research
PO Box 3044, 1400 Tenth Street, Room 222
Sacramento, CA 95812-3044

From: (Public Agency) Sacramento Groundwater Authority
5620 Birdcage Street, Ste 180
Citrus Heights, CA 95610

County Clerk
County of Sacramento
El Dorado
Placer

(Address)

Project Title: Sacramento Groundwater Authority Water Accounting Framework, Phase III

Project Location - Specific:

Sacramento County legal boundary north of the American River.

Project Location – City: See Attachment A.1 Project Location – County: Sacramento

Description of Project:

This is a framework policy document to encourage the further development of conjunctive use of surface water and groundwater in a manner that protects the sustainability of the groundwater basin underlying Sacramento County north of the American River.

Name of Public Agency Approving Project: Sacramento Groundwater Authority

Name of Person or Agency Carrying Out Project: Sacramento Groundwater Authority

Exempt Status: (check one)

- Ministerial (Sec. 21080(b)(1); 15268);
- Declared Emergency (Sec. 21080(b)(3); 15269(a));
- Emergency Project (Sec. 21080(b)(4); 15269(b)(c));
- Categorical Exemption. State type and section number: See Attachment A.2
- Statutory Exemptions. State code number: _____

Reasons why project is exempt:

See Attachment A.3

Lead Agency

Contact Person: John K. Woodling Area Code/Telephone/Extension: 916-967-7692

If filed by applicant:

1. Attach certified document of exemption finding.
2. Has a Notice of Exemption been filed by the public agency approving the project? Yes No

Signature: _____ Date: _____ Title: Executive Director

- Signed by Lead Agency Date received for filing at OPR: _____
- Signed by Applicant

Revised May 1999

ATTACHMENT A

1. The project location includes the cities of Citrus Heights, Folsom, and Sacramento.
2. The categorical exemptions are under CEQA Guidelines §§ 15306, 15307, 15308.
3. The Sacramento Groundwater Authority's Water Accounting Framework (Framework) is exempt from CEQA on the following grounds:
 - The Framework involves basic data collection, research and resource evaluation activities which will not result in any serious or major disturbances to any environmental resources. These activities may be used as part of guidelines leading to groundwater banking and monitoring programs, but such additional programs have not yet been scoped, approved, adopted, or funded. (CEQA Guideline § 15306).
 - The Framework will be used to develop information and data for the purpose of maintaining, restoring, enhancing, and protecting groundwater and related environmental and natural resources in the North Area Groundwater Basin. (CEQA Guidelines §§ 15307 and 15308).

AGENDA ITEM 5: LEGISLATION UPDATE

BACKGROUND:

In 2009, the Legislature passed SBX7 6, which required monitoring of groundwater levels in every basin in the state. The Department of Water Resources will seek local agencies to voluntarily take on the monitoring responsibilities. However, lacking a commitment from a monitoring entity the responsibility will fall to the state, and water providers in the basin will be ineligible for grant funds for groundwater projects. Sacramento Groundwater Authority is eligible to volunteer to take on monitoring. Agencies must submit their requests to be the recognized monitoring entity to DWR by January 1, 2011, and must begin reporting by January 1, 2012. The state is in the process of developing the requirements for monitoring. SGA staff is seeking guidance from the Board on whether to pursue a proposal to be the monitoring entity for the North Area Basin.

Several bills are active in the Legislature that may impact SGA. These include:

- SB 1173 (Wolk), which defines “raw water” in the water code, and requires the use of recycled water in place of raw or potable water under specified conditions.
- AB 1955 (De La Torre), which would identify service in certain public offices to be incompatible.
- AB 2304 (Huffman), which would require agencies dependent on groundwater to identify the recharge areas for their groundwater sources.

A more detailed summary and analysis of the three bills, and positions recommended by staff are attached.

Regional Water Authority members unanimously adopted positions on four active bills (attached). Complete text of all the bills is available at www.leginfo.ca.gov.

STAFF RECOMMENDATION:

- a) Information: Status of Implementation of SBX7 6.
- b) Action: Consideration of adoption of positions on legislation.**

SACRAMENTO GROUNDWATER AUTHORITY

Proposed Positions on Legislation

June 2, 2010

SUMMARY

A summary, analysis, and recommended position on two assembly bills and one senate bill follow. The positions were developed by SGA staff.

SB 1173 (Wolk) – Oppose unless amended

AB 1955 (De La Torre) – Oppose unless amended

AB 2304 (Huffman) – Support if amended

DRAFT

AB 1955 (De La Torre) Public Officers: incompatible offices.

Introduced: 2/17/2010; last amended 4/12/2010

Summary: Existing law prohibits a public officer, including, but not limited to, an appointed or elected member of a governmental board, commission, committee, or other body, from simultaneously holding two incompatible public offices, as specified. This bill would provide additional circumstances when two public offices are incompatible. This bill contains other related provisions and other existing laws.

Notes: The current language identifies the following as incompatible offices.

Either office public entity in which an office exists has the power to set a fee or a rate or to impose a tax or a levy that may directly or indirectly affect the other office or body.

Either office public entity in which an office exists has the authority to investigate, monitor, or sue the other office or body.

This bill would potentially create a condition where representatives of public water providers would be ineligible to serve on the SGA board as appointees of the JPA signatories. This could undermine the institutional structure of SGA.

Proposed Amendments: *"Notwithstanding subdivision (a), no public officer shall be deemed to hold incompatible offices if that officer holds an office with a public entity and an office with a joint powers entity formed pursuant to Chapter 5 of Division 7 of the Government Code (commencing with Government Code section 6500), to which the officer was appointed to represent the first public entity.*

Status as of 6/2/2010: Passed Assembly, in Senate Local Government Committee

Current Position: Not yet considered

Recommended Position: Oppose unless amended

AB 2304 (Huffman) Groundwater management plans: components.

Introduced: 2/19/2010; last amended 5/28/2010

Summary: Existing law authorizes specified local agencies that provide water service to adopt and implement a groundwater management plan. Existing law requires a local agency seeking specified state funds to include in a groundwater management plan that is adopted pursuant to that authority various components, including components relating to the monitoring and management of groundwater levels within the groundwater basin. Existing law authorizes a groundwater management plan to additionally include other components relating to, among other things, identification and management of wellhead protection areas and recharge areas, replenishment of groundwater, and review of land use plans and coordination with land use planning agencies. This bill would add coordination with local planning agencies to develop and implement land use strategies that protect prime recharge areas to the list of authorized components of a groundwater management plan. This bill contains other related provisions and other existing laws.

Notes: While the identification and protection of groundwater recharge areas should be a goal of water managers, the bill is not clear on whether agencies would have sufficient time to come into compliance before the requirements took effect. In addition, the only enforcement mechanism is ineligibility of water agencies for grant funds. No requirements are put on land use agencies that have the authority to actually control land uses in recharge areas.

The most recent amendments addressed many of our concerns; however, the question of timing of compliance has not been addressed.

Policy Principles: The current SGA Groundwater Management Plan contains a map of recharge areas within the SGA area. The requirements in the legislation could create minimal to moderate additional work, which could likely be accomplished using existing data and ground water model results. Depending on the timing of the requirements taking effect, it may require an amendment to the SGA GWMP prior to the next scheduled update.

Proposed amendments: Specify that the requirements would need to be met by January 1, 2013 or at the time of the next regularly scheduled update as specified in an existing groundwater management plan, but not later than January 30, 2014.

Status as of 5/3/2010: Passed Assembly, to Senate

Current Position: Not yet considered

Recommended Position: Support if amended

SB 1173 (Wolk)

Introduced: 2/18/2010; amended 3/24/2010

Summary: The Porter-Cologne Water Quality Control Act establishes a statewide program for the control of the quality of all the waters in the state. This bill would define raw water for purposes of the act. Existing law declares that the use of potable domestic water for nonpotable uses is a waste or an unreasonable use of water if recycled water is available, as determined by the State Water Resources Control Board, and other requirements are met. This bill, instead, would declare that the use of raw or potable domestic water for nonpotable municipal or industrial uses is a waste or unreasonable use of water if recycled water is available, as determined by the board, and other requirements are met.

