

**LODI CITY COUNCIL
SHIRTSLEEVE SESSION
CARNEGIE FORUM, 305 WEST PINE STREET
TUESDAY, OCTOBER 11, 2016**

A. Roll Call by City Clerk

An Informal Informational Meeting ("Shirtsleeve" Session) of the Lodi City Council was held Tuesday, October 11, 2016, commencing at 7:01 a.m.

Present: Council Member Johnson, Council Member Mounce, Council Member Nakanishi, Mayor Pro Tempore Kuehne, and Mayor Chandler

Absent: None

Also Present: Deputy City Manager Ayers, City Attorney Magdich, and City Clerk Ferraiolo

B. Topic(s)

B-1 Receive Information on the Draft Joint Exercise of Powers Agreement Establishing the Eastern San Joaquin Groundwater Authority (PW)

Public Works Director Charlie Swimley provided a PowerPoint presentation regarding the Joint Exercise of Powers Agreement (JPA) establishing the Eastern San Joaquin Groundwater Authority. Specific topics of discussion included background; agreement intentions; key principles; formation, purpose and powers; governance; financial provisions; changes to membership; and next steps. Mr. Swimley stated that the draft JPA was published recently and staff will provide copies to Council following the meeting.

In response to Council Member Mounce, Mr. Swimley stated that Lodi is continuing to finalize its own Groundwater Sustainability Agency (GSA), but the groundwater basin is within the County boundaries. City Attorney Magdich added that the Eastern San Joaquin Basin also includes Calaveras and Stanislaus Counties and that all of the members of this agreement are either GSAs or will become a GSA. If an entity does not become a GSA by June 30, 2017, it cannot be a part of the JPA.

In response to Mayor Chandler, Ms. Magdich stated that Lodi is its own GSA and that the North San Joaquin Water Conservation District (NSJWCD) and Woodbridge Irrigation District (WID), which had overlying boundaries with Lodi, agreed to opt-out of Lodi's jurisdiction. The JPA brings together all formed GSAs to create a sustainability plan for the basin, the deadline for which is January 30, 2020.

Council Member Mounce stated the core concern when this was last discussed was that Lodi could lose its vote or control over decisions about the basin and questioned if another agency could trump Lodi's powers and force the imposition of fees. Mr. Swimley stated the agreement is written to formulate a consensus of the GSA members and that members can opt out of the JPA at any time if it does not agree with the direction. City Attorney Magdich further explained that each member will have one vote and the purpose of the JPA is to join all concerned entities in order to formulate a sustainable plan for the basin. The agreement provides that any agency can leave the group and form its own plan if there is disagreement on the direction or if fees are established that an agency opposes. The JPA provides an economy of scale by working together to create one plan for the basin because the alternative is the creation of multiple plans, which would require coordination among the entities to make it work. Council Member Mounce questioned the point of creating one single plan if members can simply opt out of the agreement, to which Ms. Magdich responded that it gives an entity flexibility if there is disagreement in the vision and members can form their own plans. She stated there is no penalty for opting out of the JPA unless an agency agreed to financial commitments prior to leaving the group.

In response to Council Member Nakanishi, Ms. Magdich stated there are roughly 15 attorneys in the Attorney Committee that worked to create the draft JPA, which will be presented to the Board at its meeting tomorrow. She reminded that Council Member Nakanishi is Lodi's member on the Northeastern San Joaquin County Groundwater Banking Authority (GBA) and that this issue has been discussed in the workgroup sessions as well. Ms. Magdich stated a significant amount of work was put into the document, it is not a separate legal entity, and this is the framework to gather interested parties together to form a plan.

In response to Council Member Mounce, Mr. Swimley stated any entity that does not wish to become its own GSA will fall under the authority of the overriding GSA, which will most likely be the County. Ms. Magdich stated that some entities have opted to partner together to form a GSA.

In response to Council Member Nakanishi, Mr. Swimley stated he was not certain how much the Groundwater Sustainability Plan (GSP) will ultimately cost but \$500,000 has been expended on a contract to inventory the 220,000 parcels within the County. He stated there is a substantial investment facing each entity; however, Lodi's level of financial contribution may likely be less because of the data already collected, work that was already completed, Lodi's proven sustainability, and customer investment toward making Lodi a sustainable community within the County. Ms. Magdich stated the agreement would provide credits to agencies for professional staff time devoted toward the effort, as well as documentation, studies, and reports that could be shared with the group; therefore, an agency's contribution may not necessarily be in the form of cash. She stated staff made it extremely clear to the other entities that Lodi has already made significant contributions toward sustainability and that it expects to receive credit for it.

Council Member Mounce expressed appreciation that staff is making its stance clear because she does not want citizens to pay more than their fair share, especially when they have already paid toward the State-imposed mandates. Ms. Magdich explained that a GSP must be in place by 2020 or the State will enforce a plan and that multiple plans will need to be coordinated.

