

**REGIONAL WATER AUTHORITY
REGULAR MEETING OF THE BOARD OF DIRECTORS
Thursday, September 14, 2017, 9:00 a.m.**

5620 Birdcage Street, Suite 110
Citrus Heights, CA 95610
(916) 967-7692

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**
- 3. CONSENT CALENDAR**
 - a. Draft minutes from the July 13, 2017 RWA regular board meeting
Action: Approve Consent Calendar item
 - b. **Action: Approve Request to Continue Use of Consulting Support for ARB IRWMP Web-based Interface**
- 4. EXECUTIVE COMMITTEE REPORT AND RECOMMENDATIONS**
 - a. Information: Final minutes of the June 28, 2017 Executive Committee meeting and draft minutes of the August 16, 2017 Executive Committee meeting
 - b. **Action: Approve Defined Benefit Pension Plan Funding Policy 500.15**
- 5. 2017 COMPENSATION STUDY**

Information Presentation: Shellie Anderson, Bryce Consulting, Inc.
Action: Approve Exhibit A to RWA Policy 400.2
- 6. LEGISLATIVE AND REGULATORY UPDATE**

Information Presentation: Adam W. Robin, Legislative and Regulatory Affairs Program Manager
- 7. STRATEGIC PLAN PROGRESS UPDATE**

Presentation and Discussion: John Woodling, Executive Director
Action: Adopt modifications to the Advocacy Goal of the Strategic Plan
- 8. 2017 AWARDS COMMITTEE APPOINTED**

Information Report: Executive Committee report on 2017 Awards Committee appointed by Chair Peifer

9. EXECUTIVE DIRECTOR'S REPORT

10. DIRECTORS' COMMENTS

11. CLOSED SESSION UNDER GOVERNMENT CODE SECTIONS 54954.5(C) AND 54956.9(D) – UPDATE ON CALPERS CONTINUED OBLIGATION TO PROVIDE PENSION BENEFITS TO RWA EMPLOYEES

12. CLOSED SESSION UNDER GOVERNMENT CODE SECTIONS 54954.5(E) AND 54957 – PUBLIC EMPLOYEE PERFORMANCE EVALUATION

Title: Executive Director

13. CLOSED SESSION UNDER GOVERNMENT CODE SECTIONS 54954.5(F) AND 54957.6 – CONFERENCE WITH LABOR NEGOTIATORS

Designated Representative: Jim Peifer

Unrepresented Employee: Executive Director

14. EXECUTIVE DIRECTOR CONTRACT AMENDMENTS

Action: Recommend RWA Board approval of the proposed Executive Director's compensation and associated contract modifications

ADJOURNMENT

Upcoming meetings:

Next Executive Committee Meetings – Wednesday, September 27 2017, 8:30 a.m. and Wednesday, October 25, 2017, 8:30 a.m. at the RWA office.

Next RWA Board of Directors' Meeting – Thursday, November 9, 2017, 9:00 a.m., at the RWA Office.

AGENDA ITEM 3a: CONSENT CALENDAR

Draft minutes from the July 13, 2017 RWA regular board meeting

Action: Approve Consent Calendar Item

1. CALL TO ORDER

Vice Chair Peifer called the meeting of the Board of Directors to order at 9:00 a.m. at the Regional Water Authority. Individuals in attendance are listed below:

RWA Board Members

Ron Greenwood, Carmichael Water District
Steve Nugent, Carmichael Water District
Al Dains, Citrus Heights Water District
Hilary Straus, Citrus Heights Water District
Marcus Yasutake, City of Folsom
Matthew Wheeler, City of Lincoln
Paul Joiner, City of Lincoln
Susan Rohan, City of Roseville
Kelye McKinney, City of Roseville
Jim Peifer, City of Sacramento
Denix Anbiah, City of West Sacramento
Brendan Leonard, City of West Sacramento
Stan Cleveland, City of Yuba City
Diana Langley, City of Yuba City
Ryan Saunders, Del Paso Manor Water District
Deb Sedwick, Del Paso Manor Water District
Brian Mueller, El Dorado Irrigation District
Tom Nelson, Elk Grove Water District
Dave Underwood, Fair Oaks Water District
Tom Gray, Fair Oaks Water District
Paul Schubert, Golden State Water Company
Michael Schaefer, Orange Vale Water Company
Sharon Wilcox, Orange Vale Water Company
Robert Dugan, Placer County Water Agency
Brent Smith, Placer County Water Agency
Ed Crouse, Rancho Murieta Community Services District
Mary Henrici, Rio Linda/Elverta Community Water District
Ralph Felix, Rio Linda/Elverta Community Water District
Kerry Schmitz, Sacramento County Water Agency
Neil Schild, Sacramento Suburban Water District
Rob Roscoe, Sacramento Suburban Water District
Pam Tobin, San Juan Water District
Paul Helliker, San Juan Water District

RWA Associates

Arthur Starkovich and Ansel Lundberg, Sacramento Municipal Utility District and Terri Mitchell, Sacramento Regional County Sanitation District

RWA Affiliate Members

Jim Graydon and Melanie Holton, Brown & Caldwell; Ibrahim Khadam, Stantec; Abigail Madrone and Charles Duncan, West Yost Associates; Alan Driscoll and Sergio Guillen, Forsgren Associates Inc.; and Rodney Fricke, GEI Consultants

Staff Members

John Woodling, Adam W. Robin, Nancy Marrier, Amy Talbot, Cecilia Partridge and Ryan Bezerra, Legal Counsel

Others in Attendance:

Joe Duran, Bruce Kamilos, Mitch Dion, Lindsay Swain, Dan York, Bill George, Bob Matteoli, Ted Costa, Stan Nader, Rich Allen, Shauna Lorance, Terry Erlewine and Andy Fecko

2. PUBLIC COMMENT

None.

3. CONSENT CALENDAR

- a. Final minutes of the April 26, 2017 and May 24, 2017 Executive Committee meetings
- b. Approve minutes from the May 18, 2017 RWA regular board meeting

Motion/Second/Carried (M/S/C) Mr. Dugan moved, with a second by Mr. Roscoe, to approve the consent calendar item. The motion carried by the unanimous voice vote of all directors present.

4. LEGISLATIVE AND REGULATORY UPDATE

Adam W. Robin, Legislative and Regulatory Affairs Project Manager, gave an update on the long term water use efficiency and conservation legislation that are currently under discussion at the state legislature. He also provided a regulatory and legislative update related to the public goods charge that is also known as a water tax and a rate payer assessment. RWA has a well-developed policy position on the issue.

In January 2017 RWA made the decision to sponsor a set of bills as an organization working with a statewide coalition of water agencies. RWA developed and introduced bills AB 968 and AB 1654 that deal with long term water use efficiency legislation. These bills provided a comprehensive alternative to a proposal developed by a set of state agencies in the document "Making Water Conservation a California Way of Life". RWA was able to assert a leadership role working with a statewide coalition of water agencies with a goal to influence the process as it unfolds.

SB 623 is a measure that would establish a fund with the State Water Resources Control Board to help pay for solutions for communities, small water systems and domestic wells where people don't have access to safe drinking water. The bill has policy provisions which are of interest to the broader water community including a proposal to develop a statewide regulatory framework for domestic wells. At this time the bill does not include a funding source, but there are two funding sources that are expected to be amended into the bill. The first funding source is a tax on all sources of nitrogen and the other component is a rate payer assessment, which would be a state mandated fee that would be added to every water rate-payer's bill.

In 2015 AB 401 was signed into law requiring the state to produce a report to the legislature on the statewide low income rate payer assistance program. The state is considering ways to subsidize low income rate payers at the statewide level. The Water Board is developing the required report with a draft expected to be produced by fall of 2017 with the final report submitted to the legislature with recommendations in early 2018.

5. UPDATES TO THE RWA STRATEGIC PLAN

RWA adopted its Strategic Plan 2013-2018+ in late 2013. In the interim, a number of internal and external factors have changed, including the passage of the Sustainable Groundwater Management Act, the drought emergency, and proposals for permanent water conservation standards.

The Strategic Plan included objectives in four primary goal areas, 1) Regional Planning, 2) Implementation, 3) Information and Education, and 4) Advocacy. RWA has made significant progress in implementing the plan over the last four years. However, in order for the Strategic Plan to continue to guide RWA's success, modifications are needed. RWA Board members were given the opportunity to comment on the Strategic Plan, and their input was considered by staff and the Executive Committee.

The Executive Committee developed proposed changes to the Planning and Implementation areas of the Strategic Plan and recommends their adoption by the Board. There are significant changes to the planning goal. Some of the 2013 planning objectives were completed or taken to the point at which we are not planning to pursue them any further. RWA members individually have done the heavy lifting on Delta issues. Many are involved in a Sacramento Valley Water Users group to address the California Water Fix and other issues as well as being involved as American River Water Users. Agencies are involved in Delta processes for their own interests and this varies from agency to agency; therefore RWA's role has been limited. The final objective, the IRWMP, has been the foundation for a large portion of the grant money that has come into the region in the past. As we have done for the CABY region, we want to identify overlaps into the Yolo region so we make certain that regional projects can include West Sacramento on the

other side of the river. In addition, we want to recognize where we have common interests with Yuba City and other urbanizing regions in Sutter County, as well as with parts of the American River Groundwater Subbasin in Sutter County. One of the goals is to make sure that the agencies who aren't as directly engaged are aware of what's going on in the region, identify who in the region is more directly engaged and keep the feedback open to everyone.

The implementation goal of the Strategic Plan is focused on grant funding for the projects that member agencies implement that fit into our regional planning. The other primary piece is implementing the regional water efficiency program. A significant objective is recognition that for the Water Forum Agreement there is a need to modify the water conservation element that has been based on the California Urban Water Conservation Council (CUWCC) best management practices and requirements. The CUWCC is now the California Water Efficiency Partnership, and focuses on assistance to water agencies in conservation, rather than requirements. There is an Executive Committee subcommittee for the information/education piece of the Strategic Plan. The subcommittee is looking at what the information/education needs look like and will have recommendations by the end of the year. A survey may be coming out to the members requesting information on the things that they would like to see RWA accomplish, the audiences we need to reach with information and education, and the methods we can use to reach those audiences. Changes to the advocacy goal will be brought back at a future board meeting. Our vision has been carried out very well, especially with the leadership of past chairs who pushed with our resources to get the advocacy piece accomplished.

Ms. Sedwick commented that she has been attending the Executive Committee meetings as a member of the public. The Executive Committee has been going through the process of updating the strategic plan with discussion to make sure this remains the vision of RWA.

M/S/C Ms. Sedwick moved, with a second by Ms. Tobin, to approve modifications to the Planning and Implementation Goals of the Strategic Plan. The motion carried by the unanimous voice vote of all directors present.

6. EXECUTIVE DIRECTOR'S REPORT

Strategic Communications Effort – RWA staff and consultants are coordinating closely with a small group of RWA members that have engaged a consultant to support outreach and coalition building regarding long-term water efficiency legislation and regulatory action. A part of this effort is to increase RWA's social media presence on Facebook and Twitter.

Grants Update – Staff is currently managing four grants totaling \$30 million. Staff is expecting a final DWR contract for the \$250K 2016 Prop 1 Integrated

Regional Water Management Planning Grant award. The grant will be used to update the American River Basin IRWM Plan to meet updated standards released in 2016. Mr. Woodling attended a meeting at DWR on May 30th where DWR introduced concepts of how it might roll out the first round of Prop 1 Integrated Regional Water Management Grants in 2018.

