

**REGIONAL WATER AUTHORITY
REGULAR MEETING OF THE BOARD OF DIRECTORS**

Thursday, May 12, 2016; 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. Minutes from the March 10, 2016 RWA regular board meeting
Action: Approve Consent Calendar Item
 - b. **Action: Approve the amended RWA pay schedule for the period January 1, 2013 to include the Executive Director's position and the revision date of January 14, 2016**
- 4. EXECUTIVE COMMITTEE REPORT AND RECOMMENDATIONS**
 - a. Information: Final minutes of the February 17, 2016 and March 23, 2016 Executive Committee meetings and draft minutes from the April 27, 2016 Executive Committee meeting
 - b. **Action: Approve RWA Associate Members Policy 100.3, RWA Journal Entry Approval Policy 500.7 and RWA Purchasing Card Policy 500.8**
 - c. **Action: Ad Hoc Committee recommends approval of Resolution 2016-04**
- 5. 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**
- 6. CALIFORNIA PUBLIC EMPLOYEES' RETIREMENT SYSTEM REALLOCATION AGREEMENT**

Information Presentation: John Woodling, Executive Director
Action: Approve the CalPERS Reallocation Agreement and direct the Executive Director to execute the Reallocation Agreement on behalf of RWA

7. REGIONAL RELIABILITY PLAN UPDATE

Information Presentation: Rob Swartz, Manager of Technical Services

8. METROPOLITAN WATER DISTRICT

Information Presentation: Deven Upadhyay, Manager of the Water Resource Management Group at the Metropolitan Water District of Southern California

9. EXECUTIVE DIRECTOR'S REPORT

10. DIRECTORS' COMMENTS

ADJOURNMENT

Upcoming meetings:

Next Executive Committee Meetings – Wednesday, May 25, 2016 and Wednesday, June 22, 2016, 8:30 a.m. at the RWA office.

Next RWA Board of Directors' Meeting – Thursday, July 14, 2016 9:00 a.m., at the RWA Office.

AGENDA ITEM 3a: CONSENT CALENDAR

The draft minutes from the RWA Regular Board Meeting held March 10, 2016.

Action: Approve minutes from March 10, 2016 RWA Regular Board meeting



1. CALL TO ORDER

Chair Short 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
Bob Churchill, Citrus Heights Water District
Marcus Yasutake, City of Folsom
Spencer Short, City of Lincoln
Matthew Wheeler, City of Lincoln
Pauline Roccucci, City of Roseville
Jim Peifer, City of Sacramento
Stan Cleveland, City of Yuba City
Ryan Saunders, Del Paso Manor Water District
Debra Sedwick, Del Paso Manor Water District
Bill George, El Dorado Irrigation District
Chuck Dawson, Elk Grove Water District
Mark Madison, Elk Grove Water District
Randy Marx, Fair Oaks Water District
Tom Gray, Fair Oaks Water District
Michael Schaefer, Orange Vale Water Company
Sharon Wilcox, Orange Vale Water Company
Robert Dugan, Placer County Water Agency
Brent Smith, Placer County Water Agency
Darlene Gillum, Rancho Murieta Community Services District
Kerry Schmitz, Sacramento County Water Agency
Rob Roscoe, Sacramento Suburban Water District
Pam Tobin, San Juan Water District
Shauna Lorance, San Juan Water District

RWA Associates

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

RWA Affiliate Members

Mike O’Hagan, Forsgren Associates, Inc., Ibrahim Khadam, MWH Global, Inc., Yung-Hsin Sun, MWH Global and Charles Duncan, West Yost Associates.

Staff Members

John Woodling, Rob Swartz, Nancy Marrier, Cecilia Partridge and Ryan Bezerra, Legal Counsel.

Others in Attendance:

Hilary Straus, Jim Mulligan, Mike Paulucci, Keith Durkin, Ellen Cross, Jose Ramirez, Remleh Scherzinger, Joe Duran, Dave Ocenosak and Mitch Dion. Nicole Krotoski participated via conference call.

2. PUBLIC COMMENT

None

3. CONSENT CALENDAR

- a. Minutes of the January 14, 2016 regular board meeting

Motion/Second/Carried (M/S/C) Ms. Sedwick moved, with a second by Mr. Greenwood, to approve the consent calendar items.

4. EXECUTIVE COMMITTEE REPORT AND RECOMMENDATION

- a. Information: Final minutes from the January 27, 2016 Executive Committee meeting and draft minutes of the February 17, 2016 Executive Committee meeting

5. DEVELOPMENT OF FISCAL YEAR 2016 – 2017 BUDGET

Each year the RWA Executive Committee (EC) reviews and makes a recommendation for adoption of the budget by the full board. The EC discussed the Fiscal Year 2016-2017 budget (“FY17 Budget”) at the January 27, 2016 EC meeting and again on February 17, 2016. In January, the EC was presented with a list of the significant decisions that impacted the development of the budget objectives and outcomes, which drive fees and expenses. In February, the EC reviewed a draft budget. The Board was presented with these key issues to give their recommendations to staff on how to proceed for incorporation in the budget proposal.

The EC recommendations include:

- 1) Transition from a retired annuitant to a full time staff member for a more active role in advocacy. Last year the board agreed that a government relations program would be developed 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 finite scope and duration of time. Therefore, RWA will start implementing the transition to a permanent staffing solution in fiscal year 2017. There are organizational benefits to have permanent staff hired before the new legislative cycle begins in calendar year 2017.

Additionally, there was a new designation added for the Strategic Plan Fund in FY16 to begin putting aside money for these implementation activities. This Strategic Plan Fund was funded by capping the operating fund at four months and any excess available resources over four months was then directed towards this fund. The intent of the designation was to support future activities while limiting large single-year fee increases. This set aside amount for the final FY16 budget was estimated to be approximately \$141,000.

A new staff member was included in the draft budget and includes \$132,200 for nine months in FY17, with Mr. Brent budgeted at \$50,000 for use as a consultant to assist the new staff member with the transition. The draft budget also reflects the usage of a portion of the strategic plan fund in FY17 to pay for the partial year staffing.

- 2) 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 designation is being used in the current fiscal year. RWA will need to increase fees by approximately \$25,000 for costs associated with this program in fiscal year 2018.
- 3) 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 developing an RWA annual report. During the upcoming budget cycle, approximately 10% of the staffing costs associated with this position is being shifted to RWA core dues to reflect the support provided to the core program by this position.
- 4) Specific increased expenses are included in the projected FY2017-18 budget. RWA's lease will be coming up for renewal in calendar year

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

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 (and a potential move) in the office lease in 2018.

- 5) 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 plan for potential increased payroll costs as a result of the survey.
- 6) RWA is planning on making the \$225,000 payment for the unfunded pension liability allocated by CalPERS in FY16. The SGA portion of this liability is estimated to be \$87,600 or 39%. SGA has been informed by CalPERS that their membership is approved and they will begin making their own payments beginning in FY17. The projections beyond FY17 include additional payments of the unfunded liability for RWA only.

Summary Budget Overview

Revenues

- 1) A total 11% increase on general fees is proposed.
- 2) Associate membership has four members. A new affiliate membership classification was approved by the Board and has ten members to date.
- 3) SGA service fees represent 50% sharable costs according to the Administrative Services Agreement and excludes the Water Efficiency Program staffing, the water policy advisor, and the retired annuitants for RWA and SGA².
- 4) SGA service agreement fee for the pension plan is estimated to be \$87,600 and will be paid prior to June 30, 2016.
- 5) Subscription program revenues provide 16% of needed RWA Core revenues and reflect income earned from providing staffing and office support to subscription based programs, including the WEP.
- 6) IRWMP “revenues” are funds from the IRWMP cash designation which had been set aside when the IRWMP program converted from a subscription based program to a Core program. The IRWMP program will be expending additional funds in FY16 and most of the remaining funds in FY17.
- 7) Powerhouse Science Center reflects five year allocated funding. The member portion represents funding from RWA members. Other

² Recall that RWA also hired a different retired annuitant in FY14 to work on programmatic activity exclusively for SGA and invoices SGA for these services.

funding in FY15 represented grant funding of \$50,000 plus an annual funding of \$5,000 from WEP.

- 8) Other revenues represent interest income and holiday social revenues.

Expenses

- 1) The core program budgets for all staffing positions including the WEP position and new water policy position. The retired annuitant water policy advisor cost is reflected in the consulting expenses. The retired annuitant for SGA is reflected in the staffing expenses as a separate line item, and is fully recovered from SGA.
- 2) Excluding the WEP program manager, the project assistant position, and the retired annuitants, the staffing costs are allocated 50/50 to SGA and RWA. These allocations result in 4.8 FTEs for RWA and 2.2 FTEs for SGA for a total of seven full time positions. The retired annuitants are not included in the FTE count.
- 3) Staff salaries are within ranges assigned by a 2012 total compensation survey and reflect a possible 5% increase for merit (including COLA), plus 2% to compensate for the employees paying an additional 2% of their PERS retirement contribution.
- 4) The FY17 budget now includes hiring a water policy staff position to start in the second quarter.
- 5) Benefit costs also include projected increases for OPEB and health care, and a reduction of a 2% employer pick up of the employee portion of PERS retirement benefits (starting at 7% in FY15 and decreasing to 0% by FY19).
- 6) The retired annuitant line item includes wages and benefits for an SGA retired annuitant reimbursed by SGA. There is no cost to RWA for this annuitant.
- 7) The FY16 budget reflects a payment of \$225,000 for the unfunded accrued pension liability for CalPERS. This payment to CalPERS assumes an \$87,600 reimbursement from SGA which is approximately 39%. The payment amount will be made by June 30, 2016.
- 8) Office cost increases are based upon estimated increases in FY17. For FY18 and beyond, these costs are estimated at 3% annual increases unless specific increases have been identified, such as the office lease renewal.
- 9) Expanded RWA involvement in external issues necessitates increased legal fees. The CalPERS pension benefits issue is projected to be resolved by the end of FY16.
- 10) Professional fees include higher audit, accounting and actuarial analysis fees due to the new reporting requirement for GASB 68, public relations, water policy consulting services, and \$20,000 for unexpected items. A water policy retired annuitant will continue to be engaged while the new staff member takes over those responsibilities.
- 11) Other includes office equipment purchases.

