

**REGIONAL WATER AUTHORITY
EXECUTIVE COMMITTEE AGENDA**

**January 27, 2016; 8:30 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:** Members of the public who wish to address the committee may do so at this time. Please keep your comments to less than three minutes.
- 3. CONSENT CALENDAR**
Minutes of the December 9, 2015 Executive Committee meeting
Action: Approve Consent Calendar item
- 4. 2016 RWA EXECUTIVE COMMITTEE MEETING SCHEDULE**
Action: Adopt proposed schedule of Executive Committee meetings for 2016
- 5. DEVELOPMENT OF FISCAL YEAR 2016 – 2017 BUDGET**
Information Presentation and Discussion of FY 2016 – 2017 Budget
- 6. LEGISLATIVE UPDATE**
Information Presentation: John Woodling, Executive Director
- 7. EXECUTIVE DIRECTOR'S REPORT**
- 8. DIRECTOR'S COMMENTS**
- 9. 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**

ADJOURNMENT

Upcoming meetings:

Upcoming Executive Committee Meetings – February 17, 2016 and March 23, 2016 at 8:30 a.m. at the RWA office

Next RWA Board of Directors' Meeting – Thursday, March 10, 2016, at 9:00 a.m. in the RWA conference room, 5620 Birdcage Street, Ste. 110, Citrus Heights, CA 95610

January 27, 2016

AGENDA ITEM 3: CONSENT CALENDAR

The draft minutes from the Executive Committee meeting held December 9, 2015

Action: Approve Consent Calendar Item

1. CALL TO ORDER

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

Executive Committee Members

S. Audie Foster, California American Water
Marcus Yasutake, City of Folsom
Spencer Short, City of Lincoln
Jim Peifer, City of Sacramento
Debra Sedwick, Del Paso Manor Water District
Bill George, El Dorado Irrigation District
Robert Dugan, Placer County Water Agency
Rob Roscoe, Sacramento Suburban Water District

Staff Members

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

Others in Attendance

Nicole Krotoski, Ingrid Sheipline and Bob Simons.

2. PUBLIC COMMENT

None

3. CONSENT CALENDAR

The minutes from the Executive Committee meeting held October 28, 2015.

Motion/Second/Carried (M/S/C) Mr. Yasutake moved, with a second by Mr. Foster, to approve the minutes from the October 28, 2015 Executive Committee meeting.

4. JUNE 30, 2015 MODIFICATIONS TO BOARD DESIGNATIONS

During the annual budget process for FY2016, the June 30, 2015 designations were projected based on the best estimates for operational and financial information through June 30, 2015. Based upon the actual results during FY2015, two designations should be modified.

Ms. Krotoski reported that the projected June 30, 2015 unfunded pension plan liability set aside of \$225,000 anticipated receiving \$99,000 from SGA by June 30, 2015. Since this payment to RWA has been deferred, RWA does not have the necessary funds from SGA to fully set aside the \$225,000. Consequently, this designation should be reflected as \$126,000 (\$225,000 less \$99,000).

Additionally, since the financial statements now reflect an unfunded pension plan liability at June 30, 2015 of \$337,276, also including a designation in the financial statements for the pension plan payment overstates RWA's pension plan obligation. While the financial statements reflect an accounting liability which is calculated differently than the funding liability, RWA can still reflect a pension plan set aside or designation in its budget process. In analyzing available cash at June 30, 2015, RWA had available \$126,000 at June 30, 2015 to set aside for payment in FY 2016 for a partial payment of the unfunded liability.

The operating fund balance at June 30, 2015 was projected to be \$528,100 based upon expected expenses, which represented 4 months of operating fund balance. Since actual expenses and revenues were lower than projected, the operating fund balance should be adjusted to reflect a four months operating fund that can be supported by available cash. This designation for budgeting purposes for June 30, 2015 should be reflected as \$411,500 for June 30, 2015.

For financial statement purposes, since implementing GASB No. 68, the unrestricted net position available to designate the operating fund, membership dues and subscription fund was significantly reduced. This reduction resulted in total available unrestricted net position at June 30, 2015 of \$364,704, which is insufficient to fully set aside designations for accounting purposes as adopted during the budget process (total required is \$537,500 creating a \$172,796 shortfall). However, an analysis of available cash at June 30, 2015 does indicate sufficient cash resources for the operating fund balance, membership dues and subscription fund balance. For financial statement purposes, the designations footnote will discuss that net position is insufficient to meet these designations.

There was discussion about whether it was better to pay the unfunded pension plan liability to CalPERS now or wait until the CalPERS issue with SGA has been resolved. Making the payment now could result in a higher earnings ratio advantage. The question remains how the payment for RWA and SGA would be credited by CalPERS. After discussion it was decided that the Executive Director has the authority to determine when the payment will be made.

M/S/C Mr. Roscoe moved, with a second by Mr. George, to adjust the designations as follows for June 30, 2015 for budget purposes: Pension Plan Unfunded Liability - \$126,000; Operating Fund - \$411,500

5. RWA AUDIT REPORT

Richardson and Company has completed the financial audit for the fiscal year that ended June 30, 2015. The full audit report was included in the board packet.

Ingrid Shepline, with Richardson and Company, gave a presentation on the highlights of the audit results. Ms. Shepline noted an audit opinion on the financial statement, a report on internal controls and compliance and a report on required communications were included in the audit report. RWA's Management Discussion and Analysis gives the highlights and a summary of the audit report. She touched on some of the highlights included in the report which included the employee benefit plans schedule of funding progress and status; the restricted net position and board designations; and the contingencies for those pension benefits. The employee benefit plan is a new disclosure this year as a result of GASB 68.

Mr. Short entered the meeting.

Bob Simons, with Richardson and Company, explained the governance letter that describes the responsibilities of the auditors and the management letter that considers the internal control or financial reporting of the Authority. He said that there were no audit adjustments, they found no difficulty in performing the audit and they did not encounter any unusual accounting practices. He recommended that the Authority attempt to check the potential liability between RWA and SGA once SGA's PERS application has been approved.

Ms. Shepline repeated that there were no difficulties in performing the audit, they did not encounter any unusual accounting practices, there were no internal control weaknesses noted and no audit adjustments were recorded. She was pleased to report that RWA had a clean opinion again this year.

M/S/C Mr. Roscoe moved, with a second by Mr. Short, to recommend RWA Board acceptance of the 2015 RWA financial audit report.

6. CHANGES TO CALIFORNIA EMPLOYERS RETIREE BENEFIT TRUST (CERBT) ASSET ALLOCATION STRATEGIES

Mr. Woodling reported that the CERBT manages the investments for RWA's other post-employment benefits (OPEB) through CalPERS. On September 17, 2014, the CalPERS Board of Administration approved reducing the expected long-term rate of return for each of its investment strategies for the CERBT. Strategy 1 rate was reduced from 7.61% to 7.28%. Lowering the expected discount rates effectively increases the required contribution of assets by employers to fund the OPEB benefits. These discount rates are the maximum rates allowable under each of the investment strategies in order to be in compliance with the CERBT plans.