Notes: The primary SGA concern with this bill would be to ensure that the bill does not impact efforts to put remediated groundwater to beneficial uses. Clarifying that remediated groundwater is excluded from the definition of “raw water” in the bill would provide such assurance.

Policy Principles: The remediation of contaminated groundwater, and expanding the use of treated remediation water is important to the long term sustainability of the North Area Groundwater Basin. Legislation should recognize that use of remediated groundwater is an opportunity to reduce the use of potable water for certain purposes that is comparable and consistent with the bills intent to promote the use of recycled water.

Proposed amendments: 13052. *As used in this division, “raw water” means surface water or groundwater that has not been treated. Raw water excludes groundwater that is extracted an/or treated for the purpose of remedying pollution, contamination or both.*

ACWA has provided SGA’s proposed amendment to Senator Wolk’s staff and received a verbal commitment that it will be included when/if the bill goes to the Assembly.

Status as of 5/3/2010: Passed Senate; Assembly Desk

Current Position: Not yet considered

Recommended Position: Oppose unless amended

REGIONAL WATER AUTHORITY

Adopted Positions on Legislation

May 25, 2010

SUMMARY

A summary, analysis, and adopted position on three assembly bills and one senate bill follow. The positions were approved through the unanimous consent provisions of the JPA Agreement.

AB 1677 – Support

AB 1929 – Support

AB 2583 – Oppose unless amended

SB 1469 – Oppose unless amended

AB 1677 (Caballero) Public Resources

Introduced: 1/25/2010; last amended 4/8/2010

Summary: Existing law requires an urban water supplier to prepare and adopt, and update every 5 years, an urban water management plan. Existing law grants a specified extension to an urban retail water supplier for the adoption of an urban water management plan that is due in 2010, to allow use of certain technical methodologies that the Department of Water Resources is required to develop for purposes of those water use reduction provisions. This bill would grant the extension to July 1, 2011 to an urban wholesale water supplier. The bill also corrects non-substantive technical flaws in the Delta legislation package.

Notes: A number of RWA members supply water on a wholesale basis to other suppliers in the region. Retail suppliers are not required to submit 2010 Urban Water Management Plans until July 1, 2011. The provisions of this bill would correct a flaw in SBX7 7, which would have reduced the opportunity for coordination by requiring wholesalers to submit UWMPs six months earlier than retailers. The bill has been amended three times since its introduction. As a primary vehicle for modification to the Delta legislation package, more amendments may be forthcoming.

Policy Principles: In the current form, the bill would benefit wholesalers in the region by providing more time to complete the UWMP, and more opportunity to coordinate with wholesale customers. If future amendments to the bill change other provisions of the 2009 legislation, they would have to be considered independently.

Status as of 5/25/2010: Passed Assembly, in Senate NR&W

Current RWA Position: Support

AB 1929 (Hall) Invasive aquatic species: mussels.

Introduced: 2/17/2010

Summary: Existing law, until January 1, 2012, generally prohibits a person from possessing, importing, shipping, or transporting in the state, or from placing, planting, or causing to be placed or planted in any water within the state, dreissenid mussels, and authorizes the Director of Fish and Game or his or her designee to engage in various enforcement activities. Existing law exempts a public or private agency that operates a water supply system from those enforcement activities, if the operator of the facilities has prepared and implemented a prescribed plan to control or eradicate dreissenid mussels.

Existing law provides that a person who violates or resists, delays, obstructs, or interferes with the implementation of these provisions is subject to a penalty, in an amount not to exceed \$1,000, that is imposed administratively by the department.

This bill would provide that an operator of water delivery and storage facilities, who has prepared, initiated, and is in compliance with a plan to control and eradicate dreissenid mussels in accordance with the above existing provisions of law, would not be subject to any civil or criminal liability for the introduction of dreissenid mussel species as a result of operations of those facilities. The bill would provide that neither the director's enforcement activities, nor the prohibition on a person possessing, importing, shipping, or transporting dreissenid mussels in the state would apply to an operator who has prepared, initiated, and is in compliance with a plan to control and eradicate dreissenid mussels, unless the department had required the operator to update its plan and the operator failed to do so.

Background: The Association of California Water Agencies (ACWA) is the sponsor of this bill. In 2007, California proactively responded to the discovery of quagga mussels in the Colorado River, which provides critical water supplies to Southern California. Then Assemblymember Lois Wolk introduced emergency legislation, AB 1683, that authorized the Department of Fish and Game to inspect and quarantine waters infested with the quagga mussel and to require water system operators to develop and implement mussel control and eradication plans. These plans must be updated as new methods of controlling the mussel are identified and are subject to review and approval by the Department of Fish and Game (DFG). Complete control and eradication of quagga mussels remains elusive. Quagga mussels first appeared in the Great Lakes region of the United States in the late 1980's. Efforts to eradicate the mussels in the Midwest and to prevent their spread have failed. Both scientifically-based and realistically-applied information and practice have consistently demonstrated that it is virtually impossible to eradicate the mussels once infestation occurs. The Department of Fish and Game states, "...preventing their spread downstream from known infestations may not be possible."

Notes: AB 1929 will clarify existing law relating to civil and criminal penalties applicable to the introduction of invasive species in California's waters. Currently, even when a water system operator prepares, initiates and is in compliance with an effective and scientifically sound plan, complete eradication of quagga mussels is not a guaranteed, nor even likely, outcome. Consequently, if the mussels were to spread through water deliveries made by public water systems despite implementing the mussel control plan required under AB 1683, the water system entity and its employees may be held criminally liable for possessing or transporting quaggas, as well as civilly liable for costs of controlling or removing quagga mussels.

AB 1929 is similar to AB 804 by this author last year. Governor Schwarzenegger vetoed that bill. Like AB 804 before it, AB 1929 will ensure that those entities, and their respective employees, that are in compliance with current requirements under AB 1683 and updating their plans, shall not be subjected to civil or criminal penalties. Further clarification is also provided to ensure the state and its agencies will not be held liable for their efforts to control quagga mussels. It is important to note that AB 1929

Regional Water Authority – Bill Analysis and Position – 05/25/2010

applies only to deliveries of public water supplies and only for those agencies that are in compliance with existing requirements regarding control and eradication of quagga mussels. However, it will provide assistance to those public agencies that are in full compliance and update their control and eradication plan. But, AB 1929 will not apply to other agencies that do not follow the requirements set forth under AB 1683. The addition of subdivision (h) on Page 6, lines 14-17, inclusive, addresses the concern that lead to the gubernatorial veto of last year's legislation.

While AB 1929 will not benefit all RWA members similarly, it is important to those purveyors that operate surface water facilities, and through the widespread exchange of water supplies in the region, to the region as a whole. El Dorado Irrigation District has taken a "support" position on this bill.

Policy Principles: RWA supports indemnifying local agencies and their employees from civil and criminal liability when they are complying with all requirements under the law for control of invasive species.

Status as of 5/3/2010: Passed Assembly, in Senate NR&W

Current RWA Position: Support

AB 2583 (Hall) Water treatment: hazardous materials

Introduced: 2/19/2010; last amended 4/22/2010

Summary: Existing law provides for the California accidental release prevention (CalARP) program for the prevention of accidental releases of regulated substances, which requires the owner or operator of a stationary source to prepare a risk management plan (RMP) when required under certain federal regulations or if the administering agency determines there is a significant likelihood of a regulated substance accident risk. This bill would require California Emergency Management Agency, by January 1, 2013, to adopt regulations to require a public water system or wastewater treatment plant that is a stationary source and is required to prepare and submit a risk management plan to additionally consider the use of safer technologies by the public water system or wastewater treatment plant in that RMP.