- 12) Core Project Expenses include costs associated with the IRWMP and with Powerhouse Science Center partnership.

Revenues net of Expenses

- 1) Core expenses in excess of core revenues project a net cash inflow of approximately \$74,200 for the core program. The subscription based programs pay for use of staff time as well as some allocated office costs to run these programs.
- 2) Subscription expenses are projected to exceed revenues by approximately \$246,200. Many subscription program expenses will be funded from previously collected funds which have been set aside for this purpose. Additionally, there are five grants that will be completed in FY17.
- 3) Combined core and subscription expenses versus revenues net a projected decrease in cash flow of approximately \$172,000.

Designations

- 1) The operating fund is targeted at four months for FYE 16-17, which falls within the policy guideline of four to six months. The operating fund designation will be capped at four months, with any remaining resources funding the Strategic Plan Fund.
- 2) The Strategic Plan Fund represents resources being set aside to fully implement the strategic plan. The FY17 budget anticipates using a portion of this fund to pay for hiring the new water policy consultant until it is depleted in FY19.
- 3) The Powerhouse Science Center ("PSC") designation represents the difference in collection of fees for this project versus the payments made per the contract with PSC.
- 4) The designations are detailed by type. The total change in cash from Projected FY16 to Proposed FY17 by subtotal for the core program reflects the overall net cash inflow of approximately \$74,200 and the effect on each type of designation.
- 5) The designations for the subscription program reflect a decrease of approximately \$246,200 over subscription based expenses, largely due to the closing out of some of the grants and drawing down those funds. These programs typically collect revenues in advance of expenses. These expenses will be funded from the corresponding program designations.

SUBSCRIPTION PROGRAMS

These subscription based programs are subject to approval by the individual participants. The revenues are included for total estimate purposes and to reflect the expected contribution towards the Core program for staffing and

office costs which is budgeted at 16% for FY17. Adopting the fiscal year 2016-2017 budget does not approve the subscription based programs.

- 1) Subscription program revenues are projected for the Water Efficiency Program (WEP Category 1 and 2), the Prop 50 grant management, Prop 84 grant management, the government relations contract lobbyist, the 2014 drought grant, the 2015 IRWM grant and the USBR meter and retrofit grants. The revenues include fees from participants and grant reimbursements from existing grants.
- 2) Subscription program expenses represent the direct consulting and third-party costs for these subscription programs. It also includes the cost of using RWA staff and allocated office costs to determine the cash flow effect on these programs. In a combined budget, the RWA staff and allocated office costs are netted out to avoid double counting of the costs since these costs are also included in the Core budget. See Summary Table – Split Program for a reconciliation of the individual budgets to the overall RWA budget per the combined Executive Summary Table.
- 3) The subscription based programs collect fees in advance of expenses and often straddle several years prior to completion. The funds are held in an advance restriction until the expenses are incurred. With the exception of WEP, these additional program advances are only recognized as income as the related expenses are incurred. These advances are tracked for budgeting purposes and also included on the detail program budget sheet. While WEP fees are set aside for WEP services, these fees are recognized as incurred.
- 4) The subscription restrictions reflect the available funds for these programs. The use of these designations projected in FY17 is reflected in the changes in the individual restrictions.

Outlook for FY 2018

In looking out to the future, RWA can anticipate a potential 10% increase in dues in FY18 in order to meet increased expenses, continue paying the unfunded pension plan liability, begin paying for the IRWM program from current fees, and funding the new water policy staff for an entire year. Future projections assume RWA and SGA share staffing and administrative costs and subscription based programs will continue to contribute 16% of revenues to pay for Core staffing and office costs.

Finally, no changes to membership are anticipated, including any decline due to agency consolidations or nonparticipation. These changes would have a significant impact on rate increases in the future. RWA will continue to attempt to grow membership.

John Woodling, Executive Director, gave a power point presentation giving an overview of the benefits of RWA membership, the proposed fee increase

for FY 2017, the Strategic Plan Implementation, the IRWMP Program, the Water Efficiency program manager cost shift, increased expenses, payment for the unfunded pension liability in FY 2016 and what is anticipated for FY 2018.

Mr. Woodling said that the benefits of RWA membership include a forum for regional collaboration on water policy and projects, providing a venue for information sharing, a regional voice and a presence on statewide issues, legislative and regulatory representation, facilitating regional planning, providing collaborative savings and a successful model for grant funding.

Mr. Woodling compared RWA dues paid for fiscal years 2002 – 2015 per agency with the grant reimbursements received. The proposed FY 2017 fee increase was anticipated the prior year and will begin to pay for the next implementation phase of the strategic plan. In FY 2015 RWA used a part-time retired annuitant for the government relations strategic plan implementation. In FY 2017 RWA will transition to a permanent staffing solution prior to the legislative cycle. The retired annuitant will assist in the transition as we begin using the strategic plan fund designation. The IRWMP program is now a part of the core program transition from a subscription based program. Future fees will need to be increased by an additional \$25,000 to fund the program. In FY 2017 the program will be funded using designations. The WEP program manager has been assisting with RWA core functions including State Water Board emergency regulations, water supply data collection, water energy study and the RWA annual report. RWA will be shifting 10% of WEP staffing costs to be paid by the RWA core program.

Through discussion it was agreed that the budget presentation given by Mr. Woodling was clear with a definite perspective showing the teamwork of RWA as a region. We are now beginning to implement the Strategic Plan with agreement on funding.

M/S/C Ms. Tobin moved, with a second by Mr. Nugent, to approve the Fiscal Year 2016 – 2017 Budget

6. REGIONAL RELIABILITY PLAN RFQ

The 2013 RWA Strategic Plan calls for the development of a Regional Water Reliability Plan to identify the most promising regional opportunities to improve water supply reliability. Based on direction from the RWA Board at its January 2016 meeting, staff will soon initiate a subscription-based project to prepare the plan.

Staff is in the process of developing a scope of work to prepare the plan, and we are in need of a qualified consultant to support scope development and commencement of planning activities. At a minimum, RWA is seeking

consultant support in identifying vulnerabilities and proposed mitigation measures that will serve as the foundation to improve water supply reliability within the region. The successful consulting firm is expected to provide extensive support to RWA staff in performing the study, including the following:

- Assist in the completion of a detailed scope of work to complete the study.
- Participate in and assist in documenting stakeholder group meetings during the study (at a minimum, stakeholders would likely include local water suppliers, Reclamation, DWR, and the Sacramento Water Forum).
- Assist in collecting information on vulnerabilities of local water supply agencies, including; 1) existing sources of supply, water sources, water rights and contracts; 2) existing and projected customer demands for 2035; and 3) existing water supply infrastructure.
- Assist in identifying mitigation actions to address vulnerabilities for each agency.
- Assist in evaluating on a regional basis the ability to implement the proposed mitigation actions identified by each agency.
- Assist in writing a summary report of the study results.

The current scope of the project is expected to exceed \$150,000, so staff prepared a selection process based on documented competence and qualifications and reasonable price consistent with RWA Policy 300.2 for Board approval. The selection process consisted of a combination of factors assigned point values up to the total amounts indicated in the following criteria: the firm profile (10 points), qualifications of staff (25 points), past experience and references (25 points), and consulting firm fee schedules (20 points). There is a maximum possible score of 80 points.

Rob Swartz, Manager of Technical Services, said that on January 25, 2016, a request for qualifications (RFQ) was released to nine firms with local offices that are believed to have experience of a nature similar to the proposed work. The RFQ was also posted on the RWA website. Five RFQ responses were received by the February 18, 2016 deadline and are being evaluated by John Woodling and Rob Swartz of RWA and Andy Fecko of Placer County Water Agency. Reviews are ongoing, and the results and recommendations were presented to the Board for consideration. The project managers for the top RFQ responders were Bill Holton with Brown & Caldwell, Vanessa Nishikawa with Montgomery Watson Harza, Alican Watson with RMC, Greg Young with Tully & Young and Charles Duncan with West Yost.

Mr. Swartz said that the first task will be to define a scope of work to submit to the Bureau of Reclamation. The intent is to understand our current ability to move water around the region, identify the constraints and increase the level of conjunctive use.

M/S/C Mr. Nugent moved, with a second by Ms. Lorance, to approve staff recommendation for contractor selection for the Regional Reliability Plan

7. LEGISLATIVE UPDATE

John Woodling, Executive Director, said that the deadline for introduction of bills in the California State Senate and Assembly was February 19, 2016. Staff is in the process of compiling and reviewing bills of interest to RWA and members and will discuss legislation with the participants in the Lobbyist Subscription Program. Pursuant to RWA Policy, staff will develop recommended positions on specific bills and present them to the Executive Committee for adoption on March 23, 2016. Positions will be consistent with Policy Principles approved by the full RWA Board of Directors. Staff monitors any bills that have to do with water issues, placing them on a watch list, support list or hot list. RWA members can access the list of bills under review on the RWA website under advocacy in the section for members only. Mr. Woodling briefed the board on some of the key pieces of legislation.

8. EXECUTIVE DIRECTOR'S REPORT

Water Efficiency Program Update – Mr. Woodling reported that on February 2, 2016, the State Water Resources Control Board (State Water Board) approved extending the Emergency Regulation until October 2016. RWA pushed for recognition of the idea that climate was a driver for water use. We began to get recognition for some of the issues around what drives water use. This Emergency Regulation became effective February 13, 2016. The regulation text was based on the May 5, 2015 Emergency Regulation and carries much of the same language. However, there are some notable changes and additions. The statewide 25% water savings goal was extended from June 2015 to February 2016 to an updated deadline of October 2016 to match the new Regulation's timeframe.

New water agency conservation targets incorporate several adjustment opportunities that can decrease an agency's conservation target. The first adjustment addresses climate impacts on water demand. Each agency in the Sacramento region should receive a 3% adjustment to their agency's current conservation target. This default adjustment should be automatically reduced for all agencies and posted on the State Water Board's website. The second and third adjustments address growth impact on water demand and new local drought-resilient sources of supply. Additional information must be submitted to the State Water Board for an adjustment in these two areas by March 15, 2016. Water agencies will be assessed for compliance to the new targets based on cumulative savings from June 2015 through the current month until October 2016.

