

**CITY OF SEBASTOPOL  
CITY COUNCIL  
STAFF REPORT**

**Meeting Date:** October 18, 2016  
**To:** Honorable Mayor and City Councilmembers  
**From:** Engineering Manager Henry J. Mikus  
**Subject:** Sustainable Groundwater Act Compliance: Governance  
**Recommendation:** Provide the City Representative to the SGMA Workgroup with guidance regarding proposed SGMA Agency Governance Issues  
**Funding:** Currently Budgeted: \_\_\_ Yes \_\_\_xxx\_\_\_ No \_\_\_ N/A  
Net General Fund Cost: None currently

**Introduction:**

This item is to request the City Council provide direction to the SGMA workgroup with guidance regarding SGMA Agency Governance issues.

**Background:**

California obtains between a third and half of its fresh drinking water from groundwater aquifers accumulated in subsurface basins formed by underlying geologic formations. It has long been recognized that the ability of these aquifers to continue to provide sustainable water supply is critical to the water needs of California as a whole. The Sustainable Groundwater Management Act became law in 2014 (known as SGMA, but pronounced “sigma”) with the final version of the accompanying regulations issued within the last year. SGMA sets goals for developing Groundwater Sustainability Plans (GSP) for each basin in order to provide a framework to preserve, recharge, and nurture these groundwater basin aquifers. The GSP is to be developed and managed by a newly established Groundwater Sustainability Agency (GSA).

Sonoma County is underlain by three groundwater basins of interest: Santa Rosa Plain (SRP), Sonoma Valley, and Petaluma. The plan is for each basin to have its own GSA because each basin has unique features. However, per SGMA requirements a close amount of coordination between the three basins’ GSAs will be essential.

Sebastopol obtains 100% of its municipal water supply from groundwater via multiple producing wells. The northeast corner of the City overlays the SRP groundwater basin, which is listed as an at-risk basin, thus subject to SGMA. The balance of the City boundary overlays a neighboring basin to the west, the Wilson Grove Formation, which is not yet rated as at-risk. All of the City wells are located in the Wilson Grove Formation. In previous conversations, the Council and staff have been in agreement that the City’s best interests are served by participating in the SRP Basin GSA and GSP.

SGMA stipulates that GSA members must be local government entities, and either provide/supply water, or regulate water, or have land use responsibilities. In the SRP Basin,

Cotati, Rohnert Park, Santa Rosa, Sebastopol, Town of Windsor, the County of Sonoma, and the Sonoma County Water Agency (SCWA) would be the initial GSA members.

Recently, because of their own water conservation and use responsibilities, the Sonoma Resource Conservation District (SRCD) expressed interest in participating in the GSA. Upon a formal query to the State, the Dept. of Water Resources (DWR) issued a formal reply that an RCD would fit the eligibility definition and could participate, resulting in the SRCD joining the work group discussions.

In addition, a number of independent water suppliers located in the SRP have expressed concerns about their representation in potential GSA decisions that would affect their water supplies. The independent suppliers are either Public Utility Commission (PUC) regulated companies, or are so-called Mutual Water Companies (mutuals). Through discussions with the Work Group, the recommendation is that the independent suppliers should appropriately have a seat at the GSA table.

**Discussion:**

The collaborative regional effort to get set for Sustainable Groundwater Management Act (SGMA) compliance has been progressing. Recent efforts have had as their focus both the prospective GSA governance arrangement, and program financing and cost estimates.

The work Group recommendations are that the GSA entities form a GSA for the SRP that would be a Joint Powers Authority (JPA). The basic proposal is for a two-tier set-up, with a governing Board supported by a second tier Advisory Committee. The governing Board would have as its members one representative each from the county, SCWA, SRCD, each of the four cities, and a single seat for the PUC/Mutuals for a total of 9 Board seats. The expectation would be that each member entity appoint both a serving Board member, and an alternate.

Just who from each member would be eligible to serve as a governing Board member is a huge unresolved issue, as there currently exists no consensus among the Work Group members. The majority (led by the County) believe, given the weight of the decisions a Board would face, and to provide the greatest transparency, that the Board would only be open to elected officials. Others believe the choice should be up to each jurisdiction who they send, in order that they can provide the best representative possible; in this case Board members could be elected officials or staff. Our City, and Rohnert Park, are the strong supporters for self-determining our representative. A third possibility, with Santa Rosa as the champion, would be to allow City appointed officials to serve in addition to elected officials. Santa Rosa believes a member from their Public Utility Commission would serve them best; these officials are appointed by their City Council. A fourth suggestion has been proposed in the spirit of compromise: require elected for the initial 5 years, so until most of the weighty/controversial issues are addressed. Then open Board membership up to staff and appointed officials.

The Advisory Committee would have a representative from each of the governing Board entities for a total of 9, plus another 9 spots appointed by the governing Board to represent a variety of interested non-government parties: 2 environmental representatives, 2 rural residential well owners, 1 business community representative, 2 agriculture community representative that are both water users, 1 tribal representative, and 1 from the Gold Ridge Resource Conservation District. It is anticipated that individuals would be appointed by the Board based on a competitive application process.

There is a proposed voting framework for the Council to review and discuss where the goal is to follow the majority but have balance across interests; the proposal has the consensus of the Work Group. This would be a two-tier system, with the first tier requiring just a simple majority. Based on a specific list of topics, the second tier would require a super majority of 2/3 vote PLUS a majority vote from each of two separate blocks. The first block would be entities having land use authority (thus 6: 5 cities plus the county); a positive vote of 4 would be needed. The second block would be the remaining three members: the SCWA, SCRCD, and the PUC/mutual representatives with 2 required for a positive vote. Both blocks would have to pass a vote.

The super-majority rules would apply to GSA adoption and amendments, annual budget including capital projects, large capital projects and contracts over a minimum dollar threshold, assessing fees, policy and legislative advocacy topics, and acquisition of real property. Another possibility would be to add a unanimous vote requirement for budget decisions.

**Summary of Decision Points:**

- JPA format for GSA
- Board membership: all-elected, entity decides (elected or staff), elected or appointed, 5-year elected then entity decides
- Two-tier governance with a first-tier Board and a second-tier Advisory Committee
- Advisory Committee: membership, composition, method of appointment
- Voting: straight majority, tiered with super-majority for a set of topics, two block votes

**Financial Considerations:**

This is not a topic that requires Council input but does affect how the GSA might work. Financing mechanisms to support the various steps of GSA formation look at separating the GSA “life” into several segments. First would be current costs and funding through GSA formation, second would be the initial “gap” expenses to support activities until a revenue stream is established, and third would be from the start of revenue receipts.

Currently in kind work by Work Group members, and several state grants, are paying for SGMA efforts. For example, the Work Group facilitator is paid for by the State. Larger entities such as SCWA, Santa Rosa, and the County have provided staff and legal assistance beyond the in-kind work which is greatly appreciated. Members (including Sebastopol) have used their own funds where needed, such as for consultants.

Draft Gap cost and funding estimates are being prepared, with a rather large range due to unknowns. The estimated expenses are being figured for costs per water use, per capita, per land parcel, and other possible metrics to see if a fair method for cost distribution can be agreed to. This is still in process.

Regarding a permanent revenue stream to support SGMA, conversations have occurred but nothing has been defined or recommended. However, it is clear some assessment to water users as ratepayers will be needed.

**Recommendation:** Provide the City’s staff representative to the Work Group guidance for the decision points as listed: JPA framework, Board membership, two-tier governance, and voting arrangements.

**Attachments:**

None