Notes: The bill would affect those water and wastewater plant operators that use chlorine gas in their operations. Although the bill requires only “consideration” of safer technologies, it does state that, *“regulations adopted pursuant to this section shall not require the acquisition of goods or services that do not perform adequately for their intended use, exclude adequate competition, or are not available at a reasonable price in a reasonable period of time.”* This language implies that changes in materials could be required if the conditions are met, which could result in increased costs to water providers. The provisions of the bill are not defined; for example, the meaning of “reasonable price.” In many cases, it is not simply a matter of changing chemicals, but altering physical plant and incurring training costs to accommodate a change. The bill would regulate a small subset of industrial users of chlorine gas to address what is primarily a transportation hazard.

Prior to 4/22 amendments, ACWA took an oppose unless amended position on this bill, in the hopes of working with the author to secure suitable amendments.

Policy Principles: RWA generally opposes “one-size-fits-all” state mandates that reduce a local agency’s authority and flexibility in providing services and complying with the law.

Status as of 5/25/2010: Passed Env. Safety and Toxic Materials, in Appropriations

Current RWA Position: Oppose unless amended

SB 1469 (Simitian) Sacramento-San Joaquin Delta: California Water Plan: Water Quality.

Introduced: 2/19/2010; amended 3/23/2010, amended 4/14/2010

Summary: This bill would require the SWRCB, by January 1, 2012, to identify all parties, including public and private parties, that benefit from waters originating in the Sacramento-San Joaquin Delta watershed and whose activities impact the Delta watershed. The bill would also require the board, by that date, to develop a process for determining the degree of responsibility attributable to each of the identified parties for physical and environmental impacts on the Delta.

This bill would require DWR as a part of its update of the California Water Plan, commencing with the update that is due on or before December 31, 2013, and every 5 years thereafter, to identify the infrastructure needs for the state, by hydrologic region, over the next 30 years, estimate the expected costs of associated environmental mitigation and restoration projects over the next 30 years, propose a policy for assigning funding responsibilities to beneficiaries of water resources investments and a financing strategy for funding responsibilities proposed to be assigned to the state, and identify certain related information.

Notes: The bill requires the SWRCB to identify those who “benefit from” water originating in the Delta watershed and “whose activities impact the Delta watershed.” The full range of benefits and impacts to be considered is not spelled out in any way. For water suppliers, correlating the benefit (presumably diversions from the Delta watershed) with impacts to the Delta would be difficult to demonstrate. There is insufficient science to develop a process to determine the degree of responsibility for physical and environmental impacts on the Delta within a period of approximately one year. This bill could lead to defining financial responsibility based on what would be a cursory analysis. The SWRCB has the ability to address these issues through its water rights authority.

The bill goes far beyond the current scope of the California Water Plan. While identifying the infrastructure needs of the state, on an aggregate basis, may be reasonable, the proposal that the state propose a “policy for assigning funding responsibilities to beneficiaries of water resources investments,” goes far beyond what the state could, or should undertake. As in the past, future investments in water resources will be made predominantly at a local and regional level, and should be left in the hands of local and regional decision makers.

ACWA has adopted an Oppose Unless Amended position on this bill.

Policy Principles: RWA’s policy principles on Delta Vision and Related Actions recognized the need to demonstrate responsibility for contributing to the problems of the Delta prior to assignment of any costs. This bill however, does not provide any detail on the nature of the process that the SWRCB will use to allocate responsibility, nor the use to which the conclusions will be put. RWA generally prefers that water rights issues be handled through a formal hearing by the SWRCB.

RWA generally opposes the proposal that DWR be given additional responsibility to engage in local and regional planning and financing of water resources projects.

Status as of 5/3/2010: Passed Natural Resources and Water, in Appropriations

Current RWA Position: Oppose Unless Amended

AGENDA ITEM 6: FISCAL YEAR 2010-2011 SGA BUDGET

BACKGROUND:

The budget committee met on March 22, 2010 to discuss and review the proposed SGA FY 2010-2011 (FY11) Budget. The FY11 Budget Committee members include Walt Sadler, City of Folsom; Randy Marx, Fair Oaks Water District; Pam Tobin, San Juan Water District; and Chuck Rose, Citrus Heights Water District. The proposed budget was presented to the Board at its April 8, 2010 meeting. Due to the lack of a double majority vote, adoption of the budget was delayed until the June 10, 2010 meeting. According to the SGA JPA "prior to the commencement of each fiscal year (defined as July 1 through June 30), the governing board shall adopt a budget for the Authority for the ensuing fiscal year."

EXECUTIVE SUMMARY PROPOSED BUDGET FOR FY 2010-2011

In light of continued economic difficulties experienced by some members, the FY11 budget proposal was developed with no increase in the rate setting formula. No increase for FY 2010-2011 will maintain the operating reserves at approximately 5 months. The budget presented is very lean and defers some expenses to future years.

Major budget assumptions used in preparing the budget projections for FY11 include:

While the formula did not change, each agency's specific fee depends on the changes in connections and groundwater pumping from the previous year. In the proposed budget, the minimum base administrative fee is \$6,740 plus 85 cents per connection for connections over 6,000. The total base administrative fee would contribute approximately 38% to the overall budget. The pumped groundwater fee per acre-foot will remain the same at \$4.00 per acre foot. The total groundwater fees would contribute approximately 62% to the overall budget. Overall, the total fees for groundwater and base fees is approximately 2% less than the amount assessed in FY10. Even though the overall fees are declining, some agencies will pay more than in the previous year due their individual groundwater pumping average.

The proposed budget also includes receiving \$250,000 in grant reimbursements, over the two years (FY10 and FY11), along with the related consulting expenses.

The proposed FY11 budget maintains the principles adopted during the FY10 budget process. The FY11 budget proposed expenses assume the following:

- 1) The general assessment fee assumes an average annual groundwater extraction of 80,562 acre-feet, which is approximately 2,475 acre-feet lower than the previous year average. The acre-feet are based upon the five-year historical average data provided by member information.
- 2) Staff salaries include four full time positions for both SGA and RWA, each split equally between the organizations for a total of 2 FTEs for SGA. A 4% increase in the staffing budget is reflected. This represents possible cost of living and possible merit adjustments, at the discretion of the Executive Director. This percentage is lower than years prior, in which a 6% increase was routinely budgeted, but higher than in FY10. For FY10, a 2% increase in the salaries budget was approved, but no merit or cost of living increases were granted to staff. A 4% increase was adopted in the Regional Water Authority budget, and RWA is the employer of staff for SGA.
- 3) Common costs for staffing, office, some professional fees, and other expenses are shared with RWA at 50/50;
- 4) In FY11, it is anticipated that SGA revenues will be approximately \$18,920 less than expenses.
- 5) The SGA consulting budget reflects \$91,500 in out-sourced support activities in FY11, which includes completing the biennial report, grant application assistance, maintaining the data management system, regional contamination, monitoring water quality levels, and banking and exchange; and
- 6) The operating fund is targeted at approximately five months for FY11.

STAFF RECOMMENDATION:

Information: Proposed FY 2010-2011 budget and fees.

Action: Adopt Resolution No. 2010-04 to fund the administrative and program budgets for FY 2010-2011, and providing for the collection of said funds.



Proposed 2010 - 2011 FYE Budget Summary

Major Assumptions

Revenues

- 1) Total Fees for groundwater and base fees is approximately 2% less than amount assessed for FY10 budget process.
Represents approximately 8% less than previously projected due to greater cashflow results in FY09 and projected in FY10.
- 2) Base fee kept the same as in FY10, even though overall costs expected to increase by 5%.
The overall base fee is essentially the same as in the previous year.
- 3) Base fees cover approximately 38% of expenses.
- 4) Groundwater fees will stay the same on a per acre foot basis at \$4.00. Since overall pumping declined, total overall groundwater fees will decrease by 3%.
- 5) Assumes 5 year acre foot average groundwater pumped of: 80,562
- 6) The Department of Water Resources \$250,000 Local Groundwater Assistance Grant Program pushed into FY11 due to state budget problems.
- 7) Interest income expected to decline due to declining earnings rates and lower average cash balances.

