

1. CALL TO ORDER

A motion was made, seconded and carried unanimously by voice vote of all directors present for Rob Roscoe to act as Chair until Chair Short entered the meeting. Mr. Roscoe called the meeting of the Executive Committee to order at 8:30 a.m. Individuals in attendance are listed below:

Executive Committee Members

Spencer Short, City of Lincoln (arrived as indicated on page 2)
S. Audie Foster, California American Water
Marcus Yasutake, City of Folsom
Debra Sedwick, Del Paso Manor Water District
Kerry Schmitz, Sacramento County Water Agency
Rob Roscoe, Sacramento Suburban Water District

Staff Members

John Woodling, Rob Swartz, Adam Robin, Nancy Marrier, Amy Talbot, Cecilia Partridge, Monica Garcia and Ryan Bezerra, legal counsel.

Others in Attendance

Ingrid Shepline and Bob Simons. Nicole Krotoski participated via conference phone.

2. PUBLIC COMMENT

Acting Chair Roscoe welcomed Adam Robin to the RWA team.

3. CONSENT CALENDAR

The minutes from the Executive Committee meeting held October 26, 2016.

Motion/Second/Carried (M/S/C) Ms. Schmitz moved, with a second by Mr. Roscoe, to approve the minutes from the October 26, 2016 Executive Committee meeting. The motion carried by the unanimous voice vote of all directors present.

4. RWA 2016 AUDIT REPORT

Ingrid Shepline, Richardson and Company, reported that they have completed the financial audit for the fiscal year that ended June 30, 2016. The full audit report was included in the packet. Ms. Shepline highlighted portions of the audit stating that reports that were issued included the Auditor's opinion on financial statements, the

Internal Control and Compliance Report, the Governance letter and the Management letter. The Independent Auditor's Report is an unmodified, "clean", opinion. She reported on discussion of the financial statements that were statements of net position, statements of revenues and expenses.

Chair Short entered the meeting. The gavel was passed from Mr. Roscoe to Chair Short.

Ms. Shepline reported on Employee Benefit Plans with the pension liability increase to \$346,165 and the OPEB excess funding of \$89,490 based on the July 2013 valuation. There was a slight increase in pension liability. She also mentioned that based upon the July 2015 valuation, RWA no longer reflected an OPEB funding excess due to the changes in valuation methods. The Statements of Net Position reflect an increase in income due to an increase in the grants receivable and corresponding grants payable due to the increased activity with the Prop 50 and Prop 84 grants. There was a pension contribution during the year of \$225,000 that was deferred and will not hit the bottom line until next year. The future contingencies include the allocation of the pension liability to SGA and the commitment to the Powerhouse Science Center. There are subscription advances that have not been earned. The net position restrictions and designations indicate unexpended amounts for WEP, designations for operating fund and other items. The unrestricted net position is not sufficient to cover designations due to the GASB 68 pension liability which reduced net position. However (unrestricted) cash is sufficient to cover the designations. The report on internal control and compliance shows no internal control weaknesses were noted and there was compliance with applicable laws and regulations material to the financial statements.

Bob Simons, Richardson and Company, explained the Governance letter that shows management judgments and accounting estimates, and a change in accounting principles to implement GASB 82 to exclude employer pension contributions made on behalf of employees from determination of pension contributions. There was no audit adjustment noted, there were no differences noted that were not adjusted, there were no difficulties in performing the audit and no unusual accounting practices. The Management letter indicated good internal controls with an informational item about GASB 75, recognizing an accounting liability for OPEB, to be implemented in FY18.

M/S/C Mr. Roscoe moved, with a second by Ms. Sedwick, to recommend RWA Board acceptance of the 2016 RWA financial audit report. The motion carried by the unanimous voice vote of all directors present.

Ingrid Shepline and Bob Simons exited the meeting.

5. 2017 RWA BOARD MEETING SCHEDULE

RWA Board meetings are held on the second Thursday of every other month. The meetings begin at 9:00 a.m. The May 11, 2017 will be moved to May 18, 2017 to accommodate the ACWA Spring Conference.

M/S/C Mr. Roscoe moved, with a second by Mr. Foster, to recommend RWA Board approval of the proposed RWA Board meetings for 2017 with the change of the May 11, 2017 RWA Board meeting to May 18, 2017. The motion carried by the unanimous voice vote of all directors present.

6. OVERVIEW OF REGIONAL WATER PLANNING EFFORTS INVOLVING RWA

Rob Swartz, Manager of Technical Services, gave an update on RWA's involvement in several concurrent water supply planning efforts that are interrelated. The efforts include the Regional Water Reliability Plan (RWRP), the Regional Drought Contingency Plan (RDCP), the American River Basin Study (ARBS), the American River Basin (ARB) Integrated Regional Water Management (IRWM) Plan 2018 Update and the Proposition 1 Disadvantaged Community Involvement Program (DCIP). Two of the planning efforts will require resolutions from the RWA Board at its January 2017 meeting. Staff is seeking input from the Executive Committee on presenting these to the full Board at its January 2017 meeting. In the 2013 RWA Strategic Plan it states that we should have a Regional Reliability Plan developed for the region. The idea of reliability is to identify the vulnerabilities of each agency, identify mitigation measures to help overcome vulnerabilities considering current and long-term demands. The intent is to have basic levels of service as defined by each water agency under varying conditions. There are six required elements to the RDCP including drought monitoring, vulnerability assessment, mitigation action, response actions, operational and administrative framework and an update process. Mr. Swartz explained that the RWRP, the RDCP, and the ARB IRWM Plan update have many common tasks and that they will largely be developed concurrently.