Regional Water Reliability Planning Update – Work on the Regional Water Reliability Plan (RWRP) continues. The identification of vulnerabilities phase of the RWRP is complete, and the identification of mitigation actions phase is nearly complete. The next phase of RWRP development will be to quantify the potential water supply yield generated by expanded conjunctive use operations in the region. These results are expected toward the end of 2017.

RWA Outreach – Mr. Woodling attended the Orange County Water Summit on June 16, 2017. Mr. Woodling gave a presentation on legislative and regulatory issues to the Yolo County Water Resources Association on June 19, 2017, and attended the inaugural meeting of the Yolo Subbasin Groundwater Sustainability Agency immediately following the WRA.

Compensation Survey – The Compensation Survey directed to be undertaken by the Executive Committee is underway. Shellie Anderson of Bryce Consulting is contracted to complete the study. Staff and the consultant reviewed current job descriptions and made some minor changes to serve the needs of the survey. Currently, requests to agencies for salary and benefit information have gone out. The tentative schedule will be for staff and the consultant to discuss the data with the Executive Committee at its July meeting. The ultimate goal will be to finalize a report and adopt salary schedules by the end of 2017.

Financial Documents – The financial reports for the period ending May 31, 2017 were attached.

Mr. Woodling introduced Ansel Lundberg who is working for Paul Olmstead at SMUD.

7. DIRECTORS' COMMENTS

Mr. Yasutake referred to the Executive Director's Performance Evaluation forms that were given to each RWA member and alternate to complete. The completed evaluations are to be returned to Mr. Yasutake before Friday, July 21st. The Ad Hoc committee will give a full performance evaluation report at the September RWA board meeting.

Mr. Roscoe reported that Sacramento Suburban Water District's recruitment for a new General Manager closes on July 17, 2017.

Mr. Starkovich reported that SMUD's board voted for a change in their rate beginning in 2018. SMUD performed an extensive review of their own energy assistance program rate compared to the federal poverty levels.

Ms. Tobin directed the board's attention to the ACWA JPIA Executive Board report from the May 8, 2017 meeting that was enclosed in the board packet. Ms. Tobin was appointed to give ACWA-JPIA reports for both SGA and RWA. ACWA has moved forward with different medical plans and funding allowing employees who work for member agencies to take the medical funding source with them when they leave and manage it themselves. She encouraged everyone to attend and show their support at the hearings on bills that RWA supports. The testimony that has been given in hearings is invaluable and shows the work that has been done by Adam and John. The physical support and support letters make a huge impact.

Mr. Woodling commented that JPIA has figured out how to allow GSAs that are being formed under SGMA to both become ACWA members and to be insured by JPIA.

Mr. Crouse said that he is serving as Interim General Manager at Rancho Murieta Community Services District during the search for a permanent general manager.

Adjournment

With no further business to come before the Board, Chair Peifer adjourned the meeting at 9.39 a.m.

By:

Chairperson

Attest:

Nancy Marrier, Board Secretary / Treasurer

AGENDA ITEM 3b: CONSENT CALENDAR

BACKGROUND:

In May 2011, the RWA Executive Committee approved the selection of RMC Water and Environment (now also doing business as Woodard & Curran) following a Request for Qualifications process completed by RWA staff to develop a web-based stakeholder interface for the American River Basin (ARB) Integrated Regional Water Management (IRWM) Plan. Since the approval of the consultant, the Executive Director has authorized a total of \$146,830 to develop, maintain and update the stakeholder interface.

In August 2016, the California Department of Water Resources released updated guidelines for IRWM Plans along with a grant funding opportunity to assist with the updates. Based on the new DWR guidelines, RWA successfully pursued a \$250,000 planning grant to update the ARB IRWM Plan. One of the tasks for the ARB IRWM Plan update is to update the stakeholder interface to reflect changes to the updated guidelines, including project ranking criteria. The estimated budget for the stakeholder interface update is \$19,884, which will be reimbursed through the DWR grant.

With the next increment of authorized work of \$19,884, the total value of consultant support on the stakeholder will exceed \$150,000. RWA Policy 300.2 requires that contracts in excess of \$150,000 receive full RWA Board approval. At the August 16, 2017 RWA Executive Committee meeting, the committee recommended adding this item to the RWA Board consent calendar. The Executive Committee recommended that staff request the full Board authorize the continued use of RMC Water and Environment in an amount not-to-exceed \$175,000, which includes all past expenses. This would allow for a contingency budget should any unexpected expenses arise on the update to the web-based stakeholder interface.

EXECUTIVE COMMITTEE RECOMMENDATION:

Action: Approve Request to Continue Use of Consulting Support for ARB IRWMP Web-based Interface

AGENDA ITEM 4a: CONSENT CALENDAR

Information: Final Minutes of the June 28, 2017 Executive Committee meeting and draft minutes of the August 16, 2017 Executive Committee meeting

1. CALL TO ORDER

Chair Peifer called the meeting of the Executive Committee to order at 8:30 a.m. Individuals in attendance are listed below:

Executive Committee Members

Marcus Yasutake, City of Folsom
Kelye McKinney, City of Roseville
Jim Peifer, City of Sacramento
Paul Schubert, Golden State Water Company
Kerry Schmitz, Sacramento County Water Agency
Rob Roscoe, Sacramento Suburban Water District
Pam Tobin, San Juan 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

Terrie Mitchell, Shauna Lorance, Mitch Dion, Charles Duncan, Debra Sedwick and Michael Raffety.

2. PUBLIC COMMENT

None

3. CONSENT CALENDAR

The minutes from the Executive Committee meeting held May 24, 2017.

Motion/Second/Carried (M/S/C) Ms. Tobin moved, with a second by Mr. Schubert, to approve the minutes from the May 24, 2017 Executive Committee meeting. The motion carried by the unanimous voice vote of all directors present.

4. LEGISLATIVE AND REGULATORY UPDATE

Adam Robin, Legislative and Regulatory Affairs Program Manager, updated the Executive Committee on legislative and regulatory issues including Long-Term Urban Water Use Efficiency Legislation, Proposition 218 - SB 231 and SCA 4,

Public Goods Charge Legislation, SWRCB AB 401 (2015) Statewide Low-Income Water Rate Assistance Program and Lead in Drinking Water legislation.

There has been considerable activity on Long-term Urban Water Use Efficiency legislation. RWA sponsored legislation AB 1654 is out of the Assembly and is now with the Senate Natural Resources and Water Committee. Staff is asking RWA member agencies to express their support for the legislation with a coalition letter that will be circulated. The administration has released a revised budget trailer bill that does include target setting related provisions. A concerning piece for water agencies is increasing the requirements on energy intensity evaluation in the Urban Water Management Plan, which was not in the framework.

At this point SB 623 has not been amended to include a public goods charge. There is an effort by the State Water Board to look at categories of need including general subsidies for low income rate payers statewide and the operations and maintenance funding shortfall for disadvantaged communities that lack access to safe drinking water. The State Water Board will be holding a series of workshops around the state in July to present options for a statewide low income rate assistance program. AB 401 requires them to submit a report with recommendations for potential legislation by February 2018 with a near term goal to create a draft report by fall.

Staff continues to track the Lead in Drinking Water legislation, SB 427 that is a follow up to SB 1398, and is related to lead service lines. AB 746 is a Lead in Schools bill that would require schools to develop protocols for sampling their plumbing onsite.

It was suggested that the motion be modified to include taking a support position on AB 313 that would establish a Water Rights Division within the Office of Administrative Hearings and to ratify the position, oppose unless amended, taken by the Executive Director on SB 623 that would establish the Safe And Affordable Drinking Water Fund in the State Treasury.

M/S/C Ms. McKinney moved, with a second by Ms. Tobin, to adopt bill positions as presented with the stated modifications. The motion carried by the unanimous voice vote of all directors present.

Ryan Bezerra, Legal Counsel, provided information on the Water Fix. Last Monday the Federal Fish and Wildlife Service and the National Marine Fisheries Service issued their ESA biological opinions for California's Water Fix. It was concluded that the project as they defined it would not jeopardize any listed species anywhere in California which means that the Federal agencies can approve the project. Reclamation can adopt a record of decision for the project and can approve the environmental impact statement for the project. DWR has said on the state side that they plan to certify their EIR for the California Water Fix shortly after receiving the biological opinions. We expect DWR and Reclamation to approve the EIR/EIS

for the California Water Fix. That means that any agencies that decide to challenge the EIR under CEQA will have 30 days after the certification of the EIR to file their lawsuit.

Item number 8 was moved ahead of item number 5 but will be reported in the order listed on the agenda.

5. SUSTAINABLE GROUNDWATER MANAGEMENT ACT (SGMA) UPDATE

John Woodling, Executive Director, gave an informational SGMA update stating that efforts to ensure that the entire North American subbasin is represented by Groundwater Sustainability Agencies (GSA) before the July 1, 2017 deadline are nearing completion. All of the necessary agencies have filed their intent to be GSAs. The basin will be covered by five Groundwater Sustainability Agencies, including the Sacramento Groundwater Authority, Western Placer (Roseville, Lincoln, Placer County, Placer County Water Agency, Nevada Irrigation District and California-American Water); South Sutter Water District; Reclamation District 1001 (in coordination with Pleasant Grove-Verona Mutual Water Company; and Sutter County (in coordination with Natomas Central Mutual Water Company). The five GSAs have a consultant working on a scope and budget for a single Groundwater Sustainability Plan (GSP) for the subbasin.

Ms. Schmitz said that there are overlap areas that will not be considered probationary as long as the alternative is being considered by the state. If the alternative is denied or withdrawn, at that point those areas have a grace period to become GSAs; however, the extraction reporting and associated fees start right away. The county has the opportunity to step in and accept responsibility for those areas, even on an interim basis until the overlap issues are resolved.

The Yolo Subbasin GSA held its inaugural meeting, at which it adopted its Joint Powers Agreement on June 19, 2017. The Sacramento Central Groundwater Authority submitted an alternative to a Groundwater Sustainability Plan and is awaiting review by the Department of Water Resources.

Chair Peifer was expected at another meeting. He handed the gavel over to Vice Chair Marcus Yasutake for the remainder of the meeting.

The state released a proposal solicitation package for the Groundwater Sustainability money in Prop 1 of about \$80 million. About \$10 million will go to disadvantaged communities with the remainder going towards supporting development of Groundwater Sustainability Plans. SGA provided comments by the deadline of June 19, 2017. Entities that submitted alternative plans are not eligible for this money. The grant applications will be due this fall and award recommendations are expected by the end of 2017.

6. STRATEGIC PLAN PROGRESS UPDATE

RWA adopted its *Strategic Plan 2013-2018+* in late 2013. In the interim, a number of internal and external factors have changed, including the passage of the Sustainable Groundwater Management Act, the drought emergency, and proposals for new permanent water conservation standards.

At the Executive Committee meetings since January 2017, the Executive Committee has discussed the progress of strategic plan implementation as well as the approach to updating, modifying, and reprioritizing elements of the plan. Staff solicited input from the full RWA Board and discussed the feedback received as well as how to proceed. In May, the Executive Committee recommended changes to the Regional Planning goal of the Strategic Plan for consideration by the full Board. Proposed modifications to the Implementation goal were presented to the Executive Committee for consideration.