Expenses

- 1) Staffing costs for four full time positions, which includes the Principal Project Manager at 50% or a total of 2 FTEs for SGA.
- 2) Staffing costs budgeted at a 4% increase, lower than prior years of 6%. In FY10 a 2% merit adjustment was authorized but was not used.
- 3) Benefit costs for 2 FTEs.
- 4) Lease is currently on a month to month basis but is expected to stay the same.
- 5) Professional fees include audit, actuarial, public relations, accounting, and legal.
- 6) Program consultants for FY11 includes updating the groundwater management plan, grant application assistance, maintaining the data management system regional contamination, monitoring water quality levels, banking and exchange and subsidence monitoring.
- 7) Special projects reflects the costs associated with the DWR grant.
- 8) General cost increases were projected at 3% unless specifically identified.

Revenues in excess of Expenses

- 1) In FY11, it is anticipated that SGA revenues will be approximately \$18,920 less than expenses.

Designations/Restrictions

- 1) The Operating fund is at five months for FY 11 which falls within the policy guidelines.
For the future budget years, it is anticipated the operating fund will be used to fund expenses in excess of revenues within the policy guidelines.



**Sacramento Groundwater Authority
2010 - 2011 FYE Budget Summary**

5 year average Acre-feet Groundwater	83,037	83,037	80,562
Proposed Groundwater Fee	\$4.00	\$4.00	\$4.00
Proposed Minimum Base Fee	\$6,740	\$6,740	\$6,740
Proposed Per Connection Fee	\$0.85	\$0.85	\$0.85
Base admin fee as a % of budget	38.53%	40.35%	37.44%

Budgeted FY10	Projected FY10	Proposed FY11
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Notes

Operating Revenues

Groundwater Fees	\$ 332,100	\$ 332,100	\$ 322,200	3% decrease in GW fees total
Base Fee	\$ 213,700	\$ 214,500	\$ 211,000	No increase in base fee total
Grant Income	\$ 250,000	\$ 90,000	\$ 160,000	DWR grant evaluating the groundwater sustainability
Interest Income	\$ 5,000	\$ 4,000	\$ 2,400	Decline anticipated due to declining rates and cash balances
Total	\$ 800,800	\$ 640,600	\$ 695,600	

Operating Expenses

Staff	\$ 314,800	\$ 311,300	\$ 328,670	Reflects 2 FTE, including budgeted 50% principal project manager
OPEB Expenses	\$ 15,300	\$ 14,200	\$ 14,700	Ongoing yearly obligation for current employees
Office	\$ 53,350	\$ 47,950	\$ 49,350	Lease agreement will renew in FY10
Professional Fees	\$ 171,250	\$ 158,100	\$ 170,800	Includes support services and PM consultants. See PM detail budget.
Other	\$ -	\$ -	\$ 1,000	Office equipment purchases
Special Projects	\$ 225,000	\$ 78,950	\$ 150,000	Reflects anticipated costs related to the new DWR grant
Total Expenses	\$ 779,700	\$ 610,500	\$ 714,520	

Expenses in Excess of Revenues

Cash, beginning	\$ 163,495	\$ 225,972	\$ 256,072
Source (Use) of Funds	\$ 21,100	\$ 30,100	\$ (18,920)

Cash, ending

DESIGNATIONS

Operating Fund	\$ 184,595	\$ 177,200	\$ 188,200
Un-designated	\$ -	\$ 78,872	\$ 48,952

	\$ 184,595	\$ 256,072	\$ 237,152
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No. of months cash pays for operations	4	5.8	5
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	% increase expenses				3.00%			3.00%	3.00%	3.00%	3.00%
	% increase staffing costs				4.00%			6.00%	6.00%	6.00%	6.00%
	% change in Acre Feet Pumped							0.87%	0.00%	-1.96%	1.23%
SGA											
Proposed FY' 2010-2011 OPERATING BUDGET PROJECTION											
BUDGET ACRE FEET FY10 (5-yr. Ave)				83,037		80,669		80,866	80,513	78,573	
BUDGET ACRE FEET FY11 (5-yr. Ave)				ACRE FEET:		80,562	1	81,265	81,266	79,674	80,652
	SGA	SGA	SGA	SGA		SGA	NOTES	SGA	SGA	SGA	SGA
	FY 09	FY 10	FY 10	FY 10		FY 11		Projected	Projected	Projected	Projected
	Actual	Budget	Actual at	Projected		Proposed		FY 12	FY 13	FY 14	FY 15
	Per Audit		Dec. 2009			Budget					
ANNUAL REVENUES											
GW Fee FY 10 Final Budget	\$3.85	\$4.00		\$4.00		\$4.35	1	\$4.90	\$5.05	\$5.80	
Proposed GW Fee FY 11 Budget						\$4.00	1	\$4.10	\$4.50	\$5.25	\$5.45
Proposed Base Fee	\$6,690	\$6,740		\$6,740		\$6,740	2	\$7,121	\$7,512	\$7,911	\$8,347
Proposed Per Connection Fee	\$0.84	\$0.85		\$0.85		\$0.85	2	\$0.90	\$0.95	\$1.00	\$1.06
Overall Fee Change from Prior Year				1.01%		-2.45%		4.29%	8.04%	10.84%	5.24%
% expense chg, excludes PM											
consultants & OPEB UAAL	0.71%	0.82%		6.63%		4.75%		5.65%	5.49%	5.31%	5.51%
Base admin fee as a % of budget	44.17%	38.53%		40.35%		37.44%		37.52%	37.66%	36.51%	38.94%
OPERATING REVENUES (Proposed Fee)											
General Assessments/Fees											
→ Groundwater fees	\$ 330,787	\$ 332,100	\$ 332,147	\$ 332,100		\$ 322,200	1	\$ 333,200	\$ 365,700	\$ 418,300	\$ 439,600
→ Base Fee	\$ 210,352	\$ 213,700	\$ 214,547	\$ 214,500		\$ 211,000	2	\$ 222,900	\$ 235,100	\$ 247,600	\$ 261,200
→ Grant Income	\$ -	\$ 250,000	\$ (2,105)	\$ 90,000		\$ 160,000	3	\$ -	\$ -	\$ -	\$ -
Interest Income	\$ 13,251	\$ 5,000	\$ 1,092	\$ 4,000		\$ 2,400	4	\$ 2,500	\$ 2,200	\$ 1,900	\$ 1,700
TOTAL REVENUE	\$ 554,390	\$ 800,800	\$ 545,681	\$ 640,600		\$ 695,600		\$ 558,600	\$ 603,000	\$ 667,800	\$ 702,500
STAFF EXPENSES (General):											
Staff Salaries/Wages	\$ 205,301	\$ 210,500	\$ 103,404	\$ 210,500		\$ 218,920	5	\$ 232,100	\$ 246,000	\$ 260,800	\$ 276,400
Temporary Services	\$ -	\$ 2,000	\$ 140	\$ 500		\$ 5,000	6	\$ 5,300	\$ 5,600	\$ 5,900	\$ 6,200
Benefits	\$ 77,380	\$ 75,500	\$ 43,003	\$ 75,000		\$ 77,250	7	\$ 81,900	\$ 86,800	\$ 92,000	\$ 97,500
Payroll Taxes	\$ 15,964	\$ 16,800	\$ 5,705	\$ 16,800		\$ 17,500	8	\$ 18,600	\$ 19,700	\$ 20,900	\$ 22,200
Meals/Travel/Conferences	\$ 5,559	\$ 7,500	\$ 1,512	\$ 7,000		\$ 7,500	9	\$ 7,700	\$ 7,900	\$ 8,100	\$ 8,300
Professional Development/Training	\$ 872	\$ 2,500	\$ 63	\$ 1,500		\$ 2,500	10	\$ 2,600	\$ 2,700	\$ 2,800	\$ 2,900
TOTAL STAFF EXPENSES	\$ 305,076	\$ 314,800	\$ 153,827	\$ 311,300		\$ 328,670		\$ 348,200	\$ 368,700	\$ 390,500	\$ 413,500
Prior service OPEB obligation (UAAL)	\$ 169,878	\$ -	\$ -	\$ -		\$ -	11	\$ -	\$ -	\$ -	\$ -
Annual OPEB Cost (normal cost)	\$ 13,776	\$ 15,300	\$ -	\$ 14,200		\$ 14,700	12	\$ 15,200	\$ 15,700	\$ 16,200	\$ 16,700
OPEB EXPENSES	\$ 183,654	\$ 15,300	\$ -	\$ 14,200		\$ 14,700		\$ 15,200	\$ 15,700	\$ 16,200	\$ 16,700