The ARBS objectives include further refining an assessment of water supplies and demands for the ARB over the data developed for the Sacramento San Joaquin River Basin Study (SSJRBS) and addressing regional demand and supply imbalance and infrastructure deficiencies under the threat of climate change. Additional objectives will be to improve regional self-reliance and collaboration for sustainable water resources management and quality of life, integrating regional water supply reliability and aligning regional water management strategies and planning efforts with those of Reclamation. Detailed climate modeling in the upper watershed will occur, which will provide better information about expected future inflows into Folsom Reservoir that serves as a better planning basis for future modeling efforts in the region. Mr. Swartz explained that RWA's role in ARBS includes staff support, serving on an Executive Steering Committee, coordinating adaption strategies with RWRP, providing RWRP costs as part of local share for ARBS and signing a Memorandum of Agreement with Reclamation.

Mr. Swartz explained the DCIP being administered by the California Department of Water Resources. This is a grant program intended to identify the needs of DACs and increase their involvement in the IRWM program. DWR's program allows only one applicant acting on behalf of a funding area. RWA is primarily in the Sacramento River Funding Area (SRFA), but it also includes a fairly large portion of the San Joaquin Funding Area (SJFA). At this time, the SJFA is not ready to apply for funding, so the discussion applies only to the SRFA. In the SRFA, the Yuba

County Water Agency has volunteered to act as the applicant and administrator for all of the IRWM regional water management groups.

RWA's role in the DCIP includes participation on an oversight committee, managing a DAC coordinator to be funded by a grant, participating in DAC needs assessment of the ARB area, participating in a pilot program to assess underrepresented communities in IRWM, and providing a letter of support for a DCIP application. A draft letter of support for the DCIP for the SRFA was supplied to the Executive Committee.

After discussion it was decided to bring two actions to the RWA January 2017 Board meeting: 1) a resolution for the ARBS to authorize the Executive Director to enter into an MOA with Reclamation; and 2) the DCIP letter of support authorizing YCWA to serve as the applicant on behalf of the SRFA.

7. WATER EFFICIENCY DIRECT INSTALL RFQ

Amy Talbot, Senior Project Manager, said that Staff is seeking support for the implementation of the California Department of Water Resources Water Energy Grant direct installation program. This program will replace high water use fixtures with WaterSense labeled high efficiency toilets (HETs), showerheads and faucet aerators. At a minimum, the program must include replacing fixtures in 2,136 residential housing units. Seventy-five percent of those housing units must be considered a Disadvantaged Community (DAC). The program will focus on multifamily properties but will also be open to single family properties. This program supports the implementation of Project 7 of the American River Basin's Integrated Regional Water Management Program.

Funding for this program totals \$717,000 and does not require a local match. The program does require cash flow funding totaling \$500,000 from participating agencies (Sacramento Suburban Water District, City of Sacramento, City of West Sacramento and California American Water) to ensure timely contractor payments. The program is expected to start in January 2017 and end by January 2018. There is potential to expand the program with additional grant funding by 3,000 fixtures for direct install services for commercial, industrial and institutional properties. The 2017 direct install program will be a continuance of two previous RWA direct install programs launched in 2014 and 2015, which to date have installed a total of 3,800 toilets, 2,300 showerheads and 2,200 bathroom aerators in 3,100 housing units.

According to RWA Policy 300.2 Professional Services Selection and Contracting Services, any consulting contract exceeding \$150,000 requires a competitive selection process by issuance of a Request for Qualifications (RFQ) and approval of selected consultant by both the Executive Committee and RWA Board of Directors. RWA staff issued a RFQ on October 24, 2016 to nine consulting firms with known experience in implementing direct install programs.

Proposals were received from two firms: Southwest Environmental, Inc. and Bottom Line Utility Solutions, Inc. After review and discussion of the proposals, Southwest Environmental received the highest average score, demonstrated a strong project

manager substantial in the field of expertise particularly in the Sacramento region and a more competitive fee schedule. The review panel recommends Southwest Environmental, Inc. to the RWA Executive Committee and Board of Directors as the selected consultant to assist RWA staff and participating water agencies with the implementation of the 2017 Direct Installation Program.

Motion/Second/Carried (M/S/C) Mr. Roscoe moved, with a second by Ms. Schmitz, to recommend RWA Board approval for selected contractor. The motion carried by the unanimous voice vote of all directors present.