Even though CERBT manages the investments for RWA's OPEB assets, RWA is responsible for determining the most appropriate actuarial assumptions and the resulting discount rates. With the assistance of RWA's actuary in 2011, Bickmore Risk Services (BRS) analyzed various discount rate scenarios using strategy 1. Ultimately, the Board approved using a discount rate of 7.25% for strategy 1, which was lower than the assumed rate for strategy 1. Using a lower discount rate than expected by CERBT for strategy 1 provided some cushion for adverse market conditions for the assets and also is considered an acceptable actuarial practice.

RWA lowered the expected investment discount rate by 36 basis points (7.61% expected versus 7.25% used). The 7.25% discount was used in the most recent OPEB actuarial report for July 1, 2013.

Since RWA chose a lower discount rate, the CERBT change in discount rate for Strategy 1 will not necessarily impact RWA costs if RWA chooses to keep the 7.25% discount rate. However, keeping the discount rate at 7.25% reduces the cushion RWA currently has from 36 basis points to 3 basis points (7.28% versus 7.25%). Because of the timing of RWA's initial asset contribution and favorable market returns, RWA has OPEB assets in excess of liabilities.

If RWA would like to maintain an approximately similar discount rate cushion, then RWA would want to consider lowering the discount rate from 7.25% to 7.0% or lower for the next actuarial report. Lowering the discount rate will reduce RWA's excess assets, while increasing required contributions. The exact amount or impact of this change would need to be calculated by an actuary. RWA's annual actuary report is set to begin again for the July 1, 2015 period sometime after January 1, 2016. This new actuary report will be the basis for the OPEB payment for the FY2017 and FY2018 budgets. Modeling additional discount rates will increase the cost of actuarial services. Choosing the discount rate does not guarantee any particular investment result.

RWA approved using CERBT's investment Strategy 1 at the November 10, 2011 Board meeting. Strategy 1 was most similar to the then existing strategy of using 7.75% as the expected long-term discount rate. It was considered an aggressive strategy, with the most risk and potential volatility over the long-term. Choosing the strategy also meant the Board had to have tolerance for volatility.

At the time of hiring the CERBT to manage the OPEB assets, the Executive Committee recommended re-visiting the decision after 5 years. RWA now has 5 years' experience with CERBT. Based upon the CalPERS report, over the five year period, the CERBT is meeting its benchmark return. The financial markets have experienced volatility over this past year. Previously, financial market conditions had been more favorable. Market conditions can and do change at any time for factors beyond RWA's control. Currently, RWA's has approximately \$800,000 in trust assets.

RWA needs to determine whether Strategy 1 is still desired for investment purposes. Strategy 2 and Strategy 3 performance results as of September 30, 2015 were included in the packet for review. Additionally, is RWA satisfied with the CERBT overall or should RWA explore other investment trust funds to determine if there is a desire to change managers. Staff has been satisfied with the ease of administration in using the CERBT.

Ms. Krotoski explained that every 2 years a new actuarial report is conducted and a new valuation is calculated at that time. It was suggested that it be determined what the October 2011 to the present return has been with CalPERS so that strategies can be compared.

M/S/C Mr. Roscoe moved, with a second by Mr. Dugan, to recommend the RWA Board approve actuaries to model existing Strategy 1 and reduced discount rates of 7.28%, 7.00% and 6.75% when commencing the next actuarial report.

M/S/C Mr. Roscoe moved, with a second by Mr. Short, to recommend the RWA Board to provide staff direction for using CERBT to manage RWA's OPEB asset trust fund.

7. REGIONAL RELIABILITY PLAN UPDATE

Rob Swartz, Manager of Technical Services, gave an update that staff is continuing to develop a scope of work for a Regional Water Reliability Plan as called for in the RWA 2013 Strategic Plan. As part of the effort, staff is conducting early interviews with a few agencies to get input on the work scope and to begin developing a shared vision of the expected outcomes of a plan. Staff provided an update to the Executive Committee on the status of scope development and previewed some of the background information to be provided in a presentation to the full RWA Board in January 2016 on the Regional Water Reliability Plan effort.

Mr. Swartz said that the presentation to the RWA Board in January will give some background, but not all of the details at once. He will remind the board that in the Strategic Plan there is the intent to build a reliability plan. The last couple of years have been instructive about revealing some of the vulnerabilities that we may not have recognized prior to the current drought. It is important for the board to understand that as we embark on this plan it is a very different environment than the one we thought we would be planning in just a few years ago. One recent concept that has emerged is the potential creation of a Bureau of Reclamation acknowledged water bank as a key mitigation strategy is dealing with our water supply vulnerabilities. A water bank could serve as a storage reservoir of our region's Reclamation water contracts and entitlements. With a water bank, there is also the potential for identifying partnerships with Central Valley Project contractors that could assist us with making investments for reliability in the future. It is important to understand in a water bank, water must first be deposited, before it can be withdrawn.

Mr. Woodling said that we need to make it clear that water in a bank is above and beyond the groundwater that everyone shares. We are developing it at a time when we are moving towards figuring out how we implement SGMA, they will move in parallel.

Ryan Bezerra, legal counsel, said that there is storage money available that could also provide an opportunity for funding. It would be surprising if we don't see some sort of legislative push on the Cal Water Fix in 2017. It may be what this region wants to do and it might be expedited by some legislation. We should use that opportunity to try and get what we want in the legislation.

Mr. Swartz gave a further description of the process to develop a Reclamation water bank. He said that he sees this as a possible three to four year exercise to

do the environmental analysis and to work with individual agencies explaining the concept. Some necessary tools include gathering initial information, putting that in a spreadsheet model while keeping in mind we ultimately need to do a very detailed analysis with an integrated water model to make sure that if we have a water bank, one that would be recognized by Reclamation, that we could demonstrate that we're not having undue impacts to other users of groundwater in the basin and that we fully characterize our put and take capacities from long term operations.

Mr. Woodling said that part of the challenge is that each agency wants to know what this means for them. It will be an independent business decision to participate in a regional water bank.

After discussion, the Executive Committee suggested creating a committee to assist staff in educating the member agencies on the Reliability Plan development.

8. 2016 RWA BOARD MEETING SCHEDULE

RWA Board meetings are held on the second Thursday of every other month. The meetings begin at 9:00 a.m. The schedule of meetings for 2016 will remain the same with no meeting conflicts on the proposed RWA Board meeting schedule for 2016.

M/S/C Mr. George moved, with a second by Mr. Short, to approve the proposed RWA Board meetings for 2016.

9. JANUARY 14, 2016 RWA BOARD MEETING AGENDA

Mr. Woodling said that an agenda item needs to be added to the January 14, 2016 RWA Board agenda as item 4.d. OPEB Update. The Regional Reliability Update will be moved to agenda item 5 with the remaining items to follow. The Director's Report will include an update on the Power House Science Center.

M/S/C Mr. Peifer moved, with a second by Mr. Dugan, to approve January 14, 2016 proposed RWA Board meeting agenda with the proposed amendments.