		% increase expenses	3.00%		3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%
		% increase staffing costs	4.00%		6.00%	6.00%	6.00%	6.00%	6.00%	6.00%	6.00%
		% change in Acre Feet Pumped			0.87%	0.00%	-1.96%				1.23%
SGA											
Proposed FY' 2010-2011 OPERATING BUDGET PROJECTION											
BUDGET ACRE FEET FY10 (5-yr. Ave)			83,037		80,669			80,866	80,513	78,573	
BUDGET ACRE FEET FY11 (5-yr. Ave)		ACRE FEET:			80,562	1		81,265	81,266	79,674	80,652
		SGA	SGA	SGA		NOTES		SGA	SGA	SGA	SGA
		FY 09	FY 10	FY 10				Projected	Projected	Projected	Projected
		Actual	Actual at	Actual at				FY 12	FY 13	FY 14	FY 15
		Per Audit	Dec. 2009	Dec. 2009				FY 12	FY 13	FY 14	FY 15
		Budget	Projected	Projected				FY 12	FY 13	FY 14	FY 15
OFFICE EXPENSES:											
Rent & Utilities Contract	\$	12,963	\$ 14,000	\$ 6,618	\$ 14,000		13	\$ 14,400	\$ 14,800	\$ 15,200	\$ 15,700
General Liability Insurance	\$	9,585	\$ 10,500	\$ 10,355	\$ 10,500		14	\$ 10,800	\$ 11,100	\$ 11,400	\$ 11,700
Office Maintenance	\$	-	\$ 750	\$ 142	\$ 150		15	\$ 1,750	\$ 1,800	\$ 1,900	\$ 2,000
Postage and Postal Meter	\$	1,547	\$ 2,500	\$ 807	\$ 1,800		16	\$ 1,900	\$ 2,000	\$ 2,100	\$ 2,200
Telephone/DSL/web hosting	\$	3,899	\$ 4,000	\$ 1,736	\$ 4,000		17	\$ 4,400	\$ 4,500	\$ 4,600	\$ 4,700
Meetings	\$	2,651	\$ 3,100	\$ 250	\$ 1,500		18	\$ 2,200	\$ 2,400	\$ 2,600	\$ 2,800
Printing/Supplies	\$	8,991	\$ 9,000	\$ 2,448	\$ 7,500		19	\$ 7,700	\$ 7,900	\$ 8,100	\$ 8,300
Dues & Subscriptions	\$	2,492	\$ 4,000	\$ 2,555	\$ 3,000		20	\$ 3,100	\$ 3,200	\$ 3,300	\$ 3,400
Computer hardware/software	\$	3,971	\$ 2,500	\$ 1,169	\$ 2,500		21	\$ 2,600	\$ 2,700	\$ 2,800	\$ 2,900
Computer maintenance	\$	4,111	\$ 3,000	\$ 675	\$ 3,000		22	\$ 3,100	\$ 3,200	\$ 3,300	\$ 3,400
TOTAL OFFICE EXPENSES	\$	50,210	\$ 53,350	\$ 26,755	\$ 47,950			\$ 51,950	\$ 53,600	\$ 55,300	\$ 57,100
PROFESSIONAL FEES											
SGA Legal	\$	17,446	\$ 35,000	\$ 3,018	\$ 25,000		23	\$ 26,500	\$ 28,100	\$ 29,800	\$ 31,600
Audit Fees	\$	9,263	\$ 10,650	\$ 6,563	\$ 9,500		24	\$ 11,000	\$ 11,300	\$ 11,600	\$ 11,900
ADP & Banking Fees	\$	1,035	\$ 1,100	\$ 531	\$ 1,100		25	\$ 1,200	\$ 1,300	\$ 1,400	\$ 1,500
SGA Support Services	\$	26,655	\$ 37,500	\$ 3,611	\$ 42,500		26	\$ 44,600	\$ 47,300	\$ 49,100	\$ 52,100
SGA Consultants - Program Managem	\$	52,724	\$ 87,000	\$ -	\$ 80,000		27	\$ 95,400	\$ 98,200	\$ 124,300	\$ 86,300
TOTAL PROFESSIONAL FEES	\$	107,123	\$ 171,250	\$ 13,723	\$ 158,100			\$ 178,700	\$ 186,200	\$ 216,200	\$ 183,400
TOTAL OPERATING EXPENSES	\$	646,063	\$ 554,700	\$ 194,305	\$ 531,550			\$ 594,050	\$ 624,200	\$ 678,200	\$ 670,700
OTHER EXPENSES											
Office furniture	\$	-	\$ -	\$ -	\$ -		28	\$ 1,100	\$ 1,200	\$ 1,300	\$ 1,400
TOTAL Other Expenses	\$	-	\$ -	\$ -	\$ -			\$ 1,100	\$ 1,200	\$ 1,300	\$ 1,400
Special Projects Expenses											
Consulting - AB 303 Studies	\$	21,050	\$ 225,000	\$ -	\$ 78,950		29	\$ 150,000	\$ -	\$ -	\$ -
TOTAL Special Proj. Expenses	\$	21,050	\$ 225,000	\$ -	\$ 78,950			\$ 150,000	\$ -	\$ -	\$ -
TOTAL EXPENSES	\$	667,113	\$ 779,700	\$ 194,305	\$ 610,500		30	\$ 595,150	\$ 625,400	\$ 679,500	\$ 672,100
Net Income (Loss)	\$	(112,723)	\$ 21,100	\$ 351,376	\$ 30,100		31	\$ (36,550)	\$ (22,400)	\$ (11,700)	\$ 30,400