John Woodling went through each implementation goal with the Executive Committee and explained the proposed changes. The main objectives include promoting implementation of the American River Basin Integrated Regional Water Management Plan, promoting improvements in water use efficiency in the region to meet future water needs and assure compliance with applicable requirements, supporting a lower American River Flow Management Standard that is consistent with the Water Forum co-equal goals, supporting implementation of water transfers among agencies that are beneficial for the region and supporting programs to benefit from economies of scale in purchasing. The Executive Committee will discuss the next phases of the Strategic Plan at future meetings prior to presentation to the RWA Board of Directors.

M/S/C Ms. Tobin moved, with a second by Ms. McKinney, to recommend modifications to the Implementation Goal of the Strategic Plan to the RWA Board of Directors. The motion carried by the unanimous voice vote of all directors present.

7. SUBCOMMITTEE UPDATES

At the January meeting of the Executive Committee, Chair Peifer appointed three subcommittees to work on specific issues. Kerry Schmitz was appointed Chair of a Conference/Education Subcommittee that also included Rob Roscoe, Pam Tobin and Kelye McKinney. Pam Tobin, Ron Greenwood, Marcus Yasutake and John Woodling were appointed to an Office Space/Lease Subcommittee to evaluate office space options for RWA when its lease on 5620 Birdcage expires in 2018. Robert Dugan was appointed Chair of a Membership Subcommittee to evaluate and help recruit potential new members. Mr. Dugan requested that Rob Roscoe, Jim Peifer and John Woodling join his efforts on the Membership Subcommittee. The subcommittees gave updates at the April and May Executive Committee meetings.

At the May Executive Committee meeting Mr. Dugan expressed a desire to table future efforts to increase RWA membership until after the issues of how to dispense financial obligations if a member withdraws from RWA are finalized. He feels it would be beneficial to provide the information to an agency before they become an RWA member.

The Conference/Education Subcommittee will be looking into hiring a consultant to assist in planning an event or partnering with another agency. Ms. Tobin is reaching out to the Water Education Foundation who may be interested in partnering with RWA to plan an event. The subcommittee members will participate in a conference call to share thoughts and information. The July 13, 2017 RWA Regional Water Authority Workshop will be the first event organized by the Conference/Education Subcommittee.

Ms. Tobin reported that the Office Space/Lease Subcommittee has received information to their inquiries about the vacancy rate in our area. The vacancy rate is much higher in Fair Oaks, Citrus Heights and Orange Vale because other more desirable areas have built new office buildings. The subcommittee continues to work on lease renewal options at the Birdcage location. She reported that she has been in contact with the realtor who has the Birdcage building listed for sale. She will continue to look at the building lease possibilities.

Mr. Bezerra said that future information regarding the Birdcage building should be shared in a closed session at the July Executive Committee meeting.

8. JULY 13, 2017 RWA BOARD MEETING AGENDA

After discussion it was decided to delete the Delta Update from the July 13, 2017 RWA Board meeting agenda and add a Strategic Plan Progress Update with an action item recommending board adoption of the changes that the Executive Committee approved at the May meeting. It was suggested that the Delta Update be presented as a Regional Water Authority Workshop entitled Update on the Sacramento-San Joaquin Delta and will follow the July 13, 2017 RWA Board meeting.

M/S/C Mr. Roscoe moved, with a second by Ms. Tobin, to approve the July 13, 2017 proposed RWA Board Meeting Agenda with the modifications stated above. The motion was amended to specify that the RWA Board meeting location can be the Roseville Corporation Yard, Folsom's location or Sacramento Suburban Water District's Antelope facility as availability allows. The motion and amendment carried by the unanimous voice vote of all directors present.

9. EXECUTIVE DIRECTOR'S REPORT

Strategic Communications Effort – RWA staff and consultants are coordinating closely with a small group of RWA members that have engaged a consultant to support outreach and coalition building regarding long-term water efficiency legislation and regulatory action. A part of this effort is to increase RWA's social media presence on Facebook and Twitter.

Grants Update – Staff is currently managing four grants totaling \$30 million. Staff is expecting a final DWR contract for the \$250K 2016 Prop 1 Integrated Regional Water Management Planning Grant award. The grant will be used to update the American River Basin IRWM Plan to meet updated standards released in 2016. Mr. Woodling attended a meeting at DWR on May 30th where DWR introduced concepts of how it might roll out the first round of Prop 1 Integrated Regional Water Management Grants in 2018.

Regional Water Reliability Planning Update – Work on the Regional Water Reliability Plan (RWRP) continues. The identification of vulnerabilities phase of the RWRP is complete, and the identification of mitigation actions phase is nearly complete. The next phase of RWRP development will be to quantify the potential water supply yield generated by expanded conjunctive use operations in the region. These results are expected toward the end of 2017.

Water Efficiency Update – Amy Talbot, Water Efficiency Program Manager, provided a verbal report. The agency data for May is being calculated with expected water savings of 15% to 20%. The direct install program is currently being administered. By the end of the year staff will apply for grant programs to fund additional projects. The Public Outreach Campaign launched in March with the River Cats partnership. A meeting is scheduled with the Powerhouse Science Center to get a status update and to discuss the content and design of our education exhibits.

RWA Outreach – Mr. Woodling attended the Orange County Water Summit on June 16, 2017. Mr. Woodling gave a presentation on legislative and regulatory issues to the Yolo County Water Resources Association on June 19, 2017, and attended the inaugural meeting of the Yolo Subbasin Groundwater Sustainability Agency immediately following the WRA.

Compensation Survey – The Compensation Survey directed to be undertaken by the Executive Committee is underway. Shellie Anderson of Bryce Consulting is contracted to complete the study. Staff and the consultant reviewed current job descriptions and made some minor changes to serve the needs of the survey. Currently, requests to agencies for salary and benefit information have gone out. The tentative schedule will be for staff and the consultant to discuss the data with

the Executive Committee at its July meeting. The ultimate goal will be to finalize a report and adopt salary schedules by the end of 2017.

10. DIRECTORS' COMMENTS

Ms. Tobin recently made a trip to California from Oregon and observed that Lake Shasta was very full and creeks and rivers are running very fast.

Ms. McKinney reported that the RiverArc Project partners went through an RFP process to obtain a consultant to assist in continuing the project from a strategic perspective and continue to drive that forward. West Yost Associates was selected.

11. CLOSED SESSION UNDER GOVERNMENT CODE SECTIONS 54954.5(C) AND 54956.9(D) – UPDATE ON CALPERS CONTINUED OBLIGATION TO PROVIDE PENSION BENEFITS TO RWA EMPLOYEES

There was nothing to report from closed session.

ADJOURNMENT

With no further business to come before the Executive Committee, Vice Chair Yasutake adjourned the meeting at 10:52 a.m.

By:

Chairperson

Attest:

Nancy Marrier, Board Secretary / Treasurer

1. CALL TO ORDER

Chair Peifer called the meeting of the Executive Committee to order at 11:30 a.m. Individuals in attendance are listed below:

Executive Committee Members

Ron Greenwood, Carmichael Water District
Marcus Yasutake, City of Folsom
Kelye McKinney, City of Roseville
Jim Peifer, City of Sacramento
Paul Schubert, Golden State Water Company
Kerry Schmitz, Sacramento County Water Agency
Rob Roscoe, Sacramento Suburban Water District
Pam Tobin, San Juan Water District

Staff Members

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

Others in Attendance

Mitch Dion and Nicole Krotoski

2. PUBLIC COMMENT

NONE

3. CONSENT CALENDAR

The minutes from the Executive Committee meeting held June 28, 2017.

Motion/Second/Carried (M/S/C) Ms. Tobin moved, with a second by Mr. Yasutake, to approve the minutes from the June 28, 2017 Executive Committee meeting. The motion carried by the unanimous voice vote of all directors present.

Item number 5 was moved ahead of item number 4, but is reported in the order listed on the agenda.

4. 2017 COMPENSATION STUDY

The Compensation Survey directed to be undertaken by the Executive Committee is complete. Shellie Anderson of Bryce Consulting was contracted to complete the

study. Staff and the consultant reviewed current job descriptions and made some minor changes to serve the needs of the survey. Staff and the consultant discussed the data and recommendations with the Executive Committee. The ultimate goal is to finalize a report and adopt salary schedules by the end of 2017.

Shellie Anderson, Bryce Consulting, Inc. gave a review of the compensation study process, what the data elements were in terms of what was collected and compared, the survey agencies and the overall results. In addition to preparing the compensation study, Bryce Consulting reviewed all of the authority's job descriptions. With input from employee questionnaires, the job descriptions were updated to make certain they reflected the current duties and level of work being performed. Salary and benefit data was collected for all of the classifications for a total compensation study.

Ms. Schmitz entered the meeting.

Ms. Anderson said that the unique RWA job descriptions were broken out for survey purposes to see what would produce the best data. She explained how the compensation data and information was obtained and calculated. She said that overall the objective is to try and create a system that will retain staff and provide additional flexibility for succession planning. She reviewed the job classifications and salary recommendations reminding the Executive Committee that the steps in Exhibit A were compiled during the last compensation study at the request of the Executive Committee.

M/S/C Mr. Schubert moved with a second by Mr. Roscoe for the Executive Committee to direct the Executive Director to propose a policy to reward exceptional performance with an assessment of how it impacts compensation with respect to CalPERS retirement calculations. The motion carried by the unanimous voice vote of all directors present.

M/S/C Mr. Roscoe moved, with a second by Ms. Tobin, to recommend to the RWA Board to amend Exhibit A to Policy 400.2 to state new salary ranges consistent with the 2017 Compensation Study page 17, table 7, "the column beginning "Recommended Range with Minimum....." deleting the "maximum" in classes where it exists in the draft report. The motion carried by the unanimous voice vote of all directors present.

5. LEGISLATIVE AND REGULATORY UPDATE

Adam Robin, Legislative and Regulatory Affairs Program Manager, updated the Executive Committee on legislative and regulatory issues including Long-Term Urban Water Use Efficiency Legislation and SB 623, a vehicle for a Public Goods Charge/Tax proposal. We are at the end of the first year of a two year legislative session with all of the legislative business to be wrapped up by September 15th. We are entering a period of intense and focused deliberation over the legislative proposals that have been discussed so far this year. The last action that the legislature took was gutting and amending three bills in both the Assembly and the Senate down to just intent language with the goal of having their staff use the

summer recess period to develop a proposal that would bridge the gaps between some of the water efficiency proposals. A nine page document that included various bullet points of what the compromised proposal looks like was released. A lot of progress has been made in getting to a proposal that's better than the administration's proposal. However, there are still some very real concerns with the language. A top priority is to ensure that a state agency doesn't have the authority to set standards for local water agencies. There are also concerns from others around the state about how recycled water fits into the framework and making sure that the enforcement authorities are appropriately accounting for the relationships that water agencies have to maintain with their customers. We need to make sure that concerns regarding water rights are dealt with as part of the proposal. We expect to see the actual language released early next week that will be amended into three bills. We continue to work with our coalition partners around the state including water suppliers, the industrial sector, and other local governments.

Mr. Wooding said that relative to the RWA process, when we see what language gets incorporated into what bills, consistent with policy and concurrence from general counsel, staff will likely take an oppose unless amended position on what we disagree with in the bills. At the September Executive Committee meeting staff will report on the bills and the Executive Committee will have to concur on that. Potentially the bill that RWA sponsored may end up with language that we don't agree with.