10. EXECUTIVE DIRECTOR'S REPORT

Water Efficiency Program Update – RWA members are continuing their effort to contribute to the statewide goal of 25% water savings compared to 2013. Sacramento area water providers have requirements ranging from 20% to 36% reduction in water use compared to the same period in 2013. The region achieved impressive summertime savings averaging a 36% reduction in June through August compared to the same months in 2013. Fall savings have dropped to an average of 27% for September and October. However, this drop was anticipated due the decrease in outdoor irrigation from cooler and wetter weather conditions. Outdoor water use is the region's biggest opportunity for water savings as more than 50% of total residential water use is outdoors.

The region's cumulative savings from June through October is 33% compared to the same months in 2013. Water use reporting by the water providers for June through October show that the majority of providers are meeting or exceeding their cumulative targets. All providers are within 5% of their cumulative targets. As outdoor water use continues to decrease during the winter months and conservation messages switch to indoor water use, some RWA agencies with higher reduction targets will continue to have difficulty sustaining their cumulative conservation percentages through February 2016.

Government Affairs Update –The State Water Resources Control Board's Urban Water Conservation Workshop was held December 7th. The purpose of the workshop was to solicit input on the types of changes to the emergency conservation regulatory framework the State Board should consider in extending the Emergency Regulations it adopted in May 2015. The existing Emergency Regulations, if not extended, expire in February 2016. Per the most recent Executive Order issued by the Governor on November 13, 2015, the State Board has been directed to extend emergency conservation regulations through October 2016 if the drought persists through January 2016, which is almost a certainty even with the strong El Niño forecast.

It's difficult to know what the State Water Board will do with the proposals they heard at the workshop on updating the regulations. Early January it is expected that State Water Board staff will propose something that they will want to adopt so there is not a lapse in emergency regulations. Some of the ideas presented to the State Water Board at the workshop included regional compliance that would benefit everyone, recognition in drought resilient supplies and credit for recycled water that benefits various members. Not all of the ideas were positively received by the Board.

In response to the pending update of the emergency regulations and in preparation for the December 7th Workshop, RWA focused advocacy and technical expertise efforts on proposed changes to the regulations. The focus included consideration of climate adjustment factors predicated on the scientific reality that hot, dry inland climates require more irrigation in the summer than temperate coastal environments in order to protect and maintain the beneficial urban landscape, including our important urban forest; credit for use of alternative water supplies that have been paid for by local rate payers and developed specifically for drought resiliency and water supply reliability and whose use would not negatively impact other water users; consideration of regional water conservation compliance options that allow a region such as that covered by the RWA membership to achieve the same amount of water savings as individual water agencies while benefiting from the economy of scale and flexibility offered by working collaboratively within a larger region.

RWA staff and member agency staff participated in small group workshops held by the State Board in October and November. RWA and member agency staff, along with ACWA staff, met with three of the five State Board members individually to discuss the modifications to the regulations.

In addition to working with State Board members and staff, RWA briefed our local legislators and solicited their support. Our local delegation of State elected representatives submitted a joint letter to the State Board members in advance of the workshop encouraging them to consider climate adjustments and to recognize investments in drought resilient water supplies through the use of credits to offset conservation targets.

RWA prepared and submitted written comments to the State Board that were reiterated at the workshop. In addition, RWA staff will participate on a panel discussion on the regional water conservation compliance issue and a panel of local urban forest experts will present their concerns with the existing conservation requirements as it relates to the health of the urban forest. RWA prepared a press release on our positions for release on Friday, December 4th, and an op-ed that was published in Monday's Sacramento Bee.

DWR continues to develop regulations for the implementation of the Sustainable Groundwater Management Act. Mr. Woodling represented RWA and SGA as well as ACWA at the Practitioner Advisory Panel meeting on December 8, 2015.

Mr. Woodling informed the Executive Committee that Joe Dion passed away last Thursday. Mr. Dion will be honored at the Holiday Social with the Distinguished Service Award.

Strategic Plan Implementation – Chair Sedwick appointed an ad hoc committee to evaluate progress on implementing RWA's Strategic Plan update for 2013-2018+. The committee has considered various possible structures to more fully involve RWA members and the board in guiding strategic plan implementation. The committee plans to develop a formal proposal for Board consideration at the January meeting.

11. DIRECTORS' COMMENTS

Mr. Peifer said that he likes the 200,000 acre feet carry over storage target that the State Water Board has proposed, however he would like it better if it said that the requirement would not be used to deny the City of Sacramento a water supply. The City of Sacramento will be making comments to that affect.

Mr. Roscoe said that ACWA has a committee reviewing their efforts on amendments to the Article 10 Constitution. The current proposal does not answer concerns. An issue that needs to be resolved is allowing flood control and storm drain users to raise funds with the same rules that water and waste water users do.

Mr. Dugan said that when the question was directed to Felicia Marcus at ACWA asking where the water we are conserving went, the only answer was that it is in storage for you. He attended the Prop 1 reservoir dialog and there is still another 120,000 acre feet available for purchase to a partner of Sites Reservoir. Placer County Water Agency met their carry over storage.

Ms. Sedwick thanked the Executive Committee and John Woodling for his involvement in the many meetings speaking on behalf of our region. She congratulated Rio Linda/Elverta Community Water District for receiving the ACWA award. Del Paso Water District Board members pointed out that with all the meetings held in Northern California that the region has been well represented with participation in the meeting dialogs.

12. 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

It was determined that a closed session was not necessary as there was nothing to report.

ADJOURNMENT

With no further business to come before the Board, Chair Sedwick adjourned the meeting at 10:30 a.m.

By:

Chairperson

Attest:

Nancy Marrier, Board Secretary / Treasurer

January 27, 2016

AGENDA ITEM 4: 2016 RWA EXECUTIVE COMMITTEE MEETING SCHEDULE

BACKGROUND:

RWA Executive Committee meetings are held on the fourth Wednesday of each month at the RWA office, 5620 Birdcage Street, Ste. 110 in Citrus Heights. The meetings begin at 8:30 a.m. Following are the regularly scheduled dates of meetings for 2016 with notes as to potential meeting conflicts and proposed changes to the schedule:

Current Executive Committee Schedule	Meeting Conflicts	Proposed 2016 Executive Committee Schedule
February 24, 2016	ACWA DC Conference	February 17, 2016
March 23, 2016		March 23, 2016
April 27, 2016		April 27, 2016
May 25, 2016		May 25, 2016
June 22, 2016		June 22, 2016
July 27, 2016		July 27, 2016
August 24, 2016		August 24, 2016
September 28, 2016		September 28, 2016
October 26, 2016		October 26, 2016
November 23, 2016	Day before Thanksgiving	December 7, 2016
December 28, 2016	Week after Christmas	Cancel

STAFF RECOMMENDATION:

Action: Adopt proposed schedule of Executive Committee meetings for 2016

January 27, 2016

AGENDA ITEM 5: DEVELOPMENT OF FY 2016 – 2017 BUDGET

BACKGROUND:

Each year the RWA Executive Committee (EC) reviews and makes a recommendation for adoption of the budget by the full board. Today's discussion will include the major issues for guidance in developing and presenting a draft budget to the RWA Board on March 10, 2016. The strategic plan adopted in 2013 drives the activities and required financial resources to accomplish the objectives. The Executive Committee has discussed how to fund the remaining elements of the strategic plan, and over what time frame. This meeting will further that discussion.