		% increase expenses		3.00%				3.00%	3.00%	3.00%	3.00%			
		% increase staffing costs		4.00%				6.00%	6.00%	6.00%	6.00%			
		% change in Acre Feet Pumped						0.87%	0.00%	-1.96%	1.23%			
SGA														
Proposed FY' 2010-2011 OPERATING BUDGET PROJECTION														
BUDGET ACRE FEET FY10 (5-yr. Ave)			83,037			80,669			80,866			80,513		
BUDGET ACRE FEET FY11 (5-yr. Ave)			ACRE FEET:			80,562			81,265			81,266		
5-Year Projection														
									78,573			79,674		
									80,652					
	SGA FY 09 Actual Per Audit	SGA FY 10 Budget	SGA FY 10 Actual at Dec. 2009	SGA FY 10 Projected		SGA FY 11 Proposed Budget	NOTES		SGA Projected FY 12	SGA Projected FY 13	SGA Projected FY 14	SGA Projected FY 15		
CASH SUMMARY														
	AVAILABLE CASH, Beginning	\$ 338,695	\$ 163,495	\$ 225,972	\$ 225,972	\$ 256,072	32		\$ 237,152	\$ 200,602	\$ 178,202	\$ 166,502		
	SOURCE (USE) OF FUNDS	\$ (112,723)	\$ 21,100	\$ 351,376	\$ 30,100	\$ (18,920)	31		\$ (36,550)	\$ (22,400)	\$ (11,700)	\$ 30,400		
	CASH, Ending	\$ 225,972	\$ 184,595	\$ 577,348	\$ 256,072	\$ 237,152			\$ 200,602	\$ 178,202	\$ 166,502	\$ 196,902		
DESIGNATIONS														
	Operating Fund (two to four mos)	\$ 163,495	\$ 184,595	\$ 64,800	\$ 177,200	\$ 188,200	4.0	33	\$ 198,400	\$ 178,202	\$ 166,502	\$ 196,902		
	Water Accounting Framework	\$ 35,000	\$ -	\$ -	\$ -	\$ -			\$ -	\$ -	\$ -	\$ -		
	Un-designated	\$ 27,477	\$ -	\$ 512,548	\$ 78,872	\$ 48,952	0.8	34	\$ 2,202	\$ -	\$ -	\$ -		
	CASH IN BANK, Ending	\$ 225,972	\$ 184,595	\$ 577,348	\$ 256,072	\$ 237,152			\$ 200,602	\$ 178,202	\$ 166,502	\$ 196,902		
	No. of months cash pays for oper.	4.2	4		5.8	5	33		4.4	3.4	2.9	3.5		

SGA
FY 2010-2011 BUDGET PROJECTION NOTES

- 1 SGA general assessment fees methodology splits the fee into two parts: a base fee based upon the number of connections per agency and a per acre foot fee based upon a trailing five-year average volume of groundwater pumped. This portion represents the per acre foot fee component. Overall, SGA is proposing to keep fees the same as in the prior year for both groundwater fees and the base fee when compared to FY10. A trailing five-year pumping average is used (FY05 - FY09). FY10 through FY15 pumping extraction reflects members estimates provided to SGA. As the amount of acre-feet pumped declines, revenues will decline, even though operations are independent of groundwater pumping.
- 2 SGA fees are calculated based upon the number of connections per agency, in addition to groundwater per acre foot. The groundwater fee is calculated at \$4.00 per foot, using a five year average of groundwater pumped. The proposed base fee is to be calculated as follows: a minimum base fee of \$6,740 plus .85 cents per connection for connections greater than 6,000. In FY11, the connection based fee paid by members represented approximately 38% of total required fees. For each subsequent year, the base fee is set to increase as the overall expenses increases, exclusive of program management consulting services as these can vary year to year.
- 3 In December 2007, SGA applied for a \$250,000 grant from the California Department of Water Resources (DWR) to evaluate the potential threats to groundwater sustainability resulting from contamination. For planning purposes, staff estimated expending \$90,000 in FY10 and the remaining \$160,000 in FY11. Given the state budget deficit, these funds were delayed into FY 2010 and into FY 2011. Although the grant will fully fund the study, DWR pays in arrears. This payment methodology results in a time lag between payment of expenses by SGA and receipt of income from DWR.
- 4 Represents interest earned from Local Agency Investment Fund (LAIF) account.
- 5 Staff salaries include four full time positions for both SGA and RWA, each split equally between the organizations, a total of 2 FTEs for SGA. A 4% increase in the salaries budget is reflected, representing both the cost of living and possible merit adjustments, at the discretion of the Executive Director. This percentage is lower than years prior, in which a 6% increase was routinely budgeted. For FY10 a 2% increase in the salaries budget was approved, but no merit or cost of living increases were granted to staff.
- 6 There is a need for additional part time clerical help this fiscal year and into the future. At this time, RWA programs use a major portion of the temporary employee's time and SGA is charged only for the time used on SGA projects.

SGA
FY 2010-2011 BUDGET PROJECTION NOTES

- 7 Benefits include employer and employee PERS, medical, vision and dental care, disability insurance, and workers' comp. for the four staff members. FY 2011 budget anticipates an increase in medical and dental costs of 3%.
- 8 Payroll taxes for the four existing staff members (2 FTEs).
- 9 Includes meal costs. Also includes conference attendance and the associated travel costs (transportation, lodging, meals).
- 10 Includes computer training and other professional development classes.
- 11 An actuarial analysis was performed to determine the cost of other post employment benefits (OPEB). The analysis calculated the true prior service costs as well as the on-going service costs for future retirees. The prior service cost for SGA's cost share was paid in FY 2009. The RWA Executive Committee, the Ad Hoc OPEB Committee, and the SGA Budget Committee had recommended paying the lump sum for the prior service cost in FY09 using available designations. Since RWA and SGA have already benefited from the past service of employees, a logical outcome was to pay for the prior service costs from previously accumulated designations/reserves.
- 12 Annual OPEB includes an ongoing service cost (normal cost) that will need to be recognized as an obligation of RWA and shared by SGA. This annual amount is estimated at \$14,200 for SGA's share, beginning in FY10. The payment of these funds will be placed into a trust account with California Employer Retirees Benefit Trust (CERBT) managed by CalPERS and paid each year in order to keep current. Since the current retirees cost of current health benefits is anticipated to be paid from the trust, these health benefit costs are no longer included in FY10 and beyond.
- 13 In accordance with ACWA/JPIA lease. Increased use of the board room may result in additional rent fees. Additionally, the lease was up for renewal March 1, 2009. ACWA JPIA is in the process of purchasing a new building. The lease will proceed on a month to month basis at the current cost. Rent also includes file storage fees.
- 14 Minimal increase in costs for property and liability coverage obtained through ACWA JPIA forecasted for the coming year.
- 15 Includes costs for office maintenance needs.

SGA
FY 2010-2011 BUDGET PROJECTION NOTES

- 16 Reflects mailing activities and cost of postage machine rental. Given the newly implemented electronic format for the board meeting mailings, costs have been reduced over prior years.
- 17 Includes telephone and conference call costs, web hosting for the website and internet service costs.
- 18 Miscellaneous meeting charges including food/refreshments.
- 19 Includes printing costs for letterhead and newsletter. Also includes copier maintenance agreement costs. Given the change to an electronic newsletter, these costs have been reduced. In order to save on immediate cash outflow, office costs include a new copier lease in FY11 versus a copier purchase.
- 20 Major cost component is ACWA dues. Other dues include AWWA, Groundwater Resources Association, Water Education Foundation and Sacramento Metro Chamber of Commerce. Subscriptions include Business Journal and Sacramento Bee.
- 21 Acquisition of new hardware/software to replace aging and out-of-date components.
- 22 General computer maintenance service.
- 23 Legal expenses in support of general SGA board meetings, resolutions, regulatory analyses, services related to contracts, and GMP development.
- 24 Annual audit service and report.
- 25 Payroll service costs for 4 employees (2 FTE).
- 26 Represents member outreach, newsletters, actuarial, budgeting and accounting assistance, website, and public relations.
- 27 Fees for groundwater management program implementation. (See separate program consulting budget).
- 28 Miscellaneous furniture needs.
- 29 For FY10 and FY11, consulting expenses for grant-funded study to evaluate potential threats to groundwater sustainability resulting from contamination (see footnote 3).

SGA
FY 2010-2011 BUDGET PROJECTION NOTES

- 30 Total expenses for SGA.
- 31 Represents the difference between total monies received versus total monies spent during the year.
- 32 Beginning cash for FY11 is reduced by FY10 year end accounts payables and increased for FY10 year end accounts receivable to arrive at available cash.
- 33 Represents the operating fund designation to pay for operating expenditures. Per SGA policy #400.0, this fund range target is two to four months of operating expenses. Government Code Section 53646(b) (3) suggests that an agency should have sufficient cash flow to meet the next six months of budgeted expenses. Cash reserves can be used to pursue new grant opportunities unknown during the budget development. This calculation is based upon the ending cash in bank. NOTE: The calculation removes the effect of the one-time OPEB payment in FY09.
- 34 Amount of cash over and above designation policy - "undesignated cash."