SB 623 (Monning) creates a fund that the State Water Board can use to finance operations, maintenance and other financial needs for both small water systems serving disadvantaged communities and individual domestic well owners who are having trouble meeting drinking water standards. The financing mechanisms are going to be a nitrogen tax and a Public Goods charge/water tax/rate payers assessment to finance other needs.

With regard to the Lobbyist Subscription Program, there are currently no bills that the Executive Committee needs to take a position on at this time. Staff is tracking a number of State Water Board regulatory proceedings including potential amendments to a Waters of the State Rule.

6. STRATEGIC PLAN PROGRESS UPDATE

RWA adopted its *Strategic Plan 2013-2018+* in late 2013. Since then, a number of events, including the passage of the Sustainable Groundwater Management Act, the drought emergency, and proposals for new permanent water conservation standards, have occurred that require us to review the plan to ensure that staff is focused on priority issues of the RWA.

The RWA Board adopted modifications to the Regional Planning and Implementation elements of the Strategic Plan on July 13, 2017. Proposed modifications to the Advocacy goal were attached for consideration and discussed by the Executive Committee. Also attached for discussion was a survey of RWA Members, Associate Members and Affiliates. The survey informed consideration

of changes to the Education/Information element of the Strategic Plan. Results of the survey were presented with the suggestion that the Conference/Education subcommittee meet to discuss the survey results.

M/S/C Ms. McKinney moved, with a second by Mr. Roscoe, to recommend modification to the Advocacy Goal of the Strategic Plan, with the acronyms spelled out, to the RWA Board of Directors. The motion carried by the unanimous voice vote of all directors present.

7. AMERICAN RIVER BASIN INTEGRATED REGIONAL WATER MANAGEMENT PLAN WEB-BASED INTERFACE CONSULTING SUPPORT

In May 2011, the RWA Executive Committee approved the selection of RMC Water and Environment (now also doing business as Woodard & Curran) following a Request for Qualifications process completed by RWA staff to develop a web-based stakeholder interface for the American River Basin (ARB) Integrated Regional Water Management (IRWM) Plan. Since the approval of the consultant, the Executive Director has authorized a total of \$146,830 to develop, maintain and update the stakeholder interface.

In August 2016, the California Department of Water Resources released updated guidelines for IRWM Plans along with a grant funding opportunity to assist with the updates. Based on the new DWR guidelines, RWA successfully pursued a \$250,000 planning grant to update the ARB IRWM Plan. One of the tasks for the ARB IRWM Plan update is to update the stakeholder interface to reflect changes to the updated guidelines, including project ranking criteria. The estimated budget for the stakeholder interface update is \$19,884, which will be reimbursed through the DWR grant. This amount will cause the total authorized work to RMC for work on the site to exceed the threshold of \$150,000. Staff proposes to bring authorization of this work to the full RWA Board in September 2017. If approved by the Board, work is expected to commence in October 2017. Staff sought input from the Executive Committee on how to best agendaize the item for the RWA Board.

Rob Swartz, Manager of Technical Services, explained that it is timely to update the OPTI (on-line RWM interface) that stakeholders have been using since 2013. When the new guidelines came out it triggered a need to update OPTI. The stakeholders will be meeting in October and staff would like to talk with them about these updates. Staff wants to be in a position to make these updates in a timely fashion. When the additional work is authorized that would trigger the total amount awarded to the consultant over the lifetime of the work to over \$150,000, which is subject to full RWA Board approval. This amount will be reimbursed through a Prop 1 planning grant that has been received.

M/S/C Mr. Schubert moved, with a second by Mr. Greenwood, to direct staff to place the item on the consent calendar for the September 14, 2017 RWA Board meeting to request continued use of consulting support with the current contractor for ARB IRWMP Web-based interface. The motion carried by the unanimous voice vote of all directors present.

M/S/C Mr. Schubert amended his original motion, with a second by Mr. Greenwood, to recommend full Board approval to increase the total authorization for all work to date in an amount not to exceed \$175 thousand. The motion carried by the unanimous voice vote of all directors present.

8. SUBCOMMITTEE UPDATES

The Office Space/Lease Subcommittee updated the Executive Committee on their continued efforts for lease renewal options at the Birdcage location. The subcommittee also evaluated the possibility of purchasing the building

Ms. Tobin gave a subcommittee update reporting that she has talked with some of the bankers involved and it would take more than a year to evaluate whether we should or should not be purchasing the building. The vacancy rates are high in our current area and if we entertained a future purchase of the building we would have the same vacancy rates. We would also need to consider different types of financing and identify the liabilities of building ownership, including hiring a property manager.

The subcommittee recommended that staff attempt to secure a long term lease of at least 5 years, with an option to extend the lease for an additional 5 years. It was suggested that the lease also include a first right of refusal if offices on the first floor become available for rent/lease and renovations become possible to fit the needs of RWA growth.

9. SEPTEMBER 14, 2017 RWA BOARD MEETING AGENDA

After discussion, it was decided to add consent calendar items for a Request to Continue Use of Consulting Support with the Contractor for ARB IRWMP Web-based Interface and Approval of a Defined Benefit Pension Plan Funding Policy 500.15.

M/S/C Ms. McKinney moved, with a second by Ms. Tobin, to approve the July 13, 2017 proposed RWA Board Meeting Agenda with the modifications stated above. The motion and amendment carried by the unanimous voice vote of all directors present.

10. EXECUTIVE DIRECTOR'S REPORT

The Executive Director's Report was not given orally. The following updates were included in the electronic board packet.

Grants Update – Staff is currently managing four grants totaling \$30 million. Staff is expecting a final DWR contract for the \$250K 2016 Prop 1 Integrated Regional Water Management Planning Grant award. The grant will be used to update the American River Basin IRWM Plan to meet updated standards released in 2016.

Regional Water Reliability Planning Update – Work on the Regional Water Reliability Plan (RWRP) continues. The identification of the vulnerabilities phase

of the RWRP is complete, and the identification of mitigation actions phase is nearly complete. The next phase of RWRP development will be to quantify the potential water supply yield generated by expanded conjunctive use operations in the region. These results are expected toward the end of 2017.

One component of the RWRP is the Regional Drought Contingency Plan (RDCP). A draft of the RDCP is currently being reviewed by participants and Reclamation. Comments are due by August 16th.

Water Efficiency Update – In June 2017, the region saved 18.6% compared to 2013 or approximately 3.6 billion gallons. The 2017 year to date savings (January through June) is 25.9% or 18.9 billion gallons. In June 2017, the state saved 17.4% compared to 2013 or 37 billion gallons. Year to date 2017 statewide savings was not provided. The region's June residential gallons per capita (R-GPCD) was 168 compared to the state's average of 110. The region experienced above average temperatures and precipitation in June 2017 compared to 2013.

11. DIRECTORS' COMMENTS

Mr. Roscoe reported that there have been numerous applications for the General Manager position at Sacramento Suburban Water District with an August 30th deadline for submission.

Paul Schubert announced that the American River Pipeline project was recognized as the recipient of the 2017 Outstanding Integrated Water Resources Management Award from the American Water Resources Association.

Ms. Tobin said the San Juan Water District Board met and decided that they will appoint a director for the seat that was vacated with the passing of Bob Walters.

Chair Peifer reported that at the last City of Sacramento Council meeting, they approved joining the Sites JPA. A Conservation Ordinance mandating 2 day per week watering was also approved.

12. CLOSED SESSION UNDER GOVERNMENT CODE SECTIONS 54954.5(E) AND 54957 – PUBLIC EMPLOYEE PERFORMANCE EVALUATION

Title: Executive Director

13. CLOSED SESSION UNDER GOVERNMENT CODE SECTIONS 54954.5(F) AND 54957.6 – CONFERENCE WITH LABOR NEGOTIATORS

Designated Representative: Jim Peifer

Unrepresented Employee: Executive Director

Agenda item number 15 was moved ahead of agenda item number 14.

14. CLOSED SESSION UNDER GOVERNMENT CODE SECTIONS 54954.5(C) AND 54956.9(D) – UPDATE ON CALPERS CONTINUED OBLIGATION TO PROVIDE PENSION BENEFITS TO RWA EMPLOYEES

There was nothing to report from the Closed Session agenda item 14.

15. REPORT FROM CLOSED SESSION – EXECUTIVE DIRECTOR CONTRACT AMENDMENTS

Chair Peifer reported from closed session that Executive Director John Woodling was offered a 5½% salary increase in addition to the January 2018 COLA, pending board approval.

M/S/C Ms. Tobin moved, with a second by Mr. Greenwood, to recommend RWA Board approval of proposed Executive Director's compensation and associated contract modifications. The motion carried by the unanimous voice vote of all directors present.

ADJOURNMENT

With no further business to come before the Executive Committee, Vice Chair Yasutake adjourned the meeting at 4:08 p.m.

By:

Chairperson

Attest:

Nancy Marrier, Board Secretary / Treasurer

AGENDA ITEM 4b: DEFINED BENEFIT PENSION PLAN FUNDING POLICY 500.15

BACKGROUND:

In December 2016, CalPERS announced that the discount rate used to calculate pension liabilities will be reduced from 7.5% to 7.0% over a three year period. Effectively, CalPERS will recast prior obligations, assuming a lower discount rate, which then creates additional unfunded historical liabilities. The decrease in discount rate will affect both components of RWA's CalPERS payment, the normal cost (the annual required payment of pension benefits to pay for employer current obligations for current employees generated by that year's work) and the unfunded liability amortization payment (catch up payments amortized over time from liabilities that were incurred from the time prior to the current period).

Since RWA membership is voluntary, the Executive Committee has focused on refining a funding strategy for RWA's unfunded accrued pension liability ("pension liability") as calculated by CalPERS. RWA has been paying additional sums over and above the required contributions to the pension plan in order to pay down the pension liability more quickly.

Even though RWA has been paying the required pension funding contributions and increased additional contributions, RWA still has an unfunded liability. This liability is due to the fact that CalPERS amortizes unfunded liability costs into payments over long periods of time (typically 30 years) so as to smooth out the cash flow requirements from employers. Now with the change in discount rate to 7.0% with a potential decrease to 6.5% after the next few years, RWA's unfunded liabilities will grow again because past liabilities will now be revalued with a lower discount rate.

In order to assure the pension benefits will remain sustainable; RWA should accumulate adequate resources for future benefit payments in a systematic and disciplined manner during the active service life of the benefitting employees, and when the services are received by the then current members of RWA. The objective of Policy 500.15 is to accelerate additional payments towards the unfunded pension liability over a period of four years so as to achieve and maintain a 100% funded ratio.

EXECUTIVE COMMITTEE RECOMMENDATION:

Action: Approve Defined Benefit Pension Plan Funding Policy 500.15

REGIONAL WATER AUTHORITY POLICIES AND PROCEDURES MANUAL

Policy Type : Fiscal Management
Policy Title : Defined Benefit Pension Plan Funding Policy
Policy Number : 500.15
Date Adopted :
Date Amended :

DEFINED BENEFIT PENSION PLAN FUNDING POLICY

RWA provides defined pension benefits for plan participants that meet the vesting criteria as established by CalPERS and the California Public Employee's Pension Reform Act (PEPRA)¹. The fundamental financial objective of an employee defined benefit pension plan policy is to fund the long-term costs of benefits promised to the plan participants. In a defined benefit plan, an employer has promised a benefit and must make contributions to the plan in order to meet the promised benefit². In order to assure the pension benefits will remain sustainable, RWA should accumulate adequate resources for future benefit payments in a systematic and disciplined manner during the active service life of the benefitting employees. The objective of Policy 500.15 is to accelerate additional payments towards the unfunded pension liability over a period of four years so as to achieve a 100% funded ratio³.