State Water Board staff will monitor and evaluate available data on precipitation, snowpack, reservoir storage levels, and other factors and report back to the State Water Board in March and April 2016 and, if conditions warrant, bring a proposal for rescission or adjustment of the Emergency Regulation to the State Water Board in May 2016.

Depending on the State Water Board's interpretation of water supply conditions in April/May 2016, messaging about the state and region's drought status may be modified. Mr. Woodling said that we need to decide what our messaging on conservation is and what we need to get prepared for the State Water Board.

Government Affairs Update – On February 18, 2016, the Department of Water Resources released the draft Groundwater Sustainability Plan (GSP) Emergency Regulations for public comment. The comment period is scheduled to end on March 25, 2016. RWA and others will be seeking additional time to comment on the 60 page document. DWR will hold a series of three public meetings in March to solicit input. The SGMA statute requires the adoption of the regulations by June 1, 2016. Staff is reviewing the regulations, and will coordinate comments from the Sacramento region and ACWA.

RWA Outreach – RWA and member agency staff conducted two "lunch and learn" briefings on the modified Lower American River Flow Management Standard and the Regional Reliability Planning effort for local agency elected officials. City Council members from Roseville and Sacramento were the primary audience. Additional briefings will be held to prepare attendees for the 2016 Cap-to-Cap trip. RWA and member agency staff will conduct briefings on regional water issues for each of the candidates for Mayor of the City of Sacramento. RWA and member agency staff led the Water Resources team for the Metro Chamber's State Legislative Summit on February 11, 2016.

Financial Documents – The financial reports ending January 31, 2016 were included in the board packet.

9. DIRECTORS' COMMENTS

Mr. George said that the emergency drought regulations present a dilemma for El Dorado Irrigation District as their reservoirs have never been below average in the past three years.

Mr. Starkovich said that SMUD has been looking at pump storage but SMUD's board has now determined it is not a feasible approach.

Mr. Nugent said that Carmichael Water District's American River Project Phase II begins April 18, 2016. There will be activities including destroying a couple of wells and replacing a 33 inch pipe line with a 50 inch pipe line.

Mr. Yasutake thanked Mr. Woodling for participating on a panel focused on Water Board topics that was held at the City of Folsom.

Mr. Madison announced that Bruce Kamilos has been promoted to the Assistant General Manager position.

Chair Short thanked everyone involved in preparing the comprehensive budget program that was presented to the full board. He also thanked the RWA Executive Committee for taking the original budget and putting together a budget for the full board that promotes what RWA is accomplishing.

Mr. Roscoe announced a current job opening for an engineering director for the Sacramento Suburban Water District. The application information is available on the district's website.

10. CLOSED SESSION

It was determined that a closed session was not necessary at this time.

Adjournment

With no further business to come before the Board, Chair Sedwick adjourned the meeting at 10:22 a.m.

By:

Chairperson

Attest:

Nancy Marrier, Board Secretary / Treasurer

AGENDA ITEM 3b: CONSENT CALENDAR

BACKGROUND:

When CalPERS did their audit review in April of 2013, one of the recommended actions was that the Authority needed to approve an amended January 1, 2013 pay schedule to include the Executive Director's position and have the board approve it during an open public meeting session. While previous indications from CalPERS staff were that RWA had complied with this requirement (because the Executive Director salary and pay scale had previously been separately approved by the Board), recent direction received from CalPERS required RWA to adopt the combined pay schedule for the period effective January 1, 2013. CalPERS recently contacted RWA staff and said that our revision was not accepted because the revision date was not on the pay schedule. The new pay schedule with the revision date is attached.

RECOMMENDATION:

Action: Action: Approve the amended RWA pay schedule for the period January 1, 2013 to include the Executive Director's position and the revision date of January 14, 2016

EXHIBIT A
RWA POLICY 400.2

MONTHLY SALARY SCHEDULE OF RWA POSITIONS

Recommended Salary Ranges per Compensation Study

January 1, 2013

Revised January 14, 2016

Classification	Step 1	Step 2	Step 3	Step 4	Step 5	Step 6
Principal Project Manager	\$8,854	\$9,208	\$9,562	\$9,917	\$10,271	\$10,625
Senior Project Manager	\$7,445	\$7,743	\$8,040	\$8,338	\$8,635	\$8,933
Associate Project Manager	\$5,882	\$6,118	\$6,354	\$6,590	\$6,825	\$7,061
Finance & Administrative Services Manager	\$5,917	\$6,153	\$6,390	\$6,626	\$6,864	\$7,100
Executive Assistant	\$4,056	\$4,218	\$4,381	\$4,544	\$4,707	\$4,869
Project Research Assistant	\$3,969	\$4,128	\$4,286	\$4,445	\$4,604	\$4,763

There is no range for the Executive Director position. The Executive Director's compensation is \$172,180 per year.

Exhibit A will be updated annually based on the November Consumer Price Index and/or when a new salary survey is completed. (2013 ranges include COLA per November 2012 CPI Index)

AGENDA ITEM 4a: EXECUTIVE COMMITTEE REPORT AND RECOMMENDATIONS

EXECUTIVE COMMITTEE RECOMMENDATION:

Information: Final minutes of the February 17, 2016 and March 23, 2016 Executive Committee meetings and draft minutes from the April 27, 2016 Executive Committee meeting

1. CALL TO ORDER

Chair Short 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
Robert Dugan, Placer County Water Agency
Kerry Schmitz, Sacramento County Water Agency
Rob Roscoe, Sacramento Suburban Water District
Pam Tobin, San Juan Water District

Staff Members

John Woodling, Rob Swartz, Nancy Marrier, Amy Talbot, Monica Garcia and
Katrina Gonzales, legal counsel.

Others in Attendance

Nicole Krotoski participated via conference call.

2. PUBLIC COMMENT

None

3. CONSENT CALENDAR

The minutes from the Executive Committee meeting held January 27, 2016.

Mr. Yasutake noted a correction on page 5 of 6 under Directors' Comments, it
should read the "new mayor for the City of Folsom is Steve Miklos".

Motion/Second/Carried (M/S/C) Ms. Sedwick moved, with a second by
Ms. Tobin, to approve the minutes from the January 27, 2016 Executive
Committee meeting with the above noted correction.

4. DEVELOPMENT OF FISCAL YEAR 2016 – 2017 BUDGET

Each year the RWA Executive Committee (EC) reviews and makes a recommendation for adoption of the budget by the full board. The discussion of the Fiscal Year 2016-2017 budget (“FY17 Budget”) started at the January 27, 2016 EC meeting. The EC was presented with a list of the significant decisions that impacted the development of the budget objectives and outcomes which drive fees and expenses. At the March 10, 2016 meeting, the Board will be presented these items to give their recommendations to staff on how to proceed for incorporation in the budget proposal.

Draft Budget Highlights discussed by John Woodling

The Executive Committee recommendations included transitioning from a retired annuitant to a full time staff member for a more active role in advocacy. Last year the Board agreed that a government relations program would be developed 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 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 start implementing the transition to a permanent staffing solution in fiscal year 2017. There are organizational benefits to have permanent staff hired before the new legislative cycle begins in calendar year 2017.

Additionally, there was a new designation added for the Strategic Plan Fund in FY16 to put aside money for these implementation activities. This Strategic Plan Fund was funded by capping the operating fund at four months and any excess available resources over four months was then directed towards this fund. The intent of the designation was to support future activities while mitigating large single-year fee increases. This set aside amount for the final FY16 budget was estimated to be approximately \$141,000. For FY17, a new staff member was included under a new line item that showed the amount that would be needed for a full time staff member for 9 months, with Mr. Brent budgeted at \$50,000 for use as a consultant to assist the new staff member with the transition. The EC directed staff to remove the new line item and include the new staff in with the other staff salaries and benefits. The FY17 draft budget also reflected using a portion of the strategic plan fund in FY17 to pay for the partial year staffing.

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 designation is being used in the current fiscal year. RWA will need to increase

¹ The rules for CalPERS state that “Retirees can be hired into retired annuitant positions to perform work of limited duration.”

fees by approximately \$25,000 for costs associated with this program in fiscal year 2018.

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 are being shifted to RWA core dues.

Additional increased expenses are included 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.

RWA is planning on making the \$225,000 for the unfunded pension liability allocated by CalPERS in FY16. The SGA portion of this liability was estimated to be \$99,000. SGA has been informed by CalPERS that their membership is approved and they will begin making their own payments beginning in FY17. The projections beyond FY17 include additional payments of the unfunded liability for RWA only.

The draft budget presented at the Executive Committee meeting proposed a 13% increase on general fees. For medium sized agencies, if connection fees increased, these agencies will experience a greater than 13% fee increase.

Budget Assumptions included in the staff report

- 1) Associate membership has four members. A new affiliate membership classification was approved by the Board and has ten new members to date.
- 2) SGA service fees represent 50% sharable costs according to the Administrative Services Agreement, and excludes the Water Efficiency Program staffing, the water policy staff, and the retired annuitants for the water policy advisor and SGA².
- 3) SGA Pension plan service agreement fee is estimated to be \$99,000 and will be paid prior to June 30, 2016.
- 4) Subscription program revenues provide 16% of needed RWA Core revenues and reflect income earned from providing staffing and office support to subscription based programs, including the WEP.
- 5) IRWMP "revenues" are funds from the IRWMP cash designation which had been set aside when the IRWMP program converted from a subscription based program to a CORE program. The IRWMP program will be expending additional funds in FY16 and FY17 the remaining fund in FY18.
- 6) Powerhouse Science Center reflects five year allocated funding. The member portion represents funding from RWA members. Other funding in

² Recall that RWA also hired a different retired annuitant in FY14 to work on programmatic activity exclusively for SGA and invoices SGA for these services.

FY15 represented grant funding of \$50,000 plus an annual funding of \$5,000 from WEP.