Significant budget topics

Government Relation Program

Last year, the board directed RWA staff to transition to a more active role in advocacy. The board approved budget resources for a government relations program based upon the adopted goals of the strategic plan. It was agreed that RWA was an appropriate vehicle and voice to advocate on legislative and regulatory issues on behalf of the region. The FY16 budget provided \$100,000 in the consulting budget to provide for government affairs contract services. RWA hired retired annuitant Dave Brent to temporarily fill this role. Mr. Brent started working on the program in March 2015. Due to the retired annuitant status¹, RWA can only use Mr. Brent for a limited duration of time. Therefore, RWA will need to start implementing a transition to a permanent staffing solution as early as next fiscal year.

There was a new designation added for the Strategic Plan Fund in fiscal year 2016 to begin putting aside money for future implementation activities. The intent of the designation was to support future activities while limiting large single-year fee increases. In the long term, rates need to be increased to create an ongoing funding source for the advocacy position. The financial impact on rates has not yet been analyzed, and is dependent on the timing and scope of activities. In the previous budget cycle, it was estimated that the additional cost for fully funding this position was approximately \$300,000, which included consulting support.

Staff is seeking direction on continuing the implementation of the strategic plan and the timing for hiring a permanent staff member. There are organizational benefits to have permanent staff hired before the new legislative cycle begins in calendar year 2017.

¹ The rules for CalPERS states that *"Retirees can be hired into retired annuitant positions to perform work of limited duration."*

January 27, 2016

IRWMP

The IRWMP program was previously a subscription based program and has been considered a core activity of RWA since FY15. Since its transition to a core program, the budget reflects funding of this work from the remaining designation. The remaining designation is being used in the current fiscal year. RWA will need to consider increasing fees by approximately \$25,000 for costs associated with this program in fiscal year 2017, which represents approximately a 3.5% increase in dues.

Grant Funding Cash flow

In the past, RWA has been very successful in obtaining grant funding and has secured advances from the participating agencies up front primarily through local match funding to pay for consulting and staff time for managing the grants. Recently RWA executed a contract for a \$2.5 million award from the DWR 2014 Water-Energy Grant Program. The grant is focused on assisting disadvantaged communities (DACs), as defined by the CalEnviroScreen 2.0 online mapping tool, by replacing high-water-using and high-energy-using fixtures with USEPA WaterSense labeled efficient fixtures through two different delivery and monitoring mechanisms – direct installation and fixture distribution to lower income households. The DAC areas in the RWA region overlap with portions of City of Sacramento, West Sacramento, California American and Sacramento Suburban Water District's service areas. The grant is managed through RWA's Water Efficiency Program (WEP).

The 2014 Water-Energy Grant Program has a two year timeframe with no local match funding requirement. This grant is different from previous RWA grants in that it relies on third party contractor agreements to perform grant activities. Most contractors require 30-60 day payment periods. DWR's reimbursement period for invoices ranges from three to six months. RWA anticipates that the monthly grant costs will average around \$100,000, which could result in a cash requirement need prior to reimbursement ranging from \$300,000 to \$600,000 at any one time in fulfilling the grant deliverables. The total annual Category 1 budget for WEP is \$400,000 which is insufficient to meet the working cash needs of this grant and the ongoing WEP program objectives.

The combination of a two year grant period, no local match funding and the necessity of paying outside contractors sooner than receiving grant reimbursement funds creates a cash flow issue for RWA's WEP. Without sufficient cash flow, the grant cannot be fully implemented. RWA is currently working with DWR, the participating water agencies and other partners to collectively reach a solution. Some of the ideas to solve the temporary working cash flow shortage could include borrowing funds from RWA designations, obtaining a line of credit, borrowing from SGA, and advances from participants.

January 27, 2016

During the FY16 budget process, RWA decided that the operating fund designation would be maintained at four months, which is the lower end of the range from four to six months. Any excess funds over four months would be slotted towards the strategic plan fund. The new \$2.5 million WEP grant highlights the potential need to either increase the reserves from the minimum or to designate a grant funding reserve to help with cash flow of some grant awards.

WEP Associate Project Manager is assisting RWA core functions

Over the last year, the WEP Program Manager has been assisting with RWA core functions. Some of these activities have included State Water Resources Control Board emergency regulations, water supply data collection, the water-energy study, and the RWA annual report.

During the upcoming budget cycle, approximately 10% of the staffing costs associated with this position should be considered to be paid for by RWA core dues. This shift in costs will also increase RWA dues by approximately 2%.

Future Funding

As discussed above, the decision that the operating fund designation would be maintained at four months, creates an even greater need to project future funding for specific programs. Additional increased expenses in a few areas will need to be considered in the FY2017-18 budget. RWA's lease will be coming up for renewal in fiscal year 2018. RWA staff negotiated a very favorable lease rate at the time ACWA JPIA moved out of the building. RWA needs to plan for a significant increase in our lease in 2018.

The Employee Compensation Policy 400.2 states that "The Executive Committee (EC) will conduct a compensation survey at least every five years to ensure that the compensation offered by the Authority is consistent with this policy." RWA last completed a compensation survey in November 2012 and will need to budget for a compensation survey to be completed in fiscal year 2018, as well as potential increased payroll costs as a result of the survey.

STAFF RECOMMENDATION:

Information presentation: John Woodling, Executive Director.
Discussion and Input

January 27, 2016

AGENDA ITEM 6: LEGISLATIVE UPDATE

BACKGROUND:

Staff are tracking the introduction of new bills, as well as the progress of two-year bills. The deadline for bill introduction is February 19, 2016 (attachment). Subsequent to that date, staff will bring bill positions to the Executive Committee for approval. Pursuant to RWA policy, positions will be consistent with policy principles adopted by the full board of directors. A listing of bills being tracked is available in the member only section of the RWA website.

STAFF RECOMMENDATION:

Information Presentation: John Woodling, Executive Director

The Regional Water Authority

2015 ADVOCACY PROGRAM HIGHLIGHTS

A Note From The Executive Director

In 2013, the Regional Water Authority Board of Directors approved a five-year strategic plan. A key component of the plan was advocacy. The Board's goal: Ensure that regional needs and concerns are positively represented on legislative and regulatory policies and actions. To achieve this goal, RWA launched the Advocacy Program. RWA dedicated resources to a contract lobbyist and part-time staffing for the program in 2015. After just one full year in operation, the results are palpable and significant.