The funding policy should follow these general policy objectives:

- 1) Create a funding discipline to ensure legally obligated benefits can be paid
- 2) Use actuarially determined contributions to fund the plan
- 3) Maintain intergeneration equity by ensuring the membership at a given time pays the full cost of employee benefits earned as services are provided
- 4) Make pensions costs a consistent percentage of payroll
- 5) Require clear reporting to show how and when pension plans will be fully funded

¹ Any current or future changes to the pension laws will dictate available benefits to employees or retirees.

² The required contributions are typically variable in nature due to variable market performance and changing assumptions.

³ The funded ratio is defined as the accrued liability compared to the market value of assets as of the measurement date. If the market value of assets equal the accrued liability, then the funded ratio is 100%.

On an annual basis, CalPERS provides a valuation report incorporating the above objectives in determining the required annual funding contributions that are split into two components: the normal cost rate expressed as a percentage of payroll and the additional annual lump sum payment. The normal cost represents pension benefits earned during that year associated with active employees. The additional annual lump sum payment is designed to help pay down unfunded accrued liabilities (“unfunded liability”) of employers related to past employee service.⁴

As part of the annual budget process, RWA Executive Committee (“EC”) will determine what additional amounts should be contributed towards the pension plan above the annual required contribution as determined by CalPERS latest available valuation report. Staff will provide the most recent unfunded pension liability amount to the EC by January 1 for budgetary purposes. The budget will continue to be subject to full board approval on an annual basis.

RWA’s Miscellaneous Pension Plan 2% at 55

RWA participates in the pooled Miscellaneous Pension 2% at 55 plan through CalPERS. Since 2003, CalPERS has pooled or grouped employer plans with less than 100 employees. Therefore, RWA’s pension plan market value of assets is allocated to RWA based upon RWA’s share of actuarial accrued liability (“AAL”) in relation to the pooled plan. The AAL represents the calculated obligation for past service for current, transferred and retired employees as of the valuation year. The difference between the accrued liability and the market value of assets represents the unfunded liability and the amount RWA still needs to contribute to fund the AAL.

Currently CalPERS amortizes the remaining unfunded liability over a set number of years, typically 30 years⁵, with a ramp up phase for the first five years. Each annual valuation can create a new unfunded liability generated for that year’s variances that is reflected separately in the reporting, and is in addition to the previous years calculated liability⁶. In order to meet a 100 percent funded ratio, RWA needs to make additional contributions above and beyond the annual required pension payment. Considering that RWA membership is voluntary, pension costs for employee services should be adequately and timely funded by the RWA members as they receive these services to meet the goal of intergenerational equity. The unfunded liability represents pension costs associated with past service of employees that have been received by RWA members and these past services have

⁴ This lump sum payment is not tied to a percentage of payroll. Starting with the June 30, 2013 valuation report, CalPERS added the lump sum payment as a way to pay down the growing unfunded liability resulting from changes due to PEPR, assumption changes, and asset market performance.

⁵ “Fresh start” unfunded liabilities can have shorter amortization periods. Fresh starts can occur when CalPERS make significant assumption changes or when additional large payments are made by the employer over and above the required contributions.

⁶ Each year’s calculation of the additional unfunded liability is separately listed to arrive at a cumulative total unfunded liability. See page 12 of the June 30, 2015 Annual Valuation Report. **Should we update for new report?**

contributed to the current influence and success of RWA as a regional water advocate.

Funding Limits

CalPERS' current funding limit allows employers to fund up to the present value of projected benefits. The present value of projected benefits is the total dollars needed as of the valuation date to fund all benefits **earned in the past or expected to be earned in the future** for current members (active, separated or retired employees). Alternatively, the actuarially accrued liability represents the total dollars needed as of the valuation date to fund all benefits **earned through the valuation date for current** members (active, separated, or retired employees). RWA's objective is to fund 100% of the actuarially accrued liability.

Accounting Policy versus Funding Policy

Accounting for pension contributions and liabilities using Governmental Accounting Standards Board Statement ("GASB") No. 68 *Accounting and Financial Reporting for Pensions-An Amendment to GASB Statement No. 27* ("GASB 68") is independent and different than this funding policy⁷. GASB 68 has explicit rules on how to calculate the liability of the pension plan. It uses shorter time frames (up to five years) to amortize differences caused by market performance and actuarial assumptions. Additionally, the GASB 68 calculated liability can be up to two years lag from the valuation date⁸.

Funding Strategy

Annually, RWA receives an estimate of its unfunded actuarially accrued liability (UAAL) from CalPERS. This information will be communicated to the EC by January 1. Each year, RWA will develop a budget for the upcoming fiscal year and three or more additional years that provides for paying the full amount of the UAAL over the course of no more than four years based upon the lasted available CalPERS report at January 1 when the budget is being prepared.⁹ These payments are in addition to the ongoing normal cost and lump sum payment funding requirements of the plan.

⁷ From time to time, GASB revisits and modifies existing GASB policies, including GASB 68. For example GASB No. 82, *Pension Issues*, clarifies some application of GASB 68. Current GASB accounting policy is separate from the funding requirements. Funding requirements are established by the pension plan documents. Funding policy is established by the RWA Board.

⁸ For example, for the June 30, 2016 financial statements, the calculated GASB 68 liability was based upon the June 30, 2014 CalPERS valuation report with some roll forward procedures applied.

⁹ The budget process typically begins in January of the fiscal year and adopted by May in preparation of the following fiscal year. To the extent a more current annual valuation report becomes available prior to budget adoption, this new information may or may not be incorporated into the budget, depending upon the timing of the new data compared to the timing of EC meetings and board approval of the budget.

AGENDA ITEM 5: 2017 COMPENSATION STUDY

BACKGROUND:

The Compensation Survey directed to be undertaken by the Executive Committee is complete. Shellie Anderson of Bryce Consulting was contracted to complete the study. Staff and the consultant reviewed current job descriptions and made some minor changes to serve the needs of the survey. Staff and the consultant discussed the data and recommendations with the Executive Committee at its August meeting. The ultimate goal is to finalize a report and adopt salary schedules by the end of 2017.

Information Presentation: Shellie Anderson, Bryce Consulting, Inc.

EXECUTIVE COMMITTEE RECOMMENDATION:

Action: Approve Exhibit A to RWA Policy 400.2

**EXHIBIT A
RWA POLICY 400.2**

MONTHLY SALARY SCHEDULE OF RWA POSITIONS

Recommended Salary Ranges per Compensation Study
January 1, 2018

Classification	Step 1	Step 2	Step 3	Step 4	Step 5	Step 6
Manager of Technical Services	\$12,648	\$13,154	\$13,660	\$14,166	\$14,672	\$15,178
Principal Project Manager	\$9,777	\$10,168	\$10,559	\$10,950	\$11,341	\$11,732
Senior Project Manager	\$8,220	\$8,549	\$8,878	\$9,206	\$9,535	\$9,864
Associate Project Manager	\$5,598	\$5,822	\$6,046	\$6,269	\$6,493	\$6,717
Finance & Administrative Services Manager II	\$8,987	\$9,346	\$9,706	\$10,065	\$10,425	\$10,784
Finance & Administrative Services Manager I	\$7,814	\$8,127	\$8,439	\$8,752	\$9,064	\$9,377
Executive Assistant	\$4,898	\$5,094	\$5,290	\$5,486	\$5,682	\$5,878
Project Research Assistant	\$4,383	\$4,558	\$4,733	\$4,909	\$5,084	\$5,259

Exhibit A will be updated annually based on the November Consumer Price Index and/or when a new salary survey is completed. (2018 ranges will include COLA per November 2017)

AGENDA ITEM 6: LEGISLATIVE AND REGULATORY UPDATE

BACKGROUND:

RWA staff will update the RWA full board on legislative and regulatory issues including:

- a. Long-Term Urban Water Use Efficiency Legislation
- b. Public Goods Charge Legislation and SWRCB AB 401 (2015) Statewide Low-Income Water Rate Assistance Program

RWA staff will also provide an update on Lobbyist Subscription Program activities.

Information Presentation: Adam W. Robin, Legislative & Regulatory Affairs Program Manager

AGENDA ITEM 7: STRATEGIC PLAN PROGRESS UPDATE

BACKGROUND:

RWA adopted its Strategic Plan 2013-2018+ in late 2013. In the interim, a number of internal and external factors have changed, including the passage of the Sustainable Groundwater Management Act, the drought emergency, and proposals for permanent water conservation standards.

The Strategic Plan included objectives in four primary goal areas, 1) Regional Planning, 2) Implementation, 3) Information and Education, and 4) Advocacy. RWA has made significant progress in implementing the plan over the last four years. However, in order for the Strategic Plan to continue to guide RWA's success, modifications are needed. RWA Board members were given the opportunity to comment on the Strategic Plan, and their input was considered by staff and the Executive Committee.

The Executive Committee has developed proposed changes to the Advocacy area of the Strategic Plan (attached), and recommends their adoption by the Board.

EXECUTIVE COMMITTEE RECOMMENDATION:

Action: Adopt modifications to the Advocacy Goal of the Strategic Plan

ADVOCACY GOAL - REPRESENT REGIONAL NEEDS AND CONCERNS TO POSITIVELY INFLUENCE LEGISLATIVE AND REGULATORY POLICIES AND ACTIONS. THIS INCLUDES WORKING TO PRESERVE THE WATER RIGHTS AND ENTITLEMENTS OF MEMBERS, MAINTAIN AREA OF ORIGIN PROTECTIONS, AND PROTECT AND ENSURE WATER SUPPLY RELIABILITY	
Objective	
A. Engage state and federal legislators representing the region and legislators on relevant committees to discuss an agenda for legislative action that represents a collective RWA member vision on items of regional importance	
1. Annually, develop a state legislative agenda and outreach plan for the region to guide advocacy efforts	Deleted: and federal
2. Maintain a tracking system of significant water related state legislation and make the information and a summary readily available electronically to members	Deleted: and federal
3. Using priorities identified through regional planning efforts, develop and advocate for positions on federal and state funding programs	
4. Monitor and actively engage on actions of the ACWA State Legislative Committee and coordinate with other external organizations.	
<u>5. Support RWA member agency activities on federal legislation and coordinate with external organizations including ACWA, NWRA, and the Metro Chamber</u>	
B. Evaluate, comment and advocate on statewide water regulatory issues that may impact the region and its water supply reliability	
1. Track, evaluate and respond to water quality, <u>water conservation, water affordability</u> and other regulatory issues that may affect members.	Deleted: Track and respond to Delta actions, including BDCP, Bay-Delta Water Quality Control Plan, and Delta Plan implementation
<u>2. Track, evaluate and respond to the ongoing regulatory implementation of the Sustainable Groundwater Management Act.</u>	
<u>3. Participate and coordinate with the efforts of partner organizations with similar interests.</u>	

Deleted: and federal

Deleted: Track and respond to Delta actions, including BDCP, Bay-Delta Water Quality Control Plan, and Delta Plan implementation

Deleted: in

AGENDA ITEM 8: 2017 AWARDS COMMITTEE APPOINTED

BACKGROUND:

Information Report: Executive Committee report on 2017 Awards Committee appointed by Chair Peifer