Council Member Johnson expressed skepticism on whether or not Lodi will be asked for significant financial contributions because some of the other water agencies are less fiscally sound. He requested that Council receive periodic updates on this effort so that Council is not surprised when problems arise during the process. Ms. Magdich agreed, explaining that each agency will have a voting member at the table, which will be a City Council Member. She stated the workgroup and the GBA meet once a month and suggested the City Council agenda include an on-going informational reporting piece following the meetings. She further explained that some of the smaller water districts will likely fall under the County's umbrella.

In response to Council Member Nakanishi, Mr. Swimley stated that, in order to become a GSA, an entity must be a city or municipal corporation or a mutual water company under the California code. Those who do not fall under those categories would have no authority to become a member of the JPA; however, an entity such as Cal-Water can still be represented in the group by partnering with Stockton East.

In response to Council Member Johnson, Ms. Magdich explained that, if Cal-Water joins Stockton, that GSA vote will still count as one; however, the agencies that joined together will decide how to split the one vote.

In response to Council Member Nakanishi, Mr. Swimley stated that the work will be paid in contributions from each agency, adding that the bulk of the work will be done by consultants. In further response, Mr. Swimley stated that Lodi would have the same rights even if it had outsourced its water treatment center.

In response to Council Member Mounce, Ms. Magdich explained there is one member per GSA and one vote per member. She stated some entities may not have members of a board of directors or an elected official present at the meeting and used the example of smaller water agencies that have volunteer board members. In that case, a staff member may attend the meetings instead. Each member will appoint a representative; however, the preference is an elected official or sitting board member. All designated representatives will be required to file a

Statement of Economic Interests, Form 700.

In response to Council Member Mounce, Ms. Magdich stated JPA provisions state that if a member votes in the negative on an issue, it can withdraw from the group as soon as practicable. She explained that the City cannot withdraw without first going to Council for action. If the JPA Board imposed a fee or mandate that Lodi disagrees with, the sitting member may vote "no", return to Council with a request to leave the JPA, and notify the Board that Lodi has withdrawn from the group. Ms. Magdich stated that, as long as Lodi voted "no" on the issue, it would not be subject to the terms of that vote.

In response to Mayor Chandler, Ms. Magdich stated that, if an entity withdrew from the JPA, it would create its own plan and coordinate its agreement with the other entities to ensure all of the plans work cohesively.

In response to Council Member Johnson, Mr. Swimley stated he did not anticipate spending more staff time than it has to date in managing the Sustainable Groundwater Management Act. He stated there may be fluctuations in the level of Public Works activity, but at this time he believed it could be handled with the current staffing level.

Council Member Nakanishi stated that NSJWCD will have its own GSA, it does not have the money to prepare the GSP itself because it could cost them \$250,000 or more, and it is supportive of the JPA in order to spread the costs. He stated a lot of work has gone into the JPA and was impressed that it reached this point so quickly.

Council Member Mounce stated she trusts City staff to get this done correctly and protect Lodi's water and citizens and she expressed her support in moving forward.

Mayor Chandler concurred, stating there is motivation to get the GSP created, otherwise, the State will take away local authority.

Under general comments, Council Member Mounce commented that the League of California Cities recently took a strong opposition position on Proposition 57, which would allow certain types of crimes to go unpunished. She stated that Proposition 57 will be detrimental to California cities and encouraged citizens to oppose the legislation.

Mike Lusk stated this issue is extremely convoluted and questioned where the funding would come from to buy into the JPA and pay for various aspects of the plan.

Council Member Nakanishi stated that Lodi pays \$20,000 annually into the GBA, which it uses to seek grants to pay for studies. In addition, Lodi will be required to make a \$5,000 contribution.

Ms. Magdich further explained that the GBA already exists, but it does not have the framework needed to prepare the GSP. In addition, there are members and stakeholders of the GBA, such as the Farm Bureau, that cannot form GSAs and, therefore, are not allowed to become members of the JPA. This agreement is the mechanism that will bring the entities and stakeholders together to form a GSP. With regard to funding, \$20,000 a year goes to GBA, there are Zone 2 monies available, and studies were conducted by various agencies that will count in creating the GSP, all of which will help bring down costs.

In further response to Mr. Lusk regarding funding, Mr. Swimley stated that the initial \$5,000 contribution will come from the Water utility operating fund; after that, any further contributions will need consideration to determine the appropriate account; and he does not anticipate Lodi will have a significant contribution in light of its contributions to date. Ms. Magdich added that decisions on where to take funding will be made by Council. Deputy City Manager Jordan Ayers reiterated that Lodi has expended a significant amount of money to date to gather information, for which it will receive a credit as an in-kind contribution.

Mr. Lusk stated that Lodi successfully managed its groundwater situation and he does not want

other members who are not financially capable of contributing equally to the plan to hurt Lodi ratepayers.

C. Comments by Public on Non-Agenda Items

None.

D. Adjournment

No action was taken by the City Council. The meeting was adjourned at 8:09 a.m.

ATTEST:

Jennifer M. Ferraiolo
City Clerk