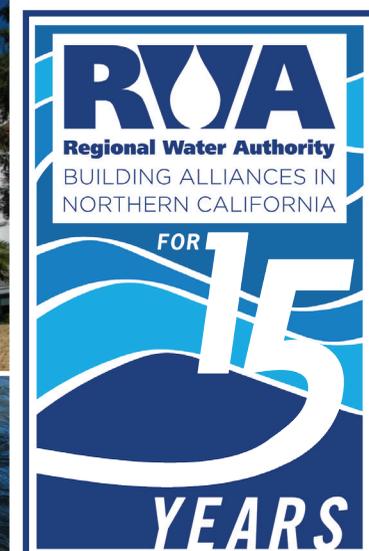
RWA and member agency staff created a legislative platform and policy principles for Board approval that address key advocacy issues and goals. These will guide RWA's advocacy efforts and future work plans for years to come. The documents also demonstrate RWA's commitment to strong, proactive advocacy and will help build upon our important partnerships with allied organizations as we continue to increase RWA's advocacy profile.

The year's key highlights include one-on-one meetings with all of the region's state representatives, tracking hundreds of bills, lobbying proactively on nearly two dozen bills, hosting tours of local water resources for legislators and staff, and passage of some key bills. Program ambassadors also reached out to local elected leaders, meeting with those newly elected in 2014 or whose districts are impacted most by drought or water conservation measures.

Most recently, as a direct result of RWA's advocacy efforts, State Water Resources Control Board staff recommended that a climate adjustment be incorporated into emergency water conservation regulations. The adjustment would reduce the conservation requirement by up to four percentage points for water providers located within the state's warmest areas, including the Sacramento region. RWA staff also continues to lead in the development of regulations to implement the Sustainable Groundwater Management Act, helping to ensure that local authority and flexibility will be paramount.

As RWA prepares to mark its 15-year anniversary and celebrate past accomplishments, it is the future that I am most excited about pursuing. I am confident that the Advocacy Program will achieve even greater results in 2016 and the years to come. Thank you to those agencies and staff members that helped pave the inaugural path forward.

– John Woodling



LEGISLATION HIGHLIGHTS

By the Numbers

- 99** Number of bills introduced in the 2015 session with identified potential impacts on RWA members
- 41** Number of bills identified as high or medium priority (“hot list”)
- 27** Number of hot list bills that became two-year bills
- 14** Number of hot list bills that were signed into law

Bills Signed into Law

AB 149 (Chavez) Urban Water Management Plans	Support
AB 349 (Gonzalez) Common Interest Developments: Property Use	Support
AB 401 (Dodd) Low Income Water Rate Assistance Program	Watch
AB 606 (Levine) Water Conservation	Support
AB 617 (Perea) Groundwater	Support if Amended
AB 1164 (Gatto) Water Conservation: Drought Tolerant Landscaping	Support
AB 1390: (Alejo) Groundwater Comprehensive Adjudication	Watch
SB 13 (Pavley) Groundwater	Watch
SB 144 (Pan) Sacramento-San Joaquin Watersheds	Support
SB 208 (Lara) Integrated Regional Water Management Plans	Support if Amended
SB 226 (Pavley) Groundwater Adjudication	Watch
SB 385 (Hueso) Hexavalent Chromium: Compliance Plan	Support
SB 555 (Wolk) Water Loss Management	Support
SB 664 (Hertzberg) Urban Water Management Planning	Watch

RWA Position

Bills with Significant RWA Input and Influence

LEGISLATION	TOPIC	OUTCOME
SB 555 (Wolk)	Required local water agencies to conduct annual water loss audits	Senator Wolk’s staff and key legislative committee staff worked closely with RWA to make amendments that warranted RWA removing opposition and, in fact, going on record as a supporting organization. Amendments allow water providers to certify audits in house rather than through costly third-party validations.
SB 385 (Hueso)	Hexavalent Chromium: Compliance Plan	RWA supported this important bill that will allow several members with hexavalent chromium problems in groundwater to comply in a reasonable manner.
AB 617 (Perea)	Sustainable Groundwater Management Act modifications and cleanup	RWA worked to get a definitional change to the Sustainable Groundwater Management Act (SGMA) that would have assured this region’s groundwater management methods and data remain valid and in compliance with SGMA. While this language was ultimately removed from the bill, it prompted productive conversations with the Department of Water Resources to address concerns administratively in the regulatory process.
AB 647 (Eggman)	Defining groundwater recharge as a beneficial use	As a result of RWA’s input and concern, Assemblywoman Eggman agreed to move AB 647 to a two-year bill, allowing RWA and other water organizations additional time to work amendments on the bill that would be favorable, or at least neutral, to RWA interests.

INFLUENCER OUTREACH

State Legislative Leaders

RWA staff and member agency representatives held one-on-one meetings with legislative members and staff to introduce the Regional Water Authority and advocate for 2015 key issues. Meetings included legislators representing the five-county Sacramento region as well as members of key policy and budget committees.

Local Leaders

Throughout the year, Advocacy Program members met with local elected officials to update them on priority policy principles and seek their future support with state legislative leaders. A key objective of this outreach effort was to develop a strong team of local elected officials RWA and its members can call upon to provide political support for water-related issues important to this region.

The relationships built with our local delegation led to a powerful, bipartisan letter of support from the local delegation to the State Water Resources Control Board supporting RWA's call for a more equitable allocation of water conservation requirements.

Tours for Influencers

RWA's Advocacy Program hosted tours of regional water resources for two distinct groups of influential stakeholders:

- **Legislators and Staff** – In November, RWA hosted a tour for 36 legislators and legislative staff. The tour's purpose was to foster with these key decision makers a further understanding of the Sacramento region's stewardship, investment in water supply reliability and locally preferred solutions.



State Senator Dr. Richard Pan and Assemblymembers Kevin McCarty and Ken Cooley participated in RWA's tour of regional water resources in November.

New Briefing Book Tells the Region's Story

RWA developed a new briefing book and fact sheets for use in outreach to influencers. Materials tell the region's story on water supply, including collaboration through RWA and the Water Forum, integrated regional planning, conservation, water meters, policy priorities and other topics.

Wrote members of the Senate Republican Caucus after the tour: "The tour was very informative, not just regarding the physical and practical aspects of water treatment, storage and delivery, but also especially for your perspective on the balance in the relationship between local and regional water agencies and state government. ...our caucus would be interested in utilizing the Authority as a resource for staying abreast of the concerns of your member water agencies."

- **Metropolitan Water District of Southern California** – In September, RWA hosted a tour for executives and legislative staff from the Metropolitan Water District. The tour's goal was to impart a greater understanding of the region's water supply system, regional investments in water reliability and how regional solutions have statewide benefits.

Wrote Metropolitan's Assistant General Manager for Strategic Water Initiatives after the tour: "Thank you for a highly informative and collegial day of getting a glimpse of some of the water achievements and challenges of the Sacramento region. ... The progress on the water metering program is evident and impressive. ... We very much look forward to reviewing your proposal on how to re-operate Folsom Dam in a manner that provides the region with greater water supply reliability without redirecting impacts. ... Building relationships can be the foundation of creating lasting partnerships."