AGENDA ITEM 9: EXECUTIVE DIRECTOR'S REPORT

SEPTEMBER 14, 2017

TO: REGIONAL WATER AUTHORITY BOARD OF DIRECTORS

FROM: JOHN WOODLING

RE: EXECUTIVE DIRECTOR'S REPORT

- a. **RWA monthly update** – During the Executive Director performance evaluation, the committee identified the need for a monthly update of RWA activities to keep all members informed in a more detailed and more frequent way. Beginning in October 2017, staff will develop a monthly report that will be distributed to all members and will be suitable for inclusion in Board packets. Additionally, an after-action report will be prepared to report on outcomes of the monthly Executive Committee meeting in a timely manner.
- b. **Grants Update** – Staff is currently managing five grants totaling \$30.5 million. RWA received an executed funding agreement with DWR for the \$250K 2016 Prop 1 Integrated Regional Water Management Planning Grant award dated August 8, 2017. The grant will be used to update the American River Basin IRWM Plan to meet updated standards released in 2016. During the past quarter, nearly \$1.7 million in reimbursements were received from existing grant awards (see enclosed grant award table).
- c. **Regional Water Reliability Planning Update** – Work on the Regional Water Reliability Plan (RWRP) continues. The identification of vulnerabilities phase of the RWRP is complete, and the identification of mitigation actions phase is nearly complete. The next phase of RWRP development will be to quantify the potential water supply yield generated by expanded conjunctive use operations in the region. These results are expected toward the end of 2017. The project committee meets on September 13, 2017.
- d. **RWA Outreach** – Mr. Woodling continues to chair the ACWA Groundwater Committee. The Committee met August 31, with more than 50 people in attendance. Mr. Woodling is also serving as a California representative to the National Water Resources Association's Groundwater Task Force. Mr. Woodling briefed the Board of Orange Vale Water Company on RWA and SGA on September 5, 2017. Mr. Woodling has had discussions with Secretary Babbitt regarding participating in meetings to craft a negotiated settlement in response to the Bay-Delta Water Quality Control Plan.
- e. **Water Efficiency Update** – In July 2017, the region saved 16.2% compared to 2013 or approximately 3.6 billion gallons. The 2017 year to date savings (January through July) is 23.6% or 22.6 billion gallons. July 2017 and year to date 2017 statewide savings have not been posted to the State Water Resources Control Board website. The region's July residential gallons per capita (R-GPCD) was 197. The region

experienced higher average temperatures in July 2017 compared to July 1998-2016 (running average) and July 2013.

- f. **SGMA update** – The deadline for Groundwater Sustainability Agency formation was July 1, 2017. More than 99% of the geographic area of high and medium priority groundwater basins (including all of the RWA area) is in compliance with the requirement. The five GSAs in the North American Subbasin continue to develop a scope of work for a Groundwater Sustainability Plan. The Sacramento Groundwater Authority is expected to be the grant applicant when DWR releases the solicitation for Proposition 1 funding very soon.

Regional Water Authority Status of Grant Awards

September, 2017

	Prop 84 2011 Implementation Grant	Prop 84 Drought Grant	DWR Water Energy Grant	Prop 84 2015 Implementation Grant	Prop 1 Planning Grant	Total
Awarding Agency	DWR	DWR	DWR	DWR	DWR	
Award/Effective Date	8/16/2011	1/17/2014	12/22/2015	1/13/2016	8/8/2017	
Completion Date	12/31/2017	6/30/2018	12/31/2017	6/30/2018	12/31/2018	
Grant Award Amount	\$16,030,766	\$9,765,000	\$2,500,000	\$1,757,000	\$500,000	\$30,552,766
Reimbursement Requests Currently Being Reviewed	\$1,860,544	\$725,396	\$113,301	\$16,567	\$0	\$2,715,807
Reimbursements Received During Previous Quarter	\$1,166,690	\$0	\$264,256	\$240,429	\$0	\$1,671,376
Reimbursements Paid to Date	\$7,499,966	\$4,718,437	\$743,514	\$240,429	\$0	\$13,202,346
Grant Award Outstanding	\$6,670,257	\$4,321,167	\$1,643,185	\$1,500,004	\$500,000	\$14,634,613

AGENDA ITEM 10: DIRECTORS' COMMENTS

**AGENDA ITEM 11: CLOSED SESSION UNDER GOVERNMENT CODE SECTIONS
54954.5(C) AND 54956.9(D) – UPDATE ON CALPERS CONTINUED OBLIGATION
TO PROVIDE PENSION BENEFITS TO RWA EMPLOYEES**

**AGENDA ITEM 12: CLOSED SESSION UNDER GOVERNMENT CODE SECTIONS
54954.5(E) AND 54957 – PUBLIC EMPLOYEE PERFORMANCE EVALUATION**

Title: Executive Director

**AGENDA ITEM 13: CLOSED SESSION UNDER GOVERNMENT CODE SECTIONS
54954.5(F) AND 54957.6 – CONFERENCE WITH LABOR NEGOTIATORS**

Designated Representative: Jim Peifer
Unrepresented Employee: Executive Director

AGENDA ITEM 14: EXECUTIVE DIRECTOR CONTRACT AMENDMENTS

Action: Recommend RWA Board approval of proposed Executive Director's compensation and associated contract modifications

**SECOND AMENDED AND RESTATED RWA EMPLOYMENT AGREEMENT
WITH EXECUTIVE DIRECTOR**

THIS SECOND AMENDED AND RESTATED AGREEMENT is effective as of October 1, ~~2015~~2017, between the Regional Water Authority, a joint powers authority (“RWA”) and John K. Woodling (“Employee”), who agree as follows:

RECITALS

- A. RWA is a joint powers authority formed and existing under the Joint Exercise of Powers Law of the State of California.
- B. Employee agrees to serve as Executive Director to RWA on and subject to the terms of this Agreement.
- C. RWA and Employee are parties to an RWA Employment Agreement with Executive Director, effective as of June 30, 2008 (“2008 Agreement”), which this Agreement amends and restates.
- D. The amendments to the 2008 Agreement reflected in this Agreement amend the compensation terms of the agreement between RWA and Employee.
- E. This Agreement also restates the terms of the agreement between RWA and Employee to clarify and reflect the intent and practice of RWA and Employee in relation to Employee providing contract services to other public agencies since the execution of the 2008 Agreement.

AGREEMENT

- 1. **Employment.** RWA hereby employs Employee as Executive Director on and subject to the terms and conditions of this Agreement. Employee hereby accepts such employment on and subject to the terms and conditions of this Agreement. RWA will be Employee’s employer of record for all employment under this Agreement, and RWA will be responsible for the following: payment of salary and related payroll tasks; payment of employment-related taxes and withholdings; reporting to the federal Internal Revenue Service, California Franchise Tax Board and California Employment Development Department; provision of Employee benefits; provision of workers’ compensation insurance; and, other employment- and labor-related requirements.
- 2. **Term.** This Agreement will commence on October 1, ~~2015~~2017 and remain in effect until terminated by one of the parties as provided below in ~~section 9.~~ Section 8. RWA's obligations to continue financial contributions toward Employee's retiree health benefits and California Public Employees Retirement System ("CalPERS") benefits under Sections 5.e and 5.g, respectively, of this Agreement shall continue after this Agreement's termination to the extent necessary for Employee to receive those benefits.
- 3. **Duties.** Employee’s duties under this Agreement will be as follows:

a. Those duties and responsibilities assigned to the office of RWA Executive Director as described in the job description for the RWA Executive Director position as adopted and amended from time to time by the RWA Board of Directors, and such other duties and responsibilities as assigned by the RWA Board of Directors. Employee will be the chief executive officer of RWA. Employee will work under the direction and control of the RWA Board of Directors.

b. Employee may also perform executive director or similar services for another public agency under any agreement that RWA executes with that other agency that requires RWA to provide such services to that agency, as approved and directed by the RWA Board of Directors. (This Agreement refers to such an agency as a “Contract Agency.”) As of the date of this Agreement, RWA has a Contract Agency agreement with the Sacramento Groundwater Authority, (“SGA”), a California joint powers authority, specifically the Agreement Between the Regional Water Authority and the Sacramento Groundwater Authority for Administrative and Management Services entered into as of May 23, 2002, as amended as of September 9, 2004 (“Cost Sharing Agreement”), under which the Employee serves as SGA executive director. In all such cases, the RWA remains the Employee’s sole employer and the RWA Board retains sole authority to employ and take personnel actions in regard to Employee. Notwithstanding any interpretation of the relationship between RWA and a Contract Agency by a non-party to this Agreement, RWA retains sole responsibility to the Employee for all obligations under this Agreement.

4. Work Hours. Employee will devote his full time, attention and energies to his duties and will be available to work at such times as necessary to fully and competently perform the duties assigned by the RWA Board of Directors, regardless of the number of hours involved. Employee acknowledges that the duties of his position may require an average of more than 40 hours per week, and that some day-to-day hours may vary significantly. Employee will not be compensated for overtime hours worked or otherwise earn or be entitled to compensatory time off for hours worked in excess of eight per day or 40 per week. Employee will not engage in any conduct or other employment or business that would unreasonably interfere with his responsibilities and duties to RWA, including those responsibilities and duties assigned by the RWA Board of Directors under any agreement between RWA and a Contract Agency.

5. Salary and Benefits. For all services to be rendered by Employee under this Agreement, RWA will provide to Employee the following salary and benefits:

a. Salary stated in Exhibit A to this Agreement, as it may be amended from time to time under Section 13 of this Agreement. The RWA Board of Directors will annually review Employee’s salary for consideration of merit and/or cost of living adjustments. Any Employee salary increase and/or cost of living adjustment will require the approval of the RWA Board of Directors. Prior to any increase in Employee’s salary and/or cost of living adjustment, the RWA Board of Directors will consult with any Contract Agencies.

b. All RWA Employment Benefits, as defined in RWA's employee handbook, in addition to the specific benefits described in this Agreement (for example, sick leave and holidays). If any term or condition is inconsistent with a term or condition of the RWA Employment Benefits, the provisions of this Agreement will govern. RWA reserves the right to eliminate or modify any of

its benefits at any time; provided that any specific benefit identified in this Agreement may not be changed except by a written amendment negotiated between RWA and Employee in accordance with Section 13 of this Agreement.

c. (1) An automobile allowance of \$500/month and (2) reimbursement of reasonable expenses, including but not limited to business telephone calls, lodging, meals, air travel fares, rental of automobiles, parking fees, business meals, cellular telephone service, and other business related expenses incurred on behalf of RWA (including expenses incurred in providing services to a Contract Agency) as reviewed and approved before payment by the Chair of the RWA Board of Directors.

d. Participation in RWA's group medical, dental and vision plans. Employee is currently participating in those plans under the 2008 Agreement. Employee's coverage under those plans will not be interrupted because the parties have executed this Agreement. RWA will pay the full cost of the coverage for Employee and Employee's dependents.