- 7) The core program budgets for all staffing positions including the WEP position. The retired annuitants' costs are reflected in the consulting expenses. The retired annuitant for SGA is reflected in the staffing expenses as a separate line item. Benefit costs also include projected increases for OPEB and health care, and a reduction of a 2% employer pick up of the employee portion of PERS retirement benefits (starting at 7% in FY15 and decreasing to 0% by FY19).
- 8) Excluding the WEP program manager, the project assistant position, the water policy position, and the retired annuitants, the staffing costs are allocated 50/50 to SGA and RWA. These allocations result in 4.8 FTEs for RWA and 2.2 FTEs for SGA for a total of 7 fulltime positions. The retired annuitants are not included in the FTE count.
- 9) Staff salaries are within ranges assigned by a 2012 total compensation survey and reflect a possible 5% increase for merit (including COLA), plus 2% to compensate for the employees paying 2% of their PERS retirement contribution.
- 10) The budget reflects a payment of \$225,000 for the unfunded accrued pension liability for CalPERS. This payment to CalPERS assumes a \$99,000 reimbursement from SGA. The payment amount will be made by June 30, 2016.
- 11) Office cost increases are based upon estimated increases in FY17. For FY18 and beyond, these costs are estimated at 3% annual increases unless specific increases have been identified, such as the office lease renewal.
- 12) Expanded RWA involvement in external issues necessitates increased legal fees. The CALPERS pension benefits issue is projected to be resolved by the end of FY16.
- 13) Professional fees include higher audit, accounting and actuarial analysis fees due to the new reporting requirement for GASB 68, public relations, water policy consulting services, and \$20,000 for unexpected items. A water policy retired annuitant will continue to be engaged while the new staff member takes over those responsibilities.
- 14) In looking out to the future, RWA can anticipate a potential 10% increase in dues in FY18 in order to meet expenses, continue paying the unfunded pension plan liability and the Strategic Plan Fund. Future projections assume RWA and SGA share staffing and administrative costs and subscription based programs will continue to contribute 16% of revenues to pay for Core staffing and office costs.
- 15) Finally, no changes to membership are anticipated, including any decline due to agency consolidations or nonparticipation. These changes would have a significant impact on rate increases in the future. RWA will continue to attempt to grow membership.

There was discussion about Woodland-Davis and when they will begin serving water and what their service connection numbers will be. It was suggested that the Executive Director talk with Dennis Diemer before the next RWA Board meeting to determine their options and future intentions.

It was suggested that the Associate Policy be adjusted, so that the Associate dues increase at the same percentage that the member dues increase.

For presentation to the RWA board the budget needs to be consistently transparent to be easily understood. A grant awards page will also be included to show the regional benefits of membership for RWA members.

5. WATER EFFICIENCY UPDATE

On February 2, 2016, the State Water Resources Control Board (State Water Board) approved extending the Emergency Regulation until October 2016. This Emergency Regulation became effective February 13, 2016. The regulation text was based on the May 5, 2015 Emergency Regulation and carries much of the same language. However, there are some notable changes and additions. The statewide 25% water savings goal was extended from June 2015 to February 2016 to an updated deadline of October 2016 to match the new Regulation's timeframe (savings are still compared to 2013). New water agency conservation targets incorporate several adjustment opportunities that can decrease an agency's conservation target. The first adjustment addresses climate impacts on water demand. Each agency in the Sacramento region should receive a 3% adjustment to their agency's current conservation target. This default adjustment should be automatically reduced for all agencies and posted on the State Water Board's website. The second and third adjustments address growth impact on water demand and new local drought-resilient sources of supply. Additional information must be submitted to the State Water Board for an adjustment in these two areas by March 15, 2016. Cap for all adjustments is 8% per agency. New conservation targets become effective for March 2016 reporting. February 2016 production is still assessed on an agency's original conservation target effective June 2015. Water agencies will be assessed for compliance to the new targets based on cumulative savings from June 2015 through the current month until October 2016. Smaller suppliers (that are not urban water suppliers) must submit a report by September 15, 2016 that identifies total potable water production, by month, from December 2015 through August 2016. Smaller suppliers received no adjustments from their original 25% conservation target. Additional language in the February 2nd Emergency Regulation prohibits Homeowners Associations/Community Service Associations from penalizing residents for reducing or eliminating the watering of vegetation or lawns during a declared drought emergency.

State Water Board staff will monitor and evaluate available data on precipitation, snowpack, reservoir storage levels, and other factors and report back to the State Water Board in March and April 2016 and, if conditions warrant, bring a proposal for rescission or adjustment of the Emergency Regulation to the State Water Board in May 2016.

The Water Efficiency Program's Public Outreach Committee met on February 10, 2016 to discuss regional messaging moving forward. The Committee decided to continue current messaging until April/May 2016 when the State Water Board committed to reassess water supply conditions. Current messaging is that we are still in a statewide mandated drought and need to conserve to meet our

conservation targets. Calls to action include: turn off sprinklers till spring, replace high water use fixtures with high efficiency fixtures and find and fix leaks.

Depending on the State Water Board's interpretation of water supply conditions in April/May 2016, messaging about the state and region's drought status may be modified. Should the conservation targets remain the same or slightly decrease, calls to action will support the general theme of "Rethinking Your Yard" and will include: limit landscaping watering following your water provider's guidelines, prioritize your landscape putting your trees first, check sprinkler systems for efficiency and upgrade your landscape with low water use plants. When and if the drought tapers off, the Committee supports transitioning drought messaging to longer term messaging about efficient water use both indoors and outdoors.

Mr. Woodling said that we need to decide what our messaging is on conservation and what we need to get prepared for the State Water Board. It was suggested that a separate handout be available providing information to those residents that may be replanting their lawns to use locally appropriate low water use varieties. . An additional message for the handout would be to reduce the overall percent of your landscape that is planted with grass and replace with alternative low water use plants and shrubs. It was also suggested that RWA should partner with West Sacramento on water conservation ideas for Raley Field with opportunities for the area outside the stadium. Overall there are adequate funds for the outreach program through October 2016.

6. MARCH 10, 2016 RWA BOARD MEETING AGENDA

The draft agenda was included for the March 10, 2016 full Board meeting. Mr. Woodling said that a good response is expected for the RFQ contractor selection for the Regional Reliability Plan.

M/S/C Ms. Sedwick moved, with a second by Mr. Dugan, to approve the March 10, 2016 proposed RWA Board meeting agenda.

7. EXECUTIVE DIRECTOR'S REPORT

Government Affairs Update – Mr. Woodling reported that the deadline for introduction of legislation is February 19th. Staff will assess the legislation and report to the RWA board at their March meeting with a complete list of bills and RWA positions presented at the March Executive Committee meeting. The regulations for SGMA are due to be released any day now with a 30 day public comment period with 3 meetings held throughout the state. Mr. Woodling will be working on the regulations from the standpoint of RWA, SGA, ACWA and the DWR Practitioner Advisory Panel and will be commenting on the regulations.

8. DIRECTORS' COMMENTS

Mr. Roscoe thanked Ms. Marrier and Ms. Krotoski for their work on the budget item. Sacramento Suburban Water District experienced a leak in one of their pipes.

Ms. Sedwick asked when the RWA building lease was up. Mr. Woodling replied that the lease will expire in August of 2018. Ms. Sedwick reported that during the recent Washington DC trip they had 46 appointments. During the meetings one of the questions asked was regarding the Sustainable Groundwater Management Act. She also noted that due to the Flint Michigan situation EPA is delaying the new copper ruling.

Mr. Dugan commented that today's "Lunch and Learn" on the Flow Management Standard is an event that should be held for all the cities in our region.

Chair Short said that he attended the Water Leadership Forum through NCWA that included four municipal type water providers. The event was very informative. Nevada Irrigation District sees the value of RWA membership and has an interest in discussing the grant funding that RWA has received. The County of Placer has expressed interest in becoming an RWA Associate member.

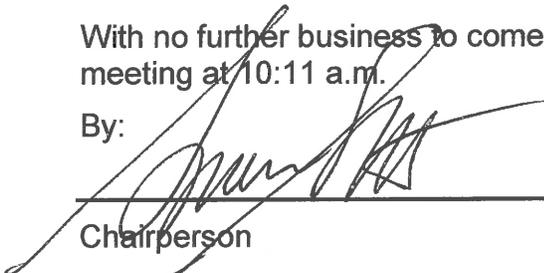
9. CLOSED SESSION UNDER GOVERNMENT CODE SECTIONS 54954.5(C) AND 54956.9(D) – UPDATE ON CALPERS CONTINUED OBLIGATION TO PROVIDE PENSION BENEFITS TO RWA EMPLOYEES

No closed session was necessary.

ADJOURNMENT

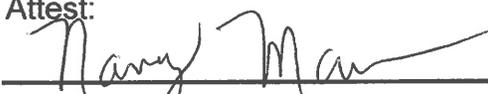
With no further business to come before the Board, Chair Short adjourned the meeting at 10:11 a.m.

By:



Chairperson

Attest:



Nancy Marrier, Board Secretary / Treasurer

1. CALL TO ORDER

Chair Short 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
Spencer Short, City of Lincoln
Jim Peifer, City of Sacramento
Robert Dugan, Placer County Water Agency
Kerry Schmitz, Sacramento County Water Agency
Rob Roscoe, Sacramento Suburban Water District
Pam Tobin, San Juan Water District

Staff Members

John Woodling, Rob Swartz, Nancy Marrier, Amy Talbot, Monica Garcia, Dave Brent and Ryan Bezerra, legal counsel.

Others in Attendance

Kelye McKinney

2. PUBLIC COMMENT

None

3. CONSENT CALENDAR

The minutes from the Executive Committee meeting held February 17, 2016.

Motion/Second/Carried (M/S/C) Mr. Peifer moved, with a second by Ms. Schmitz, to approve the minutes from the February 17, 2016 Executive Committee meeting.

4. RWA POLICY UPDATES

RWA policies are reviewed every few years. Proposed changes to the Associate Members Policy 100.3 and Purchasing Card Policy 500.8 were attached for the Committee's review. The Associate Members Policy has been changed to reflect that fees are set by the board at budget time rather than a flat fee. The Purchasing

Card Policy reflects the addition of the Manager of Technical Services classification.