SGA Consulting Budget Approved and Proposed				4-Year Projection (1)					
	SGA Approved FY10	SGA FY 10 Actual at Dec. 2009	SGA FY 10 Projected	SGA Proposed FY 11	SGA Projected FY 12	SGA Projected FY 13	SGA Projected FY 14	SGA Projected FY 15	NOTES
Outside Consultant Assistance - Projects									
Biennial Basin Management Report	\$ 20,000	\$ -	\$ 20,000	\$ -	\$ 21,000	\$ -	\$ 22,100	\$ -	1
Update GMP	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 20,000	\$ 20,000	\$ -	2
Monitor water quality/levels (AB 303)	\$ 10,000	\$ -	\$ 5,000	\$ 10,500	\$ 11,000	\$ 11,600	\$ 12,200	\$ 12,800	3
Grant Application Assistance	\$ 20,000	\$ -	\$ 20,000	\$ 21,000	\$ 22,100	\$ 23,200	\$ 24,400	\$ 25,600	4
Maintain/Improve DMS	\$ 20,000	\$ -	\$ 20,000	\$ 15,000	\$ 15,000	\$ 15,800	\$ 16,600	\$ 17,400	5
Pursue short-term banking/exchange	\$ 5,000	\$ -	\$ -	\$ 10,000	\$ 10,500	\$ 11,000	\$ 11,600	\$ 12,200	6
Water Accounting Policies	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	7
Regional contamination issues	\$ 12,000	\$ -	\$ -	\$ 15,000	\$ 15,800	\$ 16,600	\$ 17,400	\$ 18,300	8
Groundwater modeling	\$ -	\$ -	\$ 15,000	\$ 15,000	\$ -	\$ -	\$ -	\$ -	9
Subsidence Monitoring	\$ -	\$ -	\$ -	\$ 5,000	\$ -	\$ -	\$ -	\$ -	10
TOTAL PROGRAM	\$ 87,000	\$ -	\$ 80,000	\$ 91,500	\$ 95,400	\$ 98,200	\$124,300	\$ 86,300	

(1) Assumes 5% annual increase in consulting labor costs.

SGA Program
FY 2010-2011 BUDGET PROJECTION NOTES

- 1 Assessing and reporting on the basin is defined in the Groundwater Management Plan (GMP). This report is key to demonstrating that the Water Forum Agreement (WFA) is being complied with, and is also needed to show that the GMP is being implemented for purposes of receiving funding from state/federal partners. The report will be primarily prepared by SGA staff, but SGA lacks graphical support and some analytical support, such as preparation of annual water surface elevation maps. The report is prepared biennially, so it is budgeted every other year.
- 2 A five year review of the GMP is called for in the GMP, with the update completed in early 2009. The next update is scheduled to begin in FY13 and continue during FY14.
- 3 This project is a commitment of the SGA grant award with Department of Water Resources (DWR). The SGA Board approved of this commitment in January 2004, before the grant application was submitted.
- 4 This money is for consulting assistance in preparing grant applications and other funding requests. Examples include AB303 local groundwater assistance grants and federal programs such as local Groundwater Assistance Grant from Department of Water Resources in FY10.
- 5 Consulting support to enter data and perform maintenance on the Data Management System (DMS). May also include partnership funding with DWR to continue investigation of feasibility of combining SGA data with DWR IWRIS interface.
- 6 Limited consulting support for identifying and refining conjunctive use partnership opportunities within the region. Much of this work has been assigned over to the RWA Integrated Regional Water Master Plan (IRWMP).
- 7 This task is a primary function identified in the SGA JPA and the ARBCA final report. Historically, the funds provided consulting support in FY2006 to initiate the process of development of appropriate SGA policies. Funding for completion of the policies is estimated at \$300K and has been shifted to the RWA IRWMP effort. That effort is currently funded through a Prop 50 planning grant through RWA.

SGA Program
FY 2010-2011 BUDGET PROJECTION NOTES

- 8 This focus is increasingly important given the continued revelations of regional contamination. This activity is currently coordinated through the SGA Regional Contamination Issues Committee, and the intent is to have the planning funded by responsible parties and will be coordinated with RWA IRWMP effort. These funds will allow for consultant staff to support meetings as needed on regional contamination such as the McClellan Stakeholder's Forum and the Regional Contamination Issues Committee. These funds also support development of informational briefing pieces such as the "Groundwater Contamination in the Sacramento Region" brochure.
- 9 This will fund support to evaluate how well the current SGA model is meeting our needs and if there are tools that may better support our needs.
- 10 Subsidence monitoring is a required component of GMPs developed under SB1938. SGA staff worked in 2005-2006 to compile existing land surface elevations collected by local, state, and federal agencies to avoid additional consulting costs. SGA also supported Sacramento Suburban WD's AB303 grant application, which will provide additional subsidence data at no cost to SGA. In FY11, SGA plans to resurvey benchmarks established in SGA's monitoring well network in 2005. This action is identified in the SGA 2008 GMP.

SGA 2010-11 Administrative Budget Dues Structure

Attachment B

Agency	Retail Connections FY10	Retail Connections FY11	Base Fee	FY 10 Groundwater Average Extraction, Acre Feet (2004 - 2008)	FY 11 Groundwater Average Extraction, Acre Feet (2005- 2009)	FY 11 Supplemental Groundwater Fees at \$4.00/ AF	Proposed FY 2010-2011 Total Estimated Fees	Actual FY 2010 Fees	\$ Diff from Existing to Proposed
California American Water	25,000	25,053	\$ 22,935	18,213	18,420	\$ 73,681	\$ 96,616	\$ 95,740	\$ 875
Carmichael Water District	11,587	11,272	\$ 11,221	2,830	2,385	\$ 9,539	\$ 20,760	\$ 22,810	\$ (2,049)
Citrus Heights Water District	19,547	19,549	\$ 18,257	399	554	\$ 2,216	\$ 20,473	\$ 19,853	\$ 620
Del Paso Manor Water District	1,795	1,798	\$ 6,740	1,661	1,613	\$ 6,450	\$ 13,190	\$ 13,385	\$ (194)
Fair Oaks Water District	14,474	14,134	\$ 13,654	891	1,050	\$ 4,200	\$ 17,854	\$ 17,505	\$ 349
Folsom, City of	19,353	19,353	\$ 18,090	-	-	\$ -	\$ 18,090	\$ 18,090	\$ -
Golden State Water Company	1,724	1,706	\$ 6,740	1,289	1,240	\$ 4,959	\$ 11,699	\$ 11,895	\$ (196)
Natomas Mutual Water Company	-	-	\$ 6,740	3	3	\$ 12	\$ 6,752	\$ 6,752	\$ -
Orange Vale Water Company	5,572	5,572	\$ 6,740	-	-	\$ -	\$ 6,740	\$ 6,740	\$ -
Rio Linda/Elverta Water District	4,416	4,416	\$ 6,740	3,328	3,314	\$ 13,258	\$ 19,998	\$ 20,051	\$ (54)
Sacramento, City of	45,000	41,800	\$ 37,170	19,541	19,246	\$ 76,985	\$ 114,155	\$ 118,052	\$ (3,898)
Sacramento, County of	3,283	3,283	\$ 6,740	5,263	5,165	\$ 20,662	\$ 27,402	\$ 27,793	\$ (391)
Sacramento Suburban	44,091	44,400	\$ 39,380	29,620	27,572	\$ 110,286	\$ 149,666	\$ 157,596	\$ (7,929)
San Juan Water District	10,345	10,322	\$ 10,414	-	-	\$ -	\$ 10,414	\$ 10,433	\$ (20)
TOTALS			\$ 211,561	83,037	80,562	\$ 322,248	\$ 533,809	\$ 546,695	\$ (12,887)

Notes:

(1) Retail connections are based on SGA boundaries or service area boundaries that are dependent upon SGA for management of the groundwater basin. Information derived from information collected from members and subject to refinement.