COALITION BUILDING

Understanding that there is strength in numbers, the Advocacy Program looked for potential partnering organizations with like-minded objectives. These groups included the Association of California Water Agencies (ACWA), the California Municipal Utilities Association, the Northern California Water Association and individual water agencies throughout the state. Through our partnership with ACWA, RWA was asked to lead a subcommittee of the Groundwater Committee to develop policy objectives. RWA staff and those of member agencies served on ACWA's State Legislative Committee, providing policy perspectives representing northern California.

Additionally, RWA staff served as the Chair of the Practitioner Advisory Panel convened by DWR to provide leadership and policy input on SGMA implementation, and on the State Water Resources Control Board's Water Conservation Workgroup.

Representatives from the Advocacy Program attended meetings of the Senate Natural Resources and Water Committee and the Assembly Water, Parks and Wildlife Committee to track progress of legislation and provide testimony. As a result of RWA's proactive and persistent presence, RWA Executive Director John Woodling was asked by Senator Jim Nielsen to testify on behalf of SB 173 before the Senate Natural Resources and Water Committee.

Building relationships is a critical component of the Advocacy Program. These relationships will forge long-term coalitions and build trust with key office holders to ensure that RWA has a seat at the table for future discussions.

MEDIA OUTREACH

The Regional Water Authority continued both proactive and reactive media outreach focused on achieving RWA's goals of building the organization's reputation as a leader in California water solutions and demonstrating how our water managers are responsible stewards of local water resources. Nearly 20 press releases, media statements and opinion-editorials were issued in 2015, including an opinion-editorial in the Sacramento Bee and an appearance of Capitol Public Radio's Insight by Executive Director John Woodling advocating for a climate adjustment to emergency conservation standards.



We need fairer water conservation goals for inland California

BY JOHN WOODLING
Special to The Bee

The water board set eight tiers of conservation targets, ranging from 8 to 36 percent, and assigned some of the highest targets to inland communities. More than a dozen Sacramento-area water providers are required to conserve 32 percent or more.

The region responded by reducing water use by 23 percent during June through October this year compared with 2013. This follows a nearly 20 percent reduction under voluntary conservation in 2014, and a longer-term reduction of 20 percent in the region's per capita water use in the decade leading up to 2013.

But these reductions have come at a cost. Most notably, our trees and landscapes suffered as most water agencies limited irrigation to two days per week or less, even in hot, dry summer months. Our trees are an important environmental resource, a source of tremendous community pride and a gift from one generation to the next. Many of them are showing signs of severe stress, making them susceptible to pests and disease. Some have died or eventually will — a sad legacy that will extend far beyond this current drought.

The higher conservation targets for inland communities also mean higher financial losses for customers to replace landscaping allowed to go "golden," increased costs for more robust conservation programs and larger revenue losses for water agencies. Sacramento-area water providers have lost more than \$25 million in revenue due to drought this year alone.

Current conservation targets are based on per capita daily residential use during the summer. This broad-brush approach fails to consider critical factors that influence a community's overall water use and its needs.

In the Sacramento region and other inland communities, that common critical factor is climate. It simply takes more water to keep a tree or plant alive inland. A landscape that is the same in every way will require more water to survive the hot summers of Sacramento or the Inland Empire than in cooler coastal cities such as Santa Monica or Santa Cruz.

To ignore this basic fact places a greater burden on inland communities to meet the governor's 25 percent statewide goal. It sends the message that our trees, landscapes and community green spaces are more expendable than those in coastal communities.

The Regional Water Authority is joining several other water providers from across the state to propose an objective, science-based approach to adjust water conservation targets for climate. Data on the water needs of plants, published by the California Department of Water Resources, provides an impartial and readily available framework for such an adjustment. The proposal makes sense, is equitable and has support from local water providers from across the state. You can learn more about this proposal at the Regional Water Authority's website.

We are ready to work with the State Water Board to incorporate climate into revised water conservation targets to help preserve our urban forest, remove the undue burden on inland communities and continue conserving during this historic drought and beyond.

John Woodling is executive director of the Regional Water Authority, which represents two dozen water providers and affiliates in the Sacramento area. He can be contacted at jwoodling@rwa2o.org.

ADVOCACY PROGRAM MEMBERS

The success of the program in 2015 is highly dependent on the RWA members who fund the contract lobbyist, Fernandez Government Solutions. The supporters of the lobbyist include:

- City of Folsom
- City of Lincoln
- City of Roseville
- City of Sacramento
- Carmichael Water District
- Del Paso Manor Water District
- Placer County Water Agency
- Sacramento County Water Agency
- Sacramento Suburban Water District
- San Juan Water District

STAFF

For any questions or more information, please contact RWA Executive Director John Woodling or Water Policy Advisor Dave Brent.

2016 TENTATIVE LEGISLATIVE CALENDAR

COMPILED BY THE OFFICE OF THE SECRETARY OF THE SENATE
10/7/2015

JANUARY						
S	M	T	W	TH	F	S
					<u>1</u>	2
3	<u>4</u>	5	6	7	8	9
<u>10</u>	11	12	13	14	<u>15</u>	16
17	<u>18</u>	19	20	21	<u>22</u>	23
24	25	26	27	28	29	30
<u>31</u>						

FEBRUARY						
S	M	T	W	TH	F	S
	1	2	3	4	5	6
7	8	9	10	11	12	13
14	<u>15</u>	16	17	18	<u>19</u>	20
21	22	23	24	25	26	27
28	29					

MARCH						
S	M	T	W	TH	F	S
		1	2	3	4	5
6	7	8	9	10	11	12
13	14	15	16	<u>17</u>	18	19
20	21	22	23	24	25	26
27	<u>28</u>	29	30	31		

APRIL						
S	M	T	W	TH	F	S
					<u>1</u>	2
3	4	5	6	7	8	9
10	11	12	13	14	15	16
17	18	19	20	21	<u>22</u>	23
24	25	26	27	28	29	30

MAY						
S	M	T	W	TH	F	S
1	2	3	4	5	<u>6</u>	7
8	9	10	11	12	<u>13</u>	14
15	16	17	18	19	20	21
22	23	24	25	26	<u>27</u>	28
29	<u>30</u>	31				

DEADLINES

- [Jan. 1](#) Statutes take effect (Art. IV, Sec. 8(c)).
- [Jan. 4](#) Legislature reconvenes (J.R. 51(a)(4)).
- [Jan. 10](#) Budget must be submitted by Governor (Art. IV, Sec. 12 (a)).
- [Jan. 15](#) Last day for **policy committees** to hear and report to Fiscal Committees fiscal bills introduced in their house in the odd-numbered year. (J.R. 61(b)(1)).
- [Jan. 18](#) Martin Luther King, Jr. Day observed.
- [Jan. 22](#) Last day for any committee to hear and report to the **Floor bills** introduced in their house in 2015 (J.R. 61(b)(2)). Last day to submit **bill requests** to the Office of Legislative Counsel.
- [Jan. 31](#) Last day for each house to **pass bills introduced in that house in the** odd-numbered year (J.R. 61(b)(3)), (Art. IV, Sec. 10(c)).