M/S/C Mr. Dugan moved, with a second by Mr. Peifer to approve Associate Members Policy 100.3 and Purchasing Card Policy 500.8

5. WATER EFFICIENCY UPDATE

Amy Talbot, Senior Project Manager, gave a presentation on the regional water savings, conservation targets and the next steps for the State Water Board. The emergency conservation regulation was modified and RWA agencies received a 3% reduction for climate adjustment. The State Water Board staff is meeting with water agencies and associated organizations across the state to gather ideas on how to evaluate water supply data and translate that into modifying current conservation targets. This could include a regional approach for evaluation such as at the hydrologic region scale. The State Water Board is planning to host a public meeting on April 20th to present a draft proposal and to solicit public comments.

Pam Tobin entered the meeting.

The associations are meeting in an attempt to decipher what a water allotment should be, what a conservation efficiency standard looks like and what constitutes efficient use. Short and long term efforts should be separate. Our preferred long term response is that we have a process in place in the drought contingency plan. For the short term we are working to develop a general proposal where they can roll back the drought and focus on where we are.

It was suggested that a letter be sent to outline the facts of the region, individual water supply situations and what the regional position is. Sean Bigley with the City of Roseville is setting up a meeting to get to an agreement that everyone can support. It was agreed that the outcome of Mr. Bigley's meeting be circulated to the Executive Committee members. By April 7th RWA should be sending out something to the entire RWA membership stating what is being proposed and asking agencies to write appropriate comment letters.

6. REGIONAL RELIABILITY PLAN UPDATE

Rob Swartz, Manager of Technical Services, reminded the committee that the 2013 RWA Strategic Plan calls for development of a Regional Water Reliability Plan. The RWA Board recently approved the selection of Montgomery Watson Harza (MWH) as the prime consultant to begin assisting staff in the development of a scope of work and budget for the plan. Staff provided an overview of recent outreach efforts related to the plan and gave an update on the process to develop the scope of work.

The intent of the plan is to identify agency vulnerabilities and what can be done to mitigate those vulnerabilities. MWH will assist in identifying the vulnerabilities and mitigations. The entire project will be up to a 3 year project with a year on the first

phase. There will be decisions to be made during the process to decide how committed we are to continue the project beyond the basic reliability plan. Mr. Swartz will be meeting with MWH to determine what the basic project will look like and how to collect funding beyond the current subscription program designation and the IRWM designation. Staff will prepare a project agreement for circulation and approval. The current plan is to have a project committee meet on April 13th to discuss what has been developed so far and begin developing a project agreement that has some form of an initial phase to begin collecting funds.

The Bureau of Reclamation released a letter of interest asking for agencies who are interested in becoming involved in continued basin studies. If we respond seeking funding support we could use the Bureau's contractors and support for conducting technical studies. The contractors that staff has been working with, including MWH and RMC, are on the approved list of contractors for the Bureau.

The Sustainable Groundwater Management Act requires that we complete groundwater sustainability plans by 2022. In order to accomplish this, especially in the North American Basin, Placer County, North Sacramento and Sutter County, we will need to complete additional groundwater modeling. We have the need and the funds from Prop 1 for a sustainable groundwater management grant. There are various future funding opportunities that may become available.

7. LEGISLATION UPDATE

Dave Brent, Water Policy Advisor, presented an update on bills that RWA is monitoring and explained what the list categories mean. The deadline for bill introduction for the 2016 California Legislative Session was February 19, 2016. Staff has subsequently identified and analyzed more than 100 bills related to RWA interests using the priorities, policy principles, and guidance provided in the RWA Advocacy Program (Advocacy Program) adopted by the Board in September 2015. Mr. Brent gave a presentation showing where the bills can be viewed on the RWA website.

On March 2nd, the Lobbyist Subscription Program (LSP) Committee met and developed the preliminary list of bills and recommended positions RWA should take on the "Hot List" bills. The "Hot List" is defined as those bills considered either high or medium priority according to the guidance provided in the adopted Advocacy Program. In general, these types of bills are of significant interest to RWA and will be the focus of our legislative advocacy efforts.

The low priority and spot bills, as well as bills that are amended, will be watched for changes that could either increase RWA's interest or eliminate them from further consideration.

In addition to the new bills introduced in 2016, there are eleven "Hot List" bills left over from 2015, referred to as 2-year bills that are still in play and may be acted upon during the 2016 Legislative Session. It is likely that only a few of these bills will be acted upon, but it is recommended they remain on the RWA Hot List at this point.

It is still early in the legislative process and it should be anticipated that the list included in the packet and some of RWA's positions will change over the coming months as bills are amended.

Attachment A was a summary of the 34 Hot List bills. At this point, the LSP Committee's preliminary recommendation is that RWA take a "Watch" position on 29 of those bills. Upon more information gathered from RWA's contract lobbyist (Fernandez Government Solutions), follow-up meetings with legislators and their staff, input from ACWA and other organizations, and other channels, some of these "Watch" positions may be elevated to Support or Oppose.

The LSP Committee recommends the following preliminary positions on five "Hot List" bills:

AB 1555 (Gomez D) - Greenhouse Gas Reduction Fund - Support.

This bill would appropriate \$1.7 Billion from the Greenhouse Gas Reduction Fund, including funding for turf replacement, toilet replacement and energy efficient groundwater pump replacement. RWA will meet with the author and try to include funding for advanced meter instrumentation and pump upgrades for treatment plants and pump stations.

AB 1749 (Mathis R) - CEQA: exemption: recycled water pipelines – Support

This bill extends the sunset of a CEQA exemption for construction of recycled water pipelines and related infrastructure, including related groundwater replenishment projects, from January 2017 to January 2022.

SB 814 (Hill D) Drought - excessive water use: urban retail water suppliers - Oppose

SB 814 will require both public and private urban retail water suppliers that directly provide potable municipal water to more than 3,000 users to levy fines against excessive water users. The bill prohibits excessive water use and requires water suppliers to assess a penalty of at least \$500 on residential water customers for every hundred cubic feet used above an "excessive use definition".

SB 1317 (Wolk D) - Conditional use permit: groundwater extraction facility – Oppose Unless Amended

This bill would, by July 1, 2017, require a city or county overlying a basin designated as a high- or medium-priority to establish a process for the issuance of conditional use permits for the development of a groundwater extraction facility. RWA would like to work with the author to amend the bill to not apply to public water supply wells and provide some consideration for the status of management of the groundwater basin.

SB 1318 (Wolk D) - Local government: drinking water infrastructure or services: wastewater infrastructure or services – Oppose

This bill requires cities and special districts to make water and wastewater services available to existing communities within or adjacent to their spheres of influence prior to annexing more land or extending services for new development.

Attachments B, C and D include the list of “Low Priority” bills, 2-Year Hot Bills, and “Spot” bills, respectively. Further descriptions and updated information on all these bills can be accessed on the RWA website under the “Advocacy” page or upon request.

Mr. Brent gave a brief summary of bills that he would recommend be placed on the support list or the hot list to see what the amended language is and how far they get in the process.

Staff recommends the Executive Committee adopt the preliminary list of bills and positions as put forth by the Lobbyist Subscription Program Committee. The entire list of bills will be tracked continuously, vetted through the LSP Committee, and brought forward to the Executive Committee to assure appropriate actions are taken as the 2016 Legislative Session proceeds.

M/S/C Mr. Peifer moved, with a second by Ms. Tobin, to adopt RWA positions on California Senate and Assembly Bills.

8. RWA MAY 12, 2016 BOARD MEETING

The draft agenda was included for the May 12, 2016 full Board meeting.

Metropolitan Water District of Southern California would like to give a presentation to the RWA full board at a future meeting. It was decided to invite them to give a presentation at the September RWA Board meeting.

Audie Foster left the meeting.

After discussion it was agreed to add agenda item 4b. Approve Associate Members Policy 100.3 and Purchasing Card Policy 500.8 and delete the Legislative Update numbering the remaining items accordingly.

M/S/C Mr. Peifer moved, with a second by Mr. Dugan, to approve the March 10, 2016 proposed RWA Board meeting agenda with the changes noted.

9. EXECUTIVE DIRECTOR’S REPORT

Mr. Woodling gave a brief history of the RWA organization explaining that 15 years ago there was a fundamental change to the joint powers agreement when regional leaders decided the existing Sacramento Metropolitan Water Authority (SMWA) did not have the capacity to take on the needed regional planning and implementation efforts. The joint powers agreement made fundamental changes to SMWA to create

the Regional Water Authority. RWA will celebrate its 15 year anniversary at an event on July 14, 2016.

Grants Update – Staff is currently managing seven grants totaling \$54.7 million. Staff is working with DWR to develop and execute a funding agreement for the \$1.757 million grant award from the 2015 Proposition 84 Integrated Regional Water Management Implementation Grant round. RWA has recently distributed significant Prop 50 reimbursement checks to members including: \$693,000 to the City of Lincoln; \$540,000 to Citrus Heights Water District; and \$177,400 to Orange Vale Water Company. The Prop 50 grant is set to expire on June 30, 2016.

10. DIRECTORS' COMMENTS

Mr. Roscoe reported from Sacramento Suburban Water District's latest Board meeting reporting that the attending public did not want groundwater substitution water transfers and there was a 3 to 2 vote on a cost of living adjustment for connection fees.

Chair Short thanked everyone for the efforts on the budget at the last Executive Committee meeting which, along with the presentation given by Mr. Woodling, allowed us to move through the budget item very quickly.

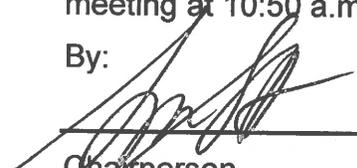
11. CLOSED SESSION UNDER GOVERNMENT CODE SECTIONS 54954.5(C) AND 54956.9(D) – UPDATE ON CALPERS CONTINUED OBLIGATION TO PROVIDE PENSION BENEFITS TO RWA EMPLOYEES

No closed session was necessary.

ADJOURNMENT

With no further business to come before the Board, Chair Short adjourned the meeting at 10:50 a.m.

By:



Chairperson

Attest:



Nancy Marrier, Board Secretary / Treasurer



Regional Water Authority
BUILDING ALLIANCES IN NORTHERN CALIFORNIA

**Regional Water Authority
Executive Committee Meeting
Draft Minutes
April 27, 2016**

1. CALL TO ORDER

Chair Short 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
Robert Dugan, Placer County Water Agency
Kerry Schmitz, Sacramento County Water Agency
Rob Roscoe, Sacramento Suburban Water District
Pam Tobin, San Juan Water District

Staff Members

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

Others in Attendance

Kelye McKinney. Nicole Krotoski participated via conference phone.