(2) Minimum base fee is set @ \$6,740 plus .85 cents per connections for connections over 6,000. The base fee is set to increase annually by the overall percentage of expense increase for administrative costs. The groundwater fee is \$4.00 per AF.

RESOLUTION NO. 2010-04

**A RESOLUTION OF THE
SACRAMENTO GROUNDWATER AUTHORITY
ADOPTING AND ASSIGNING COSTS
TO FUND THE ADMINISTRATIVE AND PROGRAM BUDGETS FOR FY 2010-2011,
AND PROVIDING FOR THE COLLECTION OF SAID FUNDS**

The Board of Directors of the Sacramento Groundwater Authority SGA (“SGA”) does hereby make the following findings:

- A. 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 will manage the North Area Basin through conjunctive use programs and financial regulation of water use. SGA will utilize to the full extent necessary, and consistent with the Joint Powers Agreement, all of the common powers of the County of Sacramento, City of Sacramento, City of Citrus Heights, and City of Folsom to achieve its purposes.
- B. SGA’s administrative budget for FY 2010-2011 is specified in Attachment A. The budget includes projections of operating revenues, non-operating revenues, staff expenses, office expenses, professional fees, non-recurring expenses, program expenses, and cash balances. The administrative budget is required for SGA to finance the administrative activities necessary to implement SGA’s mission of protecting, preserving and managing the North Area Groundwater Basin.
- C. For reasons of economy and efficiency, the Board of Directors of SGA finds that it is in SGA’s best interest to allocate costs for the FY 2010-2011 administrative budget among water purveyors within the North Area basin. All other non-purveyor groundwater producers and surface water users are exempt from financing the costs of the FY 2010-2011 administrative budget. Non-purveyor groundwater producers and surface water users have been exempted from FY 2010-2011 because of the difficulty and costs associated with ascertaining information and locations of approximately 1,500 private wells and an unknown number of surface water diverters in the North Area basin. The costs associated with inclusion of all users in the North Area basin would have caused SGA’s FY 2010-2011 administrative costs to increase significantly, and could not presently be justified in light of the marginal increase in revenues that such users would contribute. In future fiscal years, if SGA determines that it would further the purposes of the SGA, other water users and groundwater producers in the North Area basin may also be required to contribute to the costs of the administrative budget.

- D. The Board finds that the FY 2010-2011 budget should be funded by established water purveyors in the North Area Basin because they can be economically and efficiently identified and because they will most likely be benefited and affected in the future by SGA's groundwater management and conjunctive use programs. The Board finds that the following established water purveyors should finance the administrative budget costs for FY 2010-2011 based on the equitable formula set forth herein: California American Water, Carmichael Water District, Citrus Heights Water District, City of Folsom, City of Sacramento, County of Sacramento, Del Paso Manor Water District, Fair Oaks Water District, Golden State Water Company, Natomas Central Mutual Water Company, Orange Vale Water Company, Rio Linda/Elverta Community Water District, Sacramento Suburban Water District, and San Juan Water District.
- E. The allocation of SGA's administrative costs among groundwater pumpers and surface water users is predicated upon the anticipated benefits to be received by each classification from SGA's administrative activities, in the context of SGA's purposes and objectives. The groundwater management program, because of conjunctive use, supports and strengthens surface water user supplies and water rights. Groundwater management enhances the overall availability and reliability of water supply for all water users in the North Area. Groundwater pumpers depend upon the North Area groundwater basin almost entirely for their supplies, while surface water users currently depend upon the basin, in varying degrees, for peak and emergency water needs to supplement their surface water supplies. In the future, when SGA implements its groundwater management and conjunctive use programs, surface water users may become more reliant upon the North Area groundwater basin not only during times of drought and for meeting peaking and emergency water demands, but also for normal operations; a sustainable and healthy North Area Groundwater Basin also increases opportunities for surface water users to transfer water to areas both inside and outside of the North Area. At this time, however, the benefits of SGA's administrative functions accrue primarily to groundwater producers, since management of the North Area groundwater basin is the primary purpose of SGA.
- F. The Board therefore finds that a reasonable and equitable allocation of costs for the FY 2010-2011 administrative budget should include a Base Fee component and a Groundwater Pumping Fee component. The Base Fee shall be assessed to all member entities based on the number of connections served by the member entity. The Base Fee shall be \$6,740 plus .85 cents per connection for connections over 6,000, with no cap. The base fee is set to increase annually by the overall percentage of expense increase for administrative costs. The Groundwater Pumping Fee shall be \$4.00 per acre-foot, based on a five-year average extraction from the North Area Groundwater Basin during 2005 through 2009. Purveyors that pump groundwater from the North Area Groundwater Basin shall pay both the Groundwater Pumping Fee and the Base Fee. *The minimum fee for all SGA member agencies will be \$6,740 regardless of water source or volume used.*

- G. The Board finds that the average groundwater production from 2005 through 2009 is a reasonable period upon which to base the Groundwater Pumping Fee component of the administrative budget for FY 2010-2011.
- H. The Board finds that such allocation is reasonable, equitable, and consistent with the purposes of the Authority. The Board further finds that the total amount of revenues to be collected by SGA pursuant to this Resolution is anticipated to support the adopted budget, when augmented with non-designated reserve funds.
- I. The Board further finds that it is necessary to review the allocation of administrative costs annually to determine its continued fairness and appropriateness.

THEREFORE, BE IT RESOLVED THAT:

- 1. The SGA administrative budget for FY 2010-2011 as specified in Attachment A is hereby adopted;
- 2. The administrative fees for this FY 2010-2011 budget will be collected from the water purveyors pursuant to Attachment B.
- 3. Billing for the administrative fees shall be mailed not later than seven days following adoption of this resolution with payment to be made within forty-five days. Payments shall be sent to the Sacramento Groundwater Authority at 5620 Birdcage Street, Suite 180, Citrus Heights, CA 95610 for deposit into SGA's account.

PASSED AND ADOPTED by the Board of Directors, at their regular board meeting, on the 10th of June, 2010.

By: _____
Chair

Attest: _____
John Woodling, Executive Director

Sacramento Groundwater Authority Board Meeting
June 10, 2010

AGENDA ITEM 7: EXECUTIVE DIRECTOR'S REPORT

- a) Regional Contamination Issues Committee Update
- b) Grant Funding Update
- c) SGA Board Appointments

JUNE 10, 2010

TO: SACRAMENTO GROUNDWATER AUTHORITY BOARD

FROM: JOHN WOODLING

RE: EXECUTIVE DIRECTOR'S REPORT

- a) Regional Contamination Issues Committee (RCIC) Update** – The RCIC met on April 22, 2010. Dana Booth from Sacramento County briefed the committee on the County's interest in removing the well prohibition zone on the west side of McClellan. The County would hold workshops associated with the proposed changes to receive public comment. SGA briefed the committee on SGA's AB303 grant-funded study of the threats to groundwater sustainability. The committee will meet again on July 22, 2010.
- b) Grant Funding Update** – SGA has received its first reimbursement check (\$18,944.55) from DWR for expenses on our AB 303 grant to study the potential future impacts of contaminants on our groundwater supplies. SGA has received an extension of the project deadline to May 15, 2011 to account for the suspension of grant funds in 2009 due to the ongoing state budget crisis. DWR has announced that the next opportunity to apply for AB 303 grant funds has been tentatively scheduled for late in the calendar year.
- c) SGA Board Appointments** – The term of office for agencies appointed by the Sacramento County Board of Supervisors will expire on August 11, 2010 (see attached list). According to the SGA JPA, the term of office of each member of the governing board of the Authority shall be for a period of four (4) years. We still need letters from the Fair Oaks Water District and the agricultural representatives. Please send a written request on your agency's letterhead to the SGA office as soon as possible so this item can be placed on the Board of Supervisor's agenda for action.