~~e. For the purposes of Employee obtaining retiree health benefits under RWA's health benefits plan the RWA Board deems that Employee has been and remains a full-time employee of RWA and has earned one full year of service for each calendar year of employment.~~

e. Retiree Health Benefits.

i. Vested Status. The retiree health benefit described in this paragraph is considered a vested benefit by Employee and RWA.

ii. Eligibility to Enroll in CalPERS Health Plan. Pursuant to the Public Employees' Medical and Hospital Care Act ("PEMHCA") and relevant CalPERS regulations, Employee shall be eligible to continue health coverage with CalPERS upon his retirement through RWA's PEMHCA contract if: (i) he completes at least 5 years of CalPERS-covered employment, (ii) his retirement from RWA is effective within 120 days of his separation from employment with RWA, and (iii) he receives a retirement allowance from CalPERS resulting from his service with RWA.

iii. Employer-Paid Retiree Health Benefit. If Employee is eligible to enroll in a CalPERS health plan upon his retirement through RWA's PEMHCA contract, he shall receive a percentage of the employer contribution determined in accordance with Government Code Section 22893(a)(1). The percentage shall be 100%, provided that he has a minimum of 20 years of service with a CalPERS employer and that at least 5 of those years are attributed to CalPERS-credited service accrued in the aggregate with RWA or SGA. For purposes of this benefit, RWA acknowledges that Employee has accrued 20 years of CalPERS-credited service, including 5 years combined with RWA and SGA, as of June 30, 2013 and, is therefore eligible upon retirement to receive 100% of the employer contribution determined in accordance with Government Code Section 22893(a)(1) upon his enrollment in a CalPERS health benefit plan.

iv. RWA Action. To the maximum extent legally possible, RWA shall take any action required by CalPERS in order to deem service credited under the SGA CalPERS contract as

service credited under the RWA CalPERS contract for purposes of the 5 year service requirement under Government Code Section 22893(a)(1).

~~g.f.~~ g.f. Vacation with pay based on an accrual rate of ~~18~~22 days per year, earned at the rate of ~~1214.67~~ hours per month, otherwise subject to RWA's vacation policy. Annually, Employee may receive payment in lieu of vacation in an amount not to exceed the number of vacation hours taken in the previous twelve months, and subject to a maximum of 80 hours. Request for payment in lieu of vacation ~~shall~~must be approved by the chairperson of the board of directors.

~~h.g.~~ h.g. Participation in ~~the Public Employees Retirement System~~CalPERS in accordance with RWA's contract with ~~PERS. Effective the first full pay period after October 1, 2015, employee will pay 2% of the employee share of PERS contributions. Effective the first full pay period after July 1, 2016, employee will pay 4% of the employee share of PERS contributions. Effective the first full pay period after July 1, 2017, employee~~CalPERS. Employee will pay 6% of the employee share of ~~PERS~~CalPERS contributions. RWA will pay the employer share and the balance of employee share of CalPERS contributions. Effective the first full pay period after July 1, 2018, ~~employee~~Employee will pay the full 7% employee ~~shared of PERS contributions. RWA will pay continue to pay the employer share and the balance of employee share of PERS contributions.~~share of CalPERS contributions.

6. Workers' Compensation. For the duration of this Agreement, RWA will purchase and maintain workers' compensation insurance coverage for Employee as required by California law to cover Employee. To the extent that Employee provides services to a Contract Agency, RWA will provide workers' compensation coverage for Employee while Employee performs those services pursuant to Labor Code section 3602(d).

7. Other Terms and Conditions of Employment. Employee's employment also will be governed by the RWA personnel policies and procedures, as the same may be amended from time to time by the RWA Board of Directors. The parties will comply with all applicable provisions of the RWA personnel policies and procedures. If any term or condition of this Agreement is inconsistent or in conflict with a term or condition of RWA's personnel policies and procedures, this Agreement will govern.

8. Termination. This Agreement may be terminated in any one of the following ways:

- a. By mutual agreement of the parties, expressed in writing.
- b. By Employee, upon giving to RWA not less than one month's prior written notice of his election to terminate. Immediately upon receipt of such written notice, RWA will notify all Contract Agencies, if required by RWA's agreements with those agencies.
- c. By majority vote of the RWA Board of Directors, for cause, upon giving to Employee written notice of immediate termination. Prior to initiating any termination for cause, the RWA Board of Directors will notify, and receive concurrence from, each Contract Agency, if required by RWA's agreement with that agency. RWA's written notice of termination will specify (1) the particular cause(s) and the facts and circumstances justifying the termination of the

Agreement for cause, and (2) the opportunity of Employee to be heard before the RWA Board of Directors on the reasons for his termination. If Employee requests a hearing, the hearing will be held at the RWA Board of Directors' earliest convenience in a closed session, unless Employee requests an open session hearing. After the hearing, the RWA Board of Directors may affirm, modify or reverse its decision to terminate for cause. For purposes of this Agreement, the following will justify termination for cause: willful breach or habitual neglect of duty; gross insubordination; conviction of a crime involving moral turpitude; conduct that makes it impossible or impracticable to perform the duties under this Agreement, or that seriously impedes RWA operations or the operations of a Contract Agency; conduct that tends to bring discredit to RWA or a Contract Agency, or conduct unbecoming an employee in public service; intentional mishandling of RWA or Contract Agency funds; any intentional misrepresentation or fraud in connection with the performance of his duties; or, theft of RWA property or the property of any Contract Agency.

d. By a majority vote of the RWA Board of Directors, without cause, upon giving to Employee written notice of immediate termination and payment of severance pay in an amount equal to Employee's then current monthly salary multiplied by six and payment for continuation of Employee's medical, dental and vision coverage for a period of three months. Prior to terminating Employee pursuant to this subsection, the RWA Board of Directors will receive concurrence through a majority vote of the board of directors of each Contract Agency, if required by RWA's agreement with that agency.

e. If Employee's employment is terminated for any reason, Employee shall be paid for all accrued, unused vacation time at Employee's then-applicable regular rate of pay.

f. If Employee's employment under this Agreement is terminated for any reason, Employee shall be entitled to retire with all benefits under ~~the California Public Employees Retirement System~~ CalPERS in which he has become vested.

g. Notwithstanding the provisions of any RWA rule, regulation, policy, procedure or practice to the contrary, upon termination of Employee's employment, whether as a result of termination or otherwise, and whether with or without cause, Employee will not be entitled to any compensation, damages or other monetary award except as specifically authorized by this Agreement.

9. Entire Agreement. This writing constitutes the sole, entire, integrated and exclusive contract between the parties respecting Employee's employment by RWA, and any other contracts, contract terms, understandings, promises or representations not expressly set forth or referenced in this writing are null and void and of no force and effect. In particular, this Agreement supersedes ~~the 2008 Agreement, which has all prior employment agreements between RWA and Employee, which prior agreements have~~ no effect following this Agreement's effective date.

10. Notices. Any notice to be given to Employee will be sufficiently served if given to him personally, or if deposited in the United States Mail, regular pre-paid mail, addressed to him at his most recent residence address as shown on the RWA payroll records. Any notice to be given by Employee to RWA will be addressed to the RWA Board of Directors and delivered or mailed to the RWA Secretary at the RWA offices.

11. Recitals Incorporated. The recitals set forth in this Agreement are incorporated by reference and are intended to be used in interpreting this Agreement.

12. Successors and Assigns. This Agreement is personal to Employee. He may not transfer or assign the Agreement or any part of it. Subject to this restriction on transfer and assignment by Employee, this Agreement will bind, and inure to the benefit of, the successors, assigns, heirs and legal representatives of the parties.

13. Amendments. Prior to any change or modification to this Agreement, the RWA Board of Directors will consult with each Contract Agency's board of directors, if required by RWA's agreement with that agency. Subject to the foregoing consultation requirement, this Agreement may be amended only by a subsequent written amendment approved and signed by RWA and Employee. Any amendment by RWA must be approved by the RWA Board of Directors at a public meeting. Individual RWA directors do not have the authority, express or implied, to amend, modify, waive or in way alter this Agreement or the terms and conditions of Employee's employment.

14. Waiver. The waiver at any time by either party of its rights with respect to a default or other matter arising in connection with this Agreement will not be deemed a waiver with respect to any subsequent default or matter.

15. Construction and Interpretation. The parties agree and acknowledge that this Agreement has been arrived at through negotiation, and that each party has had a full and fair opportunity to revise the terms of this Agreement. Consequently, the normal rule of construction that any ambiguities are to be resolved against the drafting party will not apply in construing or interpreting this Agreement.

REGIONAL WATER AUTHORITY

EMPLOYEE

By: _____
~~Debra Sedwick~~ Jim Peifer
Chair, Board of Directors

John K. Woodling

Approved as to form:

By: _____
Ryan S. Bezerra
General Counsel

EXHIBIT A

SALARY

- A. Effective October 1, 2017, Employee's monthly salary is \$19,452, reflecting a salary increase of 5.5%.
- B. Effective January 1, 2018, Employee's monthly salary shall be increased by the percentage increase in the cost of living from 2016 to 2017, as stated in the November 1, 2017 U.S. Department of Labor's Consumer Price Index for All Western Small Cities.

Agreed pursuant to Section 5.a of the October 1, 2017 Second Amended and Restated RWA Employment Agreement with Executive Director.

REGIONAL WATER AUTHORITY

EMPLOYEE

By: _____
Jim Peifer
Chair, Board of Directors

John K. Woodling

SECOND AMENDED AND RESTATED RWA EMPLOYMENT AGREEMENT WITH EXECUTIVE DIRECTOR

THIS SECOND AMENDED AND RESTATED AGREEMENT is effective as of October 1, 2017, between the Regional Water Authority, a joint powers authority (“RWA”) and John K. Woodling (“Employee”), who agree as follows:

RECITALS

- A. RWA is a joint powers authority formed and existing under the Joint Exercise of Powers Law of the State of California.
- B. Employee agrees to serve as Executive Director to RWA on and subject to the terms of this Agreement.
- C. RWA and Employee are parties to an RWA Employment Agreement with Executive Director, effective as of June 30, 2008 (“2008 Agreement”), which this Agreement amends and restates.
- D. The amendments to the 2008 Agreement reflected in this Agreement amend the compensation terms of the agreement between RWA and Employee.
- E. This Agreement also restates the terms of the agreement between RWA and Employee to clarify and reflect the intent and practice of RWA and Employee in relation to Employee providing contract services to other public agencies since the execution of the 2008 Agreement.

AGREEMENT

- 1. Employment.** RWA hereby employs Employee as Executive Director on and subject to the terms and conditions of this Agreement. Employee hereby accepts such employment on and subject to the terms and conditions of this Agreement. RWA will be Employee’s employer of record for all employment under this Agreement, and RWA will be responsible for the following: payment of salary and related payroll tasks; payment of employment-related taxes and withholdings; reporting to the federal Internal Revenue Service, California Franchise Tax Board and California Employment Development Department; provision of Employee benefits; provision of workers’ compensation insurance; and, other employment- and labor-related requirements.
- 2. Term.** This Agreement will commence on October 1, 2017 and remain in effect until terminated by one of the parties as provided below in Section 8. RWA's obligations to continue financial contributions toward Employee's retiree health benefits and California Public Employees Retirement System ("CalPERS") benefits under Sections 5.e and 5.g, respectively, of this Agreement shall continue after this Agreement's termination to the extent necessary for Employee to receive those benefits.
- 3. Duties.** Employee’s duties under this Agreement will be as follows:

a. Those duties and responsibilities assigned to the office of RWA Executive Director as described in the job description for the RWA Executive Director position as adopted and amended from time to time by the RWA Board of Directors, and such other duties and responsibilities as assigned by the RWA Board of Directors. Employee will be the chief executive officer of RWA. Employee will work under the direction and control of the RWA Board of Directors.

b. Employee may also perform executive director or similar services for another public agency under any agreement that RWA executes with that other agency that requires RWA to provide such services to that agency, as approved and directed by the RWA Board of Directors. (This Agreement refers to such an agency as a "Contract Agency.") As of the date of this Agreement, RWA has a Contract Agency agreement with the Sacramento Groundwater Authority ("SGA"), a California joint powers authority, specifically the Agreement Between the Regional Water Authority and the Sacramento Groundwater Authority for Administrative and Management Services entered into as of May 23, 2002, as amended as of September 9, 2004 ("Cost Sharing Agreement"), under which the Employee serves as SGA executive director. In all such cases, the RWA remains the Employee's sole employer and the RWA Board retains sole authority to employ and take personnel actions in regard to Employee. Notwithstanding any interpretation of the relationship between RWA and a Contract Agency by a non-party to this Agreement, RWA retains sole responsibility to the Employee for all obligations under this Agreement.