2. PUBLIC COMMENT

None

3. CONSENT CALENDAR

The minutes from the Executive Committee meeting held March 23, 2016.

Motion/Second/Carried (M/S/C) Mr. Dugan moved, with a second by Mr. Peifer, to approve the minutes from the March 23, 2016 Executive Committee meeting. Mr. Yasutake did not vote because he did not attend the March 23, 2016 Executive Committee meeting.

4. 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.

5. CALIFORNIA PUBLIC EMPLOYEES' RETIREMENT SYSTEM REALLOCATION AGREEMENT

In early 2013, CalPERS' Office of Audit Services audited the Regional Water Authority (RWA). In July 2013, OAS issued a draft report finding that five out of six RWA employees work only part time for RWA on the basis that those employees also provide services to the Sacramento Groundwater Authority (SGA). The findings allowed SGA to apply for CalPERS membership. SGA submitted a new agency application to CalPERS on February 2, 2015. SGA has been informed by CalPERS that their membership is approved and they will begin making their own payments beginning in FY17.

Subsequent to the Board's approval of the CalPERS contract, CalPERS will reallocate assets and liabilities from the RWA CalPERS contract to the SGA CalPERS contract in the amounts estimated in the actuarial valuation report, which are in direct proportion to the service that employees perform on behalf of SGA. In order to accomplish this, both SGA and RWA will need to approve the Reallocation Agreement. SGA approved the Reallocation Agreement at its April 14, 2016 Board meeting.

Pam Tobin entered the meeting.

There was discussion on number 3 and 4 of the Reallocation Agreement as well as potential future IRS determinations. Mr. Woodling said that attorney Isabel Safie has reviewed the Reallocation Agreement. CalPERS will not negotiate the agreement language. Additionally, any future IRS determination is unknown at this time.

Rob Roscoe entered the meeting.

M/S/C Mr. Peifer moved, with a second by Mr. Dugan, to recommend RWA Board approval of the CalPERS Reallocation Agreement and direct the Executive Director to execute the Reallocation Agreement on behalf of RWA

Robert Dugan left the meeting.

6. REGIONAL RELIABILITY PLAN UPDATE

Rob Swartz, Manager of Technical Services, gave an update reminding the Executive Committee that Montgomery Watson Harza ((MWH) was selected as the

prime consultant to begin assisting staff in the development of a scope of work and budget for the Regional Reliability Plan. The intent of the plan is to identify agency vulnerabilities and what can be done to mitigate those vulnerabilities. MWH will assist in identifying the vulnerabilities and mitigations. Recent activities that may ultimately be related to the Reliability Plan include the Bureau of Reclamation 2016 Basin Study Program. The Bureau of Reclamation released a letter of interest asking for agencies who are interested in becoming involved in continued basin studies. A joint letter of interest was submitted by Regional Water Authority, Placer County Water Agency, City of Sacramento and El Dorado County Water Agency. We are awaiting a response from Reclamation as to whether we will be invited to submit a proposal. The proposal, due likely in June, is limited to 20 pages.

A concept proposal was submitted to the Water Storage Investment Program administered through the California Water Commission (CWC). CWC is attempting to identify the types of programs that would qualify for the \$2.7 million for storage under Prop 1. The proposal will be due in 2017 and will consist of a two-step process. The first step is a pre-application and the second step is the full application that includes an assessment of how climate change could alter the proposed benefits of the project. Individual local agencies would have the responsibility to develop their projects to a state of readiness that would meet the application requirements.

There was discussion comparing the potential benefits, associated costs, commitment involved and decisions to be made by the individual participating agencies.

7. REGULATORY UPDATE

April 20, 2016 was a busy day on the regulatory front, with two key meetings of state agencies on issues of importance to RWA members. The California Water Commission (CWC) heard from the Department of Water Resources on the draft regulations for implementation of the Sustainable Groundwater Management Act. DWR presented both the content of the regulation and some of their potential revisions based on more than 150 comment letters received. DWR has proposed a number of revisions that are consistent with comments provided by RWA, SGA and ACWA. Some commissioners were uncomfortable with scaling back the requirements in the draft regulations, and especially with the concept of “substantial compliance.” SGA drafted a letter to reiterate its interests in an appropriate standard for compliance. DWR will release a final draft of the regulations in early May, and the CWC is expected to consider adoption of the regulations on May 16, 2016. RWA and SGA had previously provided comment letter on the draft regulations, as well as helping to coordinate the ACWA comment letter.

Mr. Woodling said that SGA, West Placer and the portion of Sutter County in the North American subbasin have been talking about an alternative approach to

compliance with the SGMA regulations. A final decision on pursuing the alternative would likely be deferred until the final regulations are approved by the CWC Board in May.

Later on April 20th, the State Water Resources Control Board held a workshop to consider modifying the emergency water conservation regulation. The workshop began with two panels. A group of water suppliers from Southern California presented a proposal for individual water suppliers to self-certify the adequacy of their water supplies for 2016, and only have conservation targets applied if shortages exist. The second panel included RWA and its members discussing the hydrologic and water supply conditions of our region, to support the argument that mandatory conservation targets should be rescinded. A number of RWA members also provided public comment. Tom Cumpston, chief counsel of El Dorado Irrigation District, suggested a hybrid of the two panel discussions, releasing regions of the state from mandatory requirements if hydrologic conditions dictate, and in other regions that may still face drought impacts, allowing for demonstration of adequate supplies. The Board is expected to act on staff recommendations in mid-May, with any modifications taking effect June 1, 2016. RWA and the region received significant media attention for its position, including two Sacramento Bee articles, an op-ed with Rob Roscoe's byline, and appearances on Capitol Public Radio and other radio outlets.

8. LEGISLATION UPDATE

Dave Brent, Water Policy Advisor, gave an informational legislative update. In March, the Executive Committee adopted the preliminary list of bills and positions that RWA will monitor and, as necessary, engage on during the 2016 California Legislative Session. The preliminary list of bills provided in the packet was broken down into priorities with high and medium priority bills being of significant interest to RWA and comprising the "Hot List". The Hot List bills are actively monitored and worked on by RWA's contract lobbyist (Fernandez Government Solutions), members of the Lobbyist Subscription Program Committee (LSPC), and RWA staff. The remainder of the bills are currently of lesser concern and interest, but are continually monitored for amendments that may warrant a change in priority. There are seven bills that are no longer active, AB 1555, AB 1589, AB 90, AB1647, AB2550, AB2601 and SB 1440. Staff will continue to monitor these bills for any change in their status.

Since March, the Legislature has held hearings on several of the bills RWA is following. Amendments have been made to several of those bills with a couple of bills being amended to the degree that the LSPC is recommending they be added or taken off the Hot List. Mr. Brent briefly described the bills on the hot list and RWA's position on each bill.

Other anticipated activities include working with the Sacramento area legislative delegation on a bi-partisan, joint letter to the Senate President pro Tempore and

the Assembly Speaker advocating for the State Budget to include Greenhouse Gas Reduction - Cap and Trade Funds for local turf replacement (cash for grass) programs. This letter will be consistent with RWA's support of AB1555 and our ongoing advocacy efforts to obtain State grant funding to assist local water agencies with their programs to remove high water use turf grass with drought tolerant landscaping.

More information on the 2-Year Hot Bills, low priority bills, and spot bills is available on the RWA website under the "Advocacy" page or upon request.

Staff recommended the Executive Committee adopt the recommended changes to the Hot List bills and the positions as put forth by the LSPC. The entire list of bills will be tracked continuously, vetted through the LSPC Committee, and brought forward to the Executive Committee to assure appropriate actions are taken as the 2016 Legislative Session continues.

There was Executive Committee consensus in support of the amended hot list.

9. RWA MAY 12, 2016 BOARD MEETING

The draft agenda was included in the packet for the May 12, 2016 full Board meeting.

Mr. Woodling sent a draft proposal of a resolution to the Executive Committee members. The resolution would replace the 2014 resolution requesting agencies to pursue 20% conservation. The proposed resolution formerly requests the State Water Resources Control Board (SWRCB) to consider lifting mandatory requirements and encourage member agencies to continue to pursue water conservation and achieve 10% voluntary reductions for 2016 compared to 2013.

The resolution is meant to send the SWRCB a message that people will commit to doing something voluntarily and take action specifically on how we can transition from the drought and gain the benefit of what has been learned while maintaining that 10% is a reasonable measure.

After discussion it was decided that Chair Short would appoint an Ad Hoc Committee to further discuss the resolution to be added to the May 12, 2016 RWA Board meeting agenda for approval. The Ad Hoc Committee members are Rob Roscoe, Jim Peifer and Marcus Yasutake.

In the event that Rem Scherzinger, NID General Manager, is unable to present at the May 12, 2016 RWA Board meeting, Metropolitan Water District of Southern California will be invited to give a presentation to the RWA full board at the May meeting.

After discussion it was agreed to add the Resolution for approval under the Executive Committee Report and Recommendations.

M/S/C Mr. Roscoe moved, with a second by Mr. Foster, to approve the May 12, 2016 proposed RWA Board meeting agenda as amended.

10. DIRECTORS' COMMENTS

Mr. Roscoe reported from the Sacramento Suburban Water District's special board meeting that confirmed a previous vote that they are no longer in discussions with San Juan Water District regarding a merger of the districts.

ADJOURNMENT

With no further business to come before the Board, Chair Short adjourned the meeting at 10:33 a.m.

By:

Chairperson

Attest:

Nancy Marrier, Board Secretary / Treasurer

AGENDA ITEM 4b: EXECUTIVE COMMITTEE REPORT AND RECOMMENDATIONS

BACKGROUND:

Changes to RWA policies should be reviewed every few years. The Associate Members Policy 100.3, Journal Entry Policy 500.7 and Purchasing Card Policy 500.8 are attached for the Board's review.