- [Feb. 15](#) Presidents' day observed.
- [Feb. 19](#) Last day for bills to be **introduced** (J.R. 61(b)(4), (J.R. 54(a)).

- [Mar. 17](#) **Spring Recess** begins upon adjournment (J.R. 51(b)(1)).
- [Mar. 28](#) Legislature reconvenes from **Spring Recess** (J.R. 51(b)(1)).

- [Apr. 1](#) Cesar Chavez Day Observed.
- [Apr. 22](#) Last day for **policy committees** to hear and report to Fiscal Committees **fiscal bills** introduced in their house (J.R. 61(b)(5)).

- [May 6](#) Last day for **policy committees** to hear and report to the Floor **nonfiscal** bills introduced in their house (J.R. 61(b)(6)).
- [May 13](#) Last day for **policy committees** to meet prior to June 6 (J.R. 61(b)(7)).
- [May 27](#) Last day for **fiscal committees** to hear and report to the Floor bills introduced in their house (J.R. 61 (b)(8)). Last day for **fiscal committees** to meet prior to June 6 (J.R. 61 (b)(9)).
- [May 30](#) Memorial Day observed.
- [May 31 - June 3](#) **Floor Session only.** No committee may meet for any purpose (J.R. 61(b)(10)).

*Holiday schedule subject to Senate Rules committee approval

2016 TENTATIVE LEGISLATIVE CALENDAR

COMPILED BY THE OFFICE OF THE SECRETARY OF THE SENATE
10/7/2015

JUNE						
S	M	T	W	TH	F	S
			1	2	<u>3</u>	4
5	<u>6</u>	7	8	9	10	11
12	13	14	<u>15</u>	16	17	18
19	20	21	22	23	24	25
26	27	28	29	<u>30</u>		

June 3 Last day for each house to pass bills introduced in that house (J.R. 61(b)(11)).

June 6 Committee meetings may resume (J.R. 61(b)(12)).

June 15 Budget Bill must be passed by **midnight** (Art. IV, Sec. 12(c)(3)).

June 30 Last day for a legislative measure to qualify for the Nov. 8 General election ballot (Elections Code Sec. 9040).

JULY						
S	M	T	W	TH	F	S
					<u>1</u>	2
3	<u>4</u>	5	6	7	8	9
10	11	12	13	14	15	16
17	18	19	20	21	22	23
24	25	26	27	28	29	30
31						

July 1 Last day for **policy committees** to meet and report bills (J.R. 61(b)(13)).
Summer Recess begins upon adjournment provided the Budget Bill has been passed (J.R. 51(b)(2)).

July 4 Independence Day observed.

AUGUST						
S	M	T	W	TH	F	S
	<u>1</u>	2	3	4	5	6
7	8	9	10	11	<u>12</u>	13
14	<u>15</u>	16	17	18	<u>19</u>	20
21	22	23	24	25	26	27
28	29	30	<u>31</u>			

Aug. 1 Legislature reconvenes from **Summer Recess** (J.R. 51(b)(2)).

Aug. 12 Last day for **fiscal committees** to meet and report bills (J.R. 61(b)(14)).

Aug. 15 - 31 Floor Session only. No committees may meet for any purpose (J.R. 61(b)(15)).

Aug. 19 Last day to **amend** on the Floor (J.R. 61(b)(16)).

Aug. 31 Last day for **each house to pass bills**, except bills that take effect immediately or bills in Extraordinary Session (Art. IV, Sec. 10(c)), (J.R. 61(b)(17)).
Final Recess begins upon adjournment (J.R. 51(b)(3)).

IMPORTANT DATES OCCURRING DURING FINAL RECESS

2016

Sept. 30

Last day for Governor to sign or veto bills passed by the Legislature before Sept. 1 and in the Governor's possession on or after Sept. 1 (Art. IV, Sec.10(b)(2)).

Nov. 8

General Election.

Nov. 30

Adjournment *Sine Die* at midnight (Art. IV, Sec. 3(a)).

Dec. 5

12 Noon convening of the 2017-18 Regular Session (Art. IV, Sec. 3(a)).

2017

Jan. 1

Statutes take effect (Art. IV, Sec. 8(c)).

*Holiday schedule subject to Senate Rules committee approval

January 27, 2016

AGENDA ITEM 7: EXECUTIVE DIRECTOR'S REPORT

- a) Government Affairs Update
- b) Water Efficiency Program Update
- c) Grants Update
- d) November 2015 COLA
- e) CERBT Update

JANUARY 27, 2016

TO: REGIONAL WATER AUTHORITY EXECUTIVE COMMITTEE

FROM: JOHN WOODLING

RE: EXECUTIVE DIRECTOR'S REPORT

a) Government Affairs Update – Staff are reviewing proposed emergency regulations for water conservation. Comments will be submitted by the January 28th deadline, and staff will comment at the public hearing of the SWRCB on February 2, 2016. An adjustment for climate was included in the proposal, in response to comments by RWA and other inland agencies. A very limited adjustment for water supplies that are not sensitive to drought was included, but the proposal falls far short of recognizing the significant investment agencies throughout the state have made in drought resilient supplies. RWA member agencies are urged to provide written and verbal comments.

Regulations governing the evaluation of groundwater sustainability plans under SGMA are expected to be released in draft in early February. RWA/SGA staff will be reviewing and commenting, and also organizing a response through the ACWA Groundwater Committee.

b) Water Efficiency Program Update – RWA members are continuing their efforts to contribute to the statewide goal of 25% water savings compared to 2013. Sacramento area water providers have conservation targets ranging from 20% to 36% reduction in water use compared to the same period in 2013. Regional savings achieved 27% for both September and October. The region saved 33% in November and 26% in December. The cumulative regional savings from June through December 2015 is 33%. Savings for the complete 2015 year were 30%. As of December 2015, all water providers were within 5% of their cumulative targets, with most exceeding their cumulative targets. Recent storms bringing rain and snow are expected to further alleviate drought conditions and boost savings in December. However January water use in both 2014 and 2015 was higher than January 2013 due to dry conditions. Savings need to continue into February 2016, when the current Emergency Regulation expires.

The Regional Water Efficiency Program is continuing advertising buys from the previously approved Extended Public Outreach Plan, funded for \$150,000. The Public Outreach Committee has decided to continue limited advertising buys into January and February 2016, holding the reminding \$30,000 for additional advertising buys later in the year.

c) Grants Update – Staff is currently managing seven grants totaling \$54.7 million. RWA has received a final executed contract for a \$2.5 million award from the DWR 2014 Water-Energy Grant Program, and staff is meeting with DWR on January 29th to discuss commencement of the project. RWA received a commitment letter from

DWR on January 15th for a new \$1.757 million grant award from the 2015 Proposition 84 Integrated Regional Water Management Implementation Grant round. Staff will work with DWR to develop and execute a funding agreement over the next few months.