4. Work Hours. Employee will devote his full time, attention and energies to his duties and will be available to work at such times as necessary to fully and competently perform the duties assigned by the RWA Board of Directors, regardless of the number of hours involved. Employee acknowledges that the duties of his position may require an average of more than 40 hours per week, and that some day-to-day hours may vary significantly. Employee will not be compensated for overtime hours worked or otherwise earn or be entitled to compensatory time off for hours worked in excess of eight per day or 40 per week. Employee will not engage in any conduct or other employment or business that would unreasonably interfere with his responsibilities and duties to RWA, including those responsibilities and duties assigned by the RWA Board of Directors under any agreement between RWA and a Contract Agency.

5. Salary and Benefits. For all services to be rendered by Employee under this Agreement, RWA will provide to Employee the following salary and benefits:

a. Salary stated in Exhibit A to this Agreement, as it may be amended from time to time under Section 13 of this Agreement. The RWA Board of Directors will annually review Employee's salary for consideration of merit and/or cost of living adjustments. Any Employee salary increase and/or cost of living adjustment will require the approval of the RWA Board of Directors. Prior to any increase in Employee's salary and/or cost of living adjustment, the RWA Board of Directors will consult with any Contract Agencies.

b. All RWA Employment Benefits, as defined in RWA's employee handbook, in addition to the specific benefits described in this Agreement (for example, sick leave and holidays). If any term or condition is inconsistent with a term or condition of the RWA Employment Benefits, the provisions of this Agreement will govern. RWA reserves the right to eliminate or modify any of

its benefits at any time; provided that any specific benefit identified in this Agreement may not be changed except by a written amendment negotiated between RWA and Employee in accordance with Section 13 of this Agreement.

c. (1) An automobile allowance of \$500/month and (2) reimbursement of reasonable expenses, including but not limited to business telephone calls, lodging, meals, air travel fares, rental of automobiles, parking fees, business meals, cellular telephone service, and other business related expenses incurred on behalf of RWA (including expenses incurred in providing services to a Contract Agency) as reviewed and approved before payment by the Chair of the RWA Board of Directors.

d. Participation in RWA's group medical, dental and vision plans. Employee is currently participating in those plans under the 2008 Agreement. Employee's coverage under those plans will not be interrupted because the parties have executed this Agreement. RWA will pay the full cost of the coverage for Employee and Employee's dependents.

e. Retiree Health Benefits.

i. Vested Status. The retiree health benefit described in this paragraph is considered a vested benefit by Employee and RWA.

ii. Eligibility to Enroll in CalPERS Health Plan. Pursuant to the Public Employees' Medical and Hospital Care Act ("PEMHCA") and relevant CalPERS regulations, Employee shall be eligible to continue health coverage with CalPERS upon his retirement through RWA's PEMHCA contract if: (i) he completes at least 5 years of CalPERS-covered employment, (ii) his retirement from RWA is effective within 120 days of his separation from employment with RWA, and (iii) he receives a retirement allowance from CalPERS resulting from his service with RWA.

iii. Employer-Paid Retiree Health Benefit. If Employee is eligible to enroll in a CalPERS health plan upon his retirement through RWA's PEMHCA contract, he shall receive a percentage of the employer contribution determined in accordance with Government Code Section 22893(a)(1). The percentage shall be 100%, provided that he has a minimum of 20 years of service with a CalPERS employer and that at least 5 of those years are attributed to CalPERS-credited service accrued in the aggregate with RWA or SGA. For purposes of this benefit, RWA acknowledges that Employee has accrued 20 years of CalPERS-credited service, including 5 years combined with RWA and SGA, as of June 30, 2013 and, is therefore eligible upon retirement to receive 100% of the employer contribution determined in accordance with Government Code Section 22893(a)(1) upon his enrollment in a CalPERS health benefit plan.

iv. RWA Action. To the maximum extent legally possible, RWA shall take any action required by CalPERS in order to deem service credited under the SGA CalPERS contract as service credited under the RWA CalPERS contract for purposes of the 5 year service requirement under Government Code Section 22893(a)(1).

f. Vacation with pay based on an accrual rate of 22 days per year, earned at the rate of 14.67 hours per month, otherwise subject to RWA's vacation policy. Annually, Employee may receive payment in lieu of vacation in an amount not to exceed the number of vacation hours taken in the previous twelve months, and subject to a maximum of 80 hours. Request for payment in lieu of vacation must be approved by the chairperson of the board of directors.

g. Participation in CalPERS in accordance with RWA's contract with CalPERS. Employee will pay 6% of the employee share of CalPERS contributions. RWA will pay the employer share and the balance of employee share of CalPERS contributions. Effective the first full pay period after July 1, 2018, Employee will pay the full 7% employee share of CalPERS contributions.

6. Workers' Compensation. For the duration of this Agreement, RWA will purchase and maintain workers' compensation insurance coverage for Employee as required by California law to cover Employee. To the extent that Employee provides services to a Contract Agency, RWA will provide workers' compensation coverage for Employee while Employee performs those services pursuant to Labor Code section 3602(d).

7. Other Terms and Conditions of Employment. Employee's employment also will be governed by the RWA personnel policies and procedures, as the same may be amended from time to time by the RWA Board of Directors. The parties will comply with all applicable provisions of the RWA personnel policies and procedures. If any term or condition of this Agreement is inconsistent or in conflict with a term or condition of RWA's personnel policies and procedures, this Agreement will govern.

8. Termination. This Agreement may be terminated in any one of the following ways:

a. By mutual agreement of the parties, expressed in writing.

b. By Employee, upon giving to RWA not less than one month's prior written notice of his election to terminate. Immediately upon receipt of such written notice, RWA will notify all Contract Agencies, if required by RWA's agreements with those agencies.

c. By majority vote of the RWA Board of Directors, for cause, upon giving to Employee written notice of immediate termination. Prior to initiating any termination for cause, the RWA Board of Directors will notify, and receive concurrence from, each Contract Agency, if required by RWA's agreement with that agency. RWA's written notice of termination will specify (1) the particular cause(s) and the facts and circumstances justifying the termination of the Agreement for cause, and (2) the opportunity of Employee to be heard before the RWA Board of Directors on the reasons for his termination. If Employee requests a hearing, the hearing will be held at the RWA Board of Directors' earliest convenience in a closed session, unless Employee requests an open session hearing. After the hearing, the RWA Board of Directors may affirm, modify or reverse its decision to terminate for cause. For purposes of this Agreement, the following will justify termination for cause: willful breach or habitual neglect of duty; gross insubordination; conviction of a crime involving moral turpitude; conduct that makes it impossible or impracticable to perform the duties under this Agreement, or that seriously impedes RWA operations or the operations of a

Contract Agency; conduct that tends to bring discredit to RWA or a Contract Agency, or conduct unbecoming an employee in public service; intentional mishandling of RWA or Contract Agency funds; any intentional misrepresentation or fraud in connection with the performance of his duties; or, theft of RWA property or the property of any Contract Agency.

d. By a majority vote of the RWA Board of Directors, without cause, upon giving to Employee written notice of immediate termination and payment of severance pay in an amount equal to Employee's then current monthly salary multiplied by six and payment for continuation of Employee's medical, dental and vision coverage for a period of three months. Prior to terminating Employee pursuant to this subsection, the RWA Board of Directors will receive concurrence through a majority vote of the board of directors of each Contract Agency, if required by RWA's agreement with that agency.

e. If Employee's employment is terminated for any reason, Employee shall be paid for all accrued, unused vacation time at Employee's then-applicable regular rate of pay.

f. If Employee's employment under this Agreement is terminated for any reason, Employee shall be entitled to retire with all benefits under CalPERS in which he has become vested.

g. Notwithstanding the provisions of any RWA rule, regulation, policy, procedure or practice to the contrary, upon termination of Employee's employment, whether as a result of termination or otherwise, and whether with or without cause, Employee will not be entitled to any compensation, damages or other monetary award except as specifically authorized by this Agreement.

9. Entire Agreement. This writing constitutes the sole, entire, integrated and exclusive contract between the parties respecting Employee's employment by RWA, and any other contracts, contract terms, understandings, promises or representations not expressly set forth or referenced in this writing are null and void and of no force and effect. In particular, this Agreement supersedes all prior employment agreements between RWA and Employee, which prior agreements have no effect following this Agreement's effective date.

10. Notices. Any notice to be given to Employee will be sufficiently served if given to him personally, or if deposited in the United States Mail, regular pre-paid mail, addressed to him at his most recent residence address as shown on the RWA payroll records. Any notice to be given by Employee to RWA will be addressed to the RWA Board of Directors and delivered or mailed to the RWA Secretary at the RWA offices.

11. Recitals Incorporated. The recitals set forth in this Agreement are incorporated by reference and are intended to be used in interpreting this Agreement.

12. Successors and Assigns. This Agreement is personal to Employee. He may not transfer or assign the Agreement or any part of it. Subject to this restriction on transfer and assignment by Employee, this Agreement will bind, and inure to the benefit of, the successors, assigns, heirs and legal representatives of the parties.

13. Amendments. Prior to any change or modification to this Agreement, the RWA Board of Directors will consult with each Contract Agency's board of directors, if required by RWA's agreement with that agency. Subject to the foregoing consultation requirement, this Agreement may be amended only by a subsequent written amendment approved and signed by RWA and Employee. Any amendment by RWA must be approved by the RWA Board of Directors at a public meeting. Individual RWA directors do not have the authority, express or implied, to amend, modify, waive or in way alter this Agreement or the terms and conditions of Employee's employment.

14. Waiver. The waiver at any time by either party of its rights with respect to a default or other matter arising in connection with this Agreement will not be deemed a waiver with respect to any subsequent default or matter.

15. Construction and Interpretation. The parties agree and acknowledge that this Agreement has been arrived at through negotiation, and that each party has had a full and fair opportunity to revise the terms of this Agreement. Consequently, the normal rule of construction that any ambiguities are to be resolved against the drafting party will not apply in construing or interpreting this Agreement.

REGIONAL WATER AUTHORITY

EMPLOYEE

By: _____
Jim Peifer
Chair, Board of Directors

John K. Woodling

Approved as to form:

By: _____
Ryan S. Bezerra
General Counsel

EXHIBIT A

SALARY

- A. Effective October 1, 2017, Employee's monthly salary is \$19,452, reflecting a salary increase of 5.5%.
- B. Effective January 1, 2018, Employee's monthly salary shall be increased by the percentage increase in the cost of living from 2016 to 2017, as stated in the November 1, 2017 U.S. Department of Labor's Consumer Price Index for All Western Small Cities.

Agreed pursuant to Section 5.a of the October 1, 2017 Second Amended and Restated RWA Employment Agreement with Executive Director.

REGIONAL WATER AUTHORITY

EMPLOYEE

By: _____
Jim Peifer
Chair, Board of Directors

John K. Woodling