8. WATER CONSERVATION INCENTIVES RESOLUTION

Amy Talbot, Senior Project Manager, said that the Water Conservation Incentives Resolution is in response to a request for support regarding the Water Conservation Incentive. The Resolution, included in the packet, is asking for energy and water rebates to be treated the same as energy incentives for tax purposes.

M/S/C Ms. Sedwick moved, with a second by Mr. Roscoe, to recommend RWA Board approval of Resolution 2017-01 a Resolution of the Regional Water Authority regarding Water Conservation Incentives. The motion carried by the unanimous voice vote of all directors present.

9. RWA JANUARY 12, 2017 BOARD MEETING

After discussion of the RWA January 12, 2017 Board meeting agenda it was decided to move agenda item 4, Executive Committee Report and Recommendations, under the Consent Calendar.

M/S/C Ms. Sedwick moved, with a second by Ms. Schmitz, to approve the agenda for the January 12, 2017 meeting of the RWA Board of Directors with the added agenda item 3b Executive Committee Report and Recommendations adding the Water Conservation Incentives Resolution item. The motion carried by the unanimous voice vote of all directors present.

10. EXECUTIVE DIRECTOR'S REPORT

Government Affairs Update – DWR is required to develop best management practices for SGMA by January 1, 2017. They released draft BMPs on five topics, and comments were due on November 28, 2016. SGA submitted comments and RWA staff also participated in development of comments from ACWA. DWR expects to release guidelines for Proposition 1 Sustainable Groundwater Management Grants in Spring of 2017 and finalize the guidelines and solicit grant applications in Summer of 2017. SGA staff will work with others in the subbasin to develop a scope for preparation of our Groundwater Sustainability Plan to be ready to seek funding. Alternatives to a GSP are due by January 1, 2017. SCGA is preparing an alternative for submission.

The state (DWR and the SWRCB) released the long awaited framework for long term water conservation on November 30, 2016. Comments will be due December 19th,

and a final will go to the Governor's office on January 10th. Staff are reviewing the framework and have convened a meeting for RWA members to provide input. In addition, staff and members, as well as attorneys from the region are developing potential statutory language that mirrors the coalition letter that was prepared to comment on the state's proposal. The coalition letter had broad support from throughout California.

Adam W. Robin, RWA's new program manager for the Legislative and Regulatory Advocacy Program began work on December 6th. In addition to immediately beginning to address some of the region's most important issues, Adam will be setting up meetings with RWA staff and managers, and attending agency board meetings over the next several months.

Water Efficiency Update – In October 2016, the region saved 30% compared to October 2013 or approximately 4.5 billion gallons, double our September 2016 savings. October storms produced four times the monthly average precipitation. The most current state savings information available is cumulative savings from June 2015 through September 2016 at 23%, less than our regional savings of 28% during the same timeframe.

The state is expected to release the Executive Order permanent regulation framework draft report November 30th, with comments due December 19th. RWA will be hosting a meeting on December 9th at 2:00 p.m. to discuss and coordinate draft report comments. State staff still plans on providing a final draft to the Governor's office on January 20th. At that time, the Administration will decide about any further changes and when to release the report publically.

The State Water Resources Control Board staff is expected to release draft text of the ongoing Emergency Regulation outlining how to extend the regulation past February 2017 in December or January with a vote on the extension by the State Water Board in early February 2017 as to not allow for a lapse in regulation.

Holiday Social – The 16th Annual RWA/SGA Holiday Social is scheduled for Thursday, December 8th at 7:00 p.m. at the North Ridge Country Club. Networking begins at 6:00.

11. DIRECTORS' COMMENTS

Mr. Roscoe announced that Sacramento Suburban Water District has one new director.

Mr. Yasutake said that after the City of Folsom elections Ernie Sheldon was reelected as a Folsom Council Member and Roger Gaylord is their new Council Member.

Ms. Schmitz reported that Sue Frost is a new Board Member for Sacramento County Water Agency. Ms. Frost has an interest in groundwater. December 13th SCWA has an informational groundwater day scheduled with the board with a presentation by each of the sub-basins.

Mr. Foster said that California American Water has acquired Geyserville Water Works adding three hundred customers to that area. The Public Utilities Commission has approved the acquisition of Meadow Brook Water Company in Merced County adding another eighteen hundred customers. They have grant funding to install meters after extending pipelines to the Oxbow Marina area. The commission is holding public hearings on their pending rate case.

Ms. Sedwick asked if RWA is intending to write comments on the long term conservation rules. Del Paso Manor Water District cannot support the document because they don't know the affect it will have on their small agency. Ms. Sedwick welcomed Adam Robin to the RWA staff. She requested a status update on the Powerhouse Science Center be presented at the March 2017 RWA Board meeting.

Chair Spencer thanked the Executive Committee for their support in 2016.

Mr. Woodling thanked Chair Spencer for serving as 2016 RWA Chair and for involving the City of Lincoln in RWA.

ADJOURNMENT

With no further business to come before the Board, Chair Short adjourned the meeting at 9:50 a.m.

By:

Chairperson

Attest:

Nancy Marrier, Board Secretary / Treasurer