EXECUTIVE COMMITTEE RECOMMENDATION:

Action: Approve RWA Associate Members Policy 100.3, RWA Journal Entry Policy 500.7 and RWA Purchasing Card Policy 500.8

REGIONAL WATER AUTHORITY POLICIES AND PROCEDURES MANUAL

Policy Type : General
Policy Title : RWA Associate Members
Policy Number : 100.3
Date Adopted : April 23, 2003
Date Amended : May 15, 2014
[May 12, 2016](#)

RWA ASSOCIATE MEMBERS

Entities eligible to become Regional Water Authority (RWA) Associate Members include public or private entities with water management responsibilities and authorities who are not municipal water suppliers in this region. Agencies or water utilities that deliver potable retail or wholesale water in this region are not eligible to become RWA Associates, as these agencies are eligible to become RWA Members or Contracting Entities. Associate members may include, but are not limited to agricultural water providers, wastewater agencies, flood control agencies, and water planning organizations.

Each entity that applies to become an RWA Associate must be approved by a two-thirds majority vote of the RWA Board of Directors. RWA Associates do not hold a seat on the RWA Board, and therefore are not eligible to vote on RWA Board business or policy matters, including legislative/policy issues under Section 7(a) of the RWA joint powers agreement. RWA Associates pay an annual fee equal to 0.1% of the entity's annual operating budget, rounded up to the next even thousand dollars, subject to a cap set by the RWA Board of Directors. The annual fee for RWA Associates is subject to adjustment by the RWA Board in the development and approval of the annual budget, RWA Associates are eligible to participate in RWA subscription programs, and will not be subject to non-member surcharge fees for such programs.

Deleted: The maximum annual fee for an RWA Associate is set at \$10,500 per year.

Deleted: adjustment from time to time by the RWA Board.

Deleted: 100.3 RWA Associate members

REGIONAL WATER AUTHORITY POLICIES AND PROCEDURES MANUAL

Policy Type : Fiscal Management
Policy Title : Journal Entry Approval Policy
Policy Number : 500.7
Date Adopted : March 13, 2008
Date Amended : September 13, 2012
May 12, 2016

JOURNAL ENTRY APPROVAL POLICY

Journal entries record accounting information into the accounting system general ledger that are not typically processed through the cash receipts or cash disbursement cycle. Journal entries can be classified as recurring and non-recurring. Recurring journal entries are typically routine in nature and can be repeated daily, weekly, monthly, ~~or~~ quarterly or annually. Non-recurring journal entries are typically entries that record one-time transactions, correct mistakes into the accounting records or are considered unusual a high risk potential.

Responsibility for RWA's day-to-day accounting records, including journal entry processing, support, and posting, is a function of the Finance and Administrative Services Manager. This policy defines when additional approval is required for processing journal entries. All journal entries, recurring or non-recurring, shall be supported by appropriate supporting documentation maintained with the accounting records.

1. Recurring Journal Entries

- a. These journal entries would not require explicit approval by the Executive Director.
 - i. Automatically reversing journal entries that reverse a previous months' journal entry, which activity typically occurs in July of a new fiscal year.
 - ii. Recording the monthly amount of cash used or received by the Water Efficiency Program.
 - iii. Record quarterly LAIF interest earnings or other investment earnings.
 - iv. Recording the administrative costs allocation to the subscription based projects, including SGA. (Note: the allocation calculation is subject to approval by the Executive Director.)
 - v. Annual depreciation and amortization of fixed assets.

- vi. Payroll and benefits related journal entries. (Note: the actual payroll register is approved by the Executive Director.)
- vii. Reclassification of accounting information to conform to the presentation of the audited financial statements (e.g. reclassifying grants receivable from ordinary receivables for financial statement reporting purposes; reclassifying SGA receivable from ordinary receivables to related party account receivables, etc.).
- viii. Year-end journal entries which adjust cash basis accounting records to accrual based records (i.e. accrual of income or expenses)

The Executive Director will review all recurring journal entries made by the Finance and Administrative Services Manager at least quarterly and document such review by noting any comments on and signing the journal entry ledger report reviewed.

2. Non-recurring Journal Entries:

- a. These journal entries would require explicit approval by the Executive Director:
 - i. Journal entries which correct errors in posting to accounts
 - ii. Journal entries which reflect transfers of cash between bank and investment accounts
 - iii. Journal entries related to calculating grants and incentives receivable and the related income
 - iv. Journal entries related to grants payable to member agencies
 - v. Journal entries related to subscription program advances
 - ~~vi. Year-end journal entries which adjust cash basis accounting records to accrual based records (i.e. accrual of income or expenses)~~
 - ~~vii-vi.~~ Journal entries for fixed asset disposal and/or write offs
 - vii. Recording of non-cash transactions.
 - viii. Recording pension plan accrual, and the related deferred inflows and deferred outflows in compliance with GASB 68

REGIONAL WATER AUTHORITY POLICIES AND PROCEDURES MANUAL

Policy Type : Fiscal Management
Policy Title : Purchasing Card Policy
Policy Number : 500.8
Date Adopted : September 11, 2008
Date Amended : January 10, 2013
May 12, 2016

Purpose of the Policy

The purpose of this policy is to establish the Regional Water Authority's (RWA) requirements for procuring materials and trade services on credit through the use of purchasing cards.

Definitions

Purchasing Card means the merchant purchase authorization card issued and administered by the State Department of General Services under the CAL-Card program. No other type of purchasing card will be authorized for RWA purchases.

Cardholder means the following RWA employees: the Executive Director, the Finance and Administrative Services Manager, the Manager of Technical Services, the Principal, Senior, and Associate Project Managers and the Executive Assistant.

Authorized Purposes

RWA Purchasing Cards are provided solely for the purpose of obtaining authorized Authority goods and services. No other uses of RWA Purchasing Cards are permitted. The RWA's Executive Director (or his or her designee) will have oversight of the Purchasing Card program for the RWA.

A Purchasing Card may not be used for personal transactions. Any employee who uses or authorizes the use of the RWA Purchasing Card for unauthorized purposes will be required to immediately reimburse the RWA for the purchase and will be subject to disciplinary action up to and including termination. If the employee cannot repay the unauthorized amount immediately and the RWA is required to use the "VISA Waiver of Liability," the employee will still be required to pay the RWA in full for the purchase.

Authorized Users and Purchasing Limits

The following RWA employees are authorized Purchasing Card holders, and may make purchases within the dollar limits specified:

<u>Authorized User</u>	<u>Purchasing Limits</u>
Executive Director	\$10,000 per transaction; \$10,000 per month
Finance and Administrative Services Manager	\$5,000 per transaction; \$5,000 per month
<u>Manager of Technical Services</u>	<u>\$5,000 per transaction; \$5,000 per month</u>
Principal <u>and</u> & Senior Project Managers	\$5,000 per transaction; \$5,000 per month
Associate Project Manager	\$2,500 per transaction; \$2,500 per month
Executive Assistant	\$1,500 per transaction; \$2,500 per month

Purchasing Card holders are required to: (1) follow all current Authority purchasing procedures and policies when placing orders; (2) document the receipt of goods or services; (3) receive monthly statements from U.S. Bank, review invoices on the statement, attach receipts, shipping orders and other required documentation; and (4) sign the statement of account before forwarding them to the Executive Director each month. If any charges are in dispute, card holder must comply with any RWA or CAL-Card procedures to facilitate processing the dispute.

If a Purchasing Card is lost or stolen, the Purchasing Card holder must report the lost or stolen card to the Executive Director immediately.

Transaction and monthly amounts may be ~~increased~~ exceeded only with prior written approval of a specific purchase by the Executive Director, but may not exceed the Executive Director limits.

Areas of Responsibilities

The Executive Director has overall responsibility for the Purchasing Card program within the RWA, will ensure that this policy is followed at all times and will provide for training to all Purchasing Card holders as necessary. The Executive Director has the authority to issue cards at his or her discretion.

Reporting

A detailed listing of all transactions made by the Executive Director will be provided to the RWA Chair to review, consider and approve each month. The Executive Director will review, consider and approve all staff transactions monthly.

Policy Review

This policy will be reviewed by the Executive Committee at least every two years.

AGENDA ITEM 4c: EXECUTIVE COMMITTEE REPORT AND RECOMMENDATIONS

BACKGROUND:

In January 2014, as water storage in Folsom Reservoir and flows in the American and Sacramento River threatened water supplies for the Sacramento Region, the Regional Water Authority Board adopted a resolution urging all member agencies to reduce water use by 20%. The region subsequently reduced use 19.4% over the course of 2014 and more than 30% in 2015 in response to mandatory requirements imposed by the State Water Resources Control Board.

In light of the significant changes in hydrology and the water supply outlook, staff and an ad hoc committee developed a resolution to guide future efforts and commitment to water efficiency and conservation.

AD HOC COMMITTEE RECOMMENDATION:

Action: Ad Hoc Committee recommends approval of Resolution 2016-04

DRAFT - RESOLUTION 2016-04

**A Resolution of the Regional Water Authority
Regarding the California Drought Emergency
and Ongoing Commitment to
Long Term Water Efficiency in 2016**

Whereas, the Regional Water Authority's (RWA) mission includes protecting and enhancing the reliability, availability, affordability, and quality of water resources; and

Whereas, California experienced dry conditions in 2012 through 2015; and

Whereas, in January 2014, RWA adopted a resolution urging all member agencies to reduce water use by 20%; and

Whereas, in response to local conditions and a statewide emergency declaration, Sacramento region water providers voluntarily reduced water use 19.4% in 2014; and

Whereas, in response to local conditions and mandatory statewide requirements, Sacramento region water providers reduced water use 31% in 2015; and

Whereas, regional hydrologic conditions and water supplies have improved significantly; and

Whereas, as of April 1, 2016 Folsom Reservoir was at 110 percent of historical average storage, the Central Sierra snowpack was 87 percent of normal, American River Basin runoff is projected to be 101 percent of average, the eight station precipitation index was 123 percent of average, the Central Valley Project has allocated 100 percent of deliveries to the region's water suppliers, and groundwater levels have recovered above 2015 levels; and

Whereas, some other parts of the state face ongoing dry conditions and impacts from the drought, and

Whereas, Governor Edmund G. Brown Jr., in Executive Order B-36-15, directed the State Water Resources Control Board to consider modifying its existing restrictions; and

Whereas, the State Water Resources Control Board will meet May 18, 2016 to consider such actions; and

Whereas, from 2000-2013, the region reduced per capita water usage by 20 percent;

and

Whereas, the region has prepared for drought by investing in the resiliency of its water supplies; and

Whereas, the region's water suppliers are committed to continuing long term water efficiency improvements; and

Whereas, the drought has given water customers a heightened awareness of their water use and ways to reduce it;

THEREFORE, BE IT RESOLVED, that the Board of Directors of RWA strongly recommends that,

1. RWA request the State Water Resources Control Board consider lifting mandatory requirements for the Sacramento region and the 22 water supplier members of RWA as an element of implementing regional supply-based conservation standards.
2. In the event that mandatory requirements are lifted, RWA and its members stand prepared to respond to future supply-based conditions that would require conservation as appropriate for the current or projected conditions, as they did in 2014 and 2015.