- d) **November 2015 COLA** – Consistent with RWA policy, pay scales and salaries were increased January 1, 2016 by 0.1% based on the November consumer price index for small western cities (attached). The updated pay scales are attached.
- e) **CERBT Update** – Attached is the CERBT comparative investment earnings for a comparative three year period as requested by the Executive Committee since the inception date of the three strategies were varied. The time frame compared is based upon the inception of the latest strategy deployed, Strategy 3, which is January 1, 2012. This attached information was provided by CalPERS. Per Matt Goss of CalPERS CERBT Program, he emphasized that as of November 30, 2015, 347 of 462 participants are deployed in Strategy 1, which can create a fairly consistent cash flow for investment purposes. The other strategies include 77 participants in Strategy 2 and 38 participants in Strategy 3. He also noted that the market has declined since December 31, 2015 and Strategy 1 has felt this decline more significantly since it's invested a greater portion of its assets in equities.

CONSUMER PRICE INDEXES PACIFIC CITIES AND U. S. CITY AVERAGE

November 2015

ALL ITEMS INDEXES

(1982-84=100 unless otherwise noted)

MONTHLY DATA	All Urban Consumers (CPI-U)										Urban Wage Earners and Clerical Workers (CPI-W)									
	Indexes					Percent Change					Indexes			Percent Change						
						Year ending					Year ending			1 Month ending						
	Nov 2014	Oct 2015	Nov 2015	Oct 2015	Nov 2015	Oct 2015	Nov 2015	Nov 2015	Oct 2015	Nov 2015	Nov 2015	Oct 2015	Nov 2015	Nov 2015	Oct 2015	Nov 2015				
U. S. City Average.....	236.151	237.838	237.336	0.2	0.5	-0.2	231.551	232.373	231.721	-0.4	0.1	-0.3	(1967=100).....	707.402	712.458	710.952	-	-	-	-
Los Angeles-Riverside-Orange Co.....	241.753	245.812	245.711	1.0	1.6	0.0	233.896	237.472	237.190	0.7	1.4	-0.1	(1967=100).....	714.245	726.237	725.941	-	-	-	-
West	240.220	244.341	243.749	1.1	1.5	-0.2	233.499	236.728	236.003	0.6	1.1	-0.3	(Dec. 1977 = 100)	388.302	394.963	394.007	-	-	-	-
West - A*.....	245.311	250.362	249.961	1.4	1.9	-0.2	236.983	241.060	240.570	0.9	1.5	-0.2	(Dec. 1977 = 100)	400.014	408.250	407.596	-	-	-	-
(Dec. 1977 = 100)	143.398	144.379	143.595	0.1	0.1	-0.5	142.982	143.771	142.911	-0.2	0.0	-0.6	West - B/C** (Dec. 1996=100).....							

BI-MONTHLY DATA	All Urban Consumers (CPI-U)										Urban Wage Earners and Clerical Workers (CPI-W)									
	Indexes					Percent Change					Indexes			Percent Change						
						Year ending					Year ending			2 Months ending						
	Oct 2014	Aug 2015	Oct 2015	Aug 2015	Oct 2015	Aug 2015	Oct 2015	Oct 2014	Aug 2015	Oct 2015	Aug 2015	Oct 2015	Oct 2015	Aug 2015	Oct 2015					
San Francisco-Oakland-San Jose.....	254.503	259.917	261.019	2.6	2.6	0.4	250.508	256.060	256.107	2.5	2.2	0.0	(1967=100).....	782.414	799.058	802.446	-	-	-	-
Seattle-Tacoma-Bremerton.....	247.854	251.617	250.831	1.8	1.2	-0.3	244.289	247.500	246.307	1.2	0.8	-0.5	(1967=100).....	755.556	767.027	764.629	-	-	-	-

* A = 1,500,000 population and over
 ** B/C = less than 1,500,000 population
 Dash (-) = Not Available.

Release date Dec. 15, 2015. The next monthly and bi-monthly releases are scheduled for Jan. 20, 2016.

Please note: Customers can receive hotline information by calling the BLS West Region Information Office: (415) 625-2270.

This card is available on the day of release by electronic distribution. Just go to www.bls.gov/bis/list.htm and sign up for the free on-line delivery service. For questions, please contact us at BLSinfoSF@BLS.GOV or (415) 625-2270.

**EXHIBIT A
RWA POLICY 400.2**

MONTHLY SALARY SCHEDULE OF RWA POSITIONS

Recommended Salary Ranges per Compensation Study
January 1, 2016

Classification	Step 1	Step 2	Step 3	Step 4	Step 5	Step 6
Manager of Technical Services*	\$10,164	\$10,571	\$10,977	\$11,383	\$11,791	\$12,197
Principal Project Manager	\$9,240	\$9,610	\$9,979	\$10,349	\$10,719	\$11,088
Senior Project Manager	\$7,769	\$8,080	\$8,389	\$8,701	\$9,012	\$9,322
Associate Project Manager	\$6,138	\$6,384	\$6,632	\$6,878	\$7,123	\$7,369
Finance & Administrative Services Manager	\$6,175	\$6,422	\$6,669	\$6,914	\$7,163	\$7,409
Executive Assistant	\$4,233	\$4,401	\$4,573	\$4,742	\$4,912	\$5,082
Project Research Assistant	\$4,142	\$5,308	\$4,473	\$4,639	\$4,805	\$4,971

There is no range for the Executive Director position. The Executive Director's compensation is \$16,918 per month.

* Manager of Technical Services set at 10% above Principal Project Manager. Will be re-assessed at next compensation survey.

* 2% increase given on October 1, 2015 for employees to start paying their portion of PERS retirement.

Exhibit A will be updated annually based on the November Consumer Price Index and/or when a new salary survey is completed. (2016 ranges include COLA per November 2015 CPI Index of 0.1%)

CERBT investment results – time weighted

Periods Beginning January 1, 2012

Fund	1 Year (1/1/2012 – 12/31/2012)	3 Years (1/1/2012 – 12/31/2015)
CERBT Strategy 1 (Inception June 1, 2007)	15.35%	11.49%
Benchmark	15.28%	11.19%
CERBT Strategy 2 (Inception October 1, 2011)	13.89%	9.52%
Benchmark	13.67%	9.18%
CERBT Strategy 3 (Inception January 1, 2012)	11.74%	7.46%
Benchmark	11.78%	7.12%

Time weighted return reports the performance of the investment vehicle, not of the employer assets. Returns are gross. Historical performance is not necessarily indicative of actual future investment performance or of future total program cost. Current and future performance may be lower or higher than the historical performance data reported here. Investment return and principal value may fluctuate so that your investment, when redeemed, may be worth more or less than the original cost. The value of an employer's CERBT fund shares will go up and down based on the performance of the underlying funds in which the assets are invested. The value of the underlying funds' assets will, in turn, fluctuate based on the performance and other factors generally affecting the securities market.

January 27, 2016

AGENDA ITEM 8: DIRECTORS' COMMENTS

January 27, 2016

**AGENDA ITEM 9: 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**