PASSED AND ADOPTED at a meeting of the Authority held on May 12, 2016.

By: _____
Chair, Regional Water Authority

Attest: _____
Clerk, Regional Water Authority

**AGENDA ITEM 5: 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 6: CALIFORNIA PUBLIC EMPLOYEES' RETIREMENT SYSTEM REALLOCATION AGREEMENT

BACKGROUND:

In early 2013, CalPERS' Office of Audit Services audited the Regional Water Authority (RWA). In July 2013, OAS issued a draft report finding that five out of six RWA employees work only part time for RWA on the basis that those employees also provide services to the Sacramento Groundwater Authority (SGA). The findings allowed SGA to apply for CalPERS membership. SGA submitted a new agency application to CalPERS on February 2, 2015. SGA has been informed by CalPERS that their membership is approved and they will begin making their own payments beginning in FY17.

Subsequent to the Board's approval of the CalPERS contract, CalPERS will reallocate assets and liabilities from the RWA CalPERS contract to the SGA CalPERS contract in the amounts estimated in the actuarial valuation report which are in direct proportion to the service that employees perform on behalf of SGA. In order to accomplish this, both SGA and RWA will need to approve the Reallocation Agreement. SGA approved the Reallocation Agreement at its April 14, 2016 Board meeting.

EXECUTIVE COMMITTEE RECOMMENDATION:

Information Presentation: John Woodling, Executive Director

Action: Approve the CalPERS Reallocation Agreement and direct the Executive Director to execute the Reallocation agreement on behalf of RWA

REALLOCATION AGREEMENT

THIS REALLOCATION AGREEMENT (this "**Agreement**") is made as of _____, _____ (the "**Effective Date**") by and among Regional Water Authority, Sacramento Groundwater Authority, and the California Public Employees' Retirement System ("**CalPERS**").

WHEREAS, the Regional Water Authority currently contracts with CalPERS for retirement benefits for its employees;

WHEREAS, each of the Regional Water Authority and the Sacramento Groundwater Authority hereby represent and warrant to CalPERS that it is an "agency or instrumentality of the state or political subdivision of a State" that is eligible to participate in a governmental plan within the meaning of Section 414(d) of the Internal Revenue Code of 1986, as amended (the "**Code**");

WHEREAS, concurrently with the execution of this Agreement, Sacramento Groundwater Authority is entering into a contract for retirement benefits with CalPERS (the "**Contract**") in substantially the same form as the contract between CalPERS and the Regional Water Authority;

WHEREAS, the Regional Water Authority and Sacramento Groundwater Authority have represented to CalPERS that certain CalPERS members listed on Exhibit A to this Agreement (the "**Members**") have historically been reported by the Regional Water Authority to CalPERS as full time employees of the Regional Water Authority, when in fact they should have been reported as part time employees of Sacramento Groundwater Authority;

WHEREAS, the Regional Water Authority and Sacramento Groundwater Authority have directed CalPERS to retroactively treat such Members as part time employees of Sacramento Groundwater Authority, and to reallocate all of the related assets and liabilities associated with such Members from the Regional Water Authority contract to Sacramento Groundwater Authority contract as though such assets and liabilities had always accrued under Sacramento Groundwater Authority contract (the "**Reallocation**"); and

WHEREAS, this Agreement shall not become effective until and unless the Contract is made effective.

NOW, THEREFORE, in consideration of the mutual agreements contained in this Agreement, and for good and valuable consideration, the parties hereby agree as follows:

1. Regional Water Authority and the Sacramento Groundwater Authority agree that the Recitals are hereby incorporated into and are a part of this Agreement.

2. Subject to the terms and conditions of this Agreement and contingent upon the Contract becoming effective, the Regional Water Authority and

Sacramento Groundwater Authority hereby consent to the Reallocation. The Regional Water Authority, on behalf of itself and any third party beneficiaries, disclaims any ongoing right or benefit to the assets associated with the membership under Sacramento Groundwater Authority, and Sacramento Groundwater Authority expressly assumes all obligations, liabilities and duties associated with the Members as a result of their membership under Sacramento Groundwater Authority.

3. That the participation of the employees and retirees of Regional Water Authority and Sacramento Groundwater Authority in CalPERS shall be subject to the determination of its status as an "agency or instrumentality of the state or political subdivision of a State" that is eligible to participate in a governmental plan within the meaning of Section 414(d) of the Code, upon publication of final Treasury Regulations pursuant to such Section (the "**Final Regulations**"). If it is determined that either the Regional Water Authority or the Sacramento Groundwater Authority would not qualify as an agency or instrumentality of the state or political subdivision of a State under such Final Regulations, CalPERS will be obligated to comply with the Final Regulations and terminate the Regional Water Authority's and/or the Sacramento Groundwater Authority's participation in CalPERS, as applicable, including cancellation of all benefits for employees and retirees of the Regional Water Authority and the Sacramento Groundwater Authority (the "**Termination**"). The Termination will comply with any remedial corrections required under the Final Regulations.

4. Notwithstanding, and in addition to, any existing or future obligation that the Regional Water Authority and the Sacramento Groundwater Authority may have to indemnify the CalPERS Parties (as defined below), the Regional Water Authority and the Sacramento Groundwater Authority hereby agree to jointly and severally indemnify and hold CalPERS and its trustees, agents and employees, the CalPERS Board of Administration, and the California Public Employees' Retirement Fund (together, the "**CalPERS Parties**") harmless from any claims, demands, actions, losses, liabilities, damages, judgments, expenses and costs, imposed on, sustained or incurred by the CalPERS Parties, to the extent they arise out of or relate to the Reallocation, compliance with the Final Regulations, or the Termination, including, without limitation, attorneys', accountants' and other investigatory fees and out-of-pocket expenses incurred by the CalPERS Parties.

5. Upon request from CalPERS from time to time, the Regional Water Authority and the Sacramento Groundwater Authority shall execute and deliver all documents and do all other acts that may be reasonably necessary to carry out and effectuate the intent and purpose of this Agreement.

6. This Agreement shall be governed by and construed in accordance with the laws of the State of California, without regard to its principles of conflicts of law.

7. This Agreement may be executed in two or more counterparts, each of which shall be deemed to be an original, but all of which together shall constitute one and the same instrument.

8. If any provision of this Agreement is held invalid or unenforceable, such decision shall not affect the validity or enforceability of any other provision of this

Agreement, all of which other provisions shall remain in full force and effect, provided that doing so does not materially alter the intent of the parties as contemplated hereby.

9. This Agreement may not be modified or amended in any respect except in a writing signed by all parties. No waiver shall be deemed to have been granted or created by any course of conduct or acquiescence, and no waiver shall be enforceable against any party hereto unless in writing and signed by the party against which such waiver is claimed.

IN WITNESS WHEREOF, the parties have caused this Agreement to be duly executed and delivered as of the date first above written.

Regional Water Authority:

By: _____
Name: _____
Title: _____

Sacramento Groundwater Authority:

By: Caryl Sheehan
Name: CARYL SHEEHAN
Title: SGA board chair

CALIFORNIA PUBLIC EMPLOYEES'
RETIREMENT SYSTEM:

By: _____
Name: _____
Title: _____

EXHIBIT A

EMPLOYEES

Active Employees

John K. Woodling
Robert J. Swartz
Nancy J. Marrier
Cecilia R. Partridge
Monica Garcia

Inactive Employees

Bethany De Angelis
Agrisina Espino

Retirees

Edward Winkler
Edward Schnabel

AGENDA ITEM 7: REGIONAL RELIABILITY PLAN UPDATE

BACKGROUND:

Staff is continuing to work with its consultant, Montgomery Watson Harza (MWH), to develop a scope of work for the Regional Water Reliability Plan. A project kickoff meeting is anticipated for May 11th at 1:00 pm. While the project scope is still under development, RWA has been coordinating with member agencies to pursue opportunities for planning funds as well as future implementation funds. For planning, RWA submitted a letter of interest with the City of Sacramento, Placer County Water Agency, and El Dorado County Water Agency to partner with Reclamation on an American River Basin Study (see enclosed letter). If successful, the study could provide resources for some of the planning needs for the Regional Water Reliability Plan. For implementation, RWA submitted a concept proposal for a conjunctive use program to the California Water Commission for the Water Supply Investment Program (WSIP) funded through Proposition 1 (see enclosed letter). While the full application process for the WSIP appears very complex, it does represent a significant potential opportunity to fund projects identified during the development of the Regional Water Reliability Plan.

EXECUTIVE COMMITTEE RECOMMENDATION:

Information Presentation: Rob Swartz, Manager of Technical Services



April 4, 2016

VIA EMAIL AND U.S. MAIL

Ms. Michelle Denning
Regional Planning Officer
United States Bureau of Reclamation ATTN: MP-700
2800 Cottage Way, MP-100 Sacramento, CA 95825-1898

SUBJECT: Letter of Interest, Bureau of Reclamation 2016 Basin Study Program

Dear Ms. Denning:

Thank you for the opportunity to respond to your letter dated March 4, 2016, concerning the Bureau of Reclamation (Reclamation) 2016 Basin Study selection process. This confirms that the El Dorado County Water Agency (EDCWA), Placer County Water Agency (PCWA), the City of Sacramento (City) and the Regional Water Authority (RWA), collectively the Partner Agencies, have an immediate interest in cost sharing with Reclamation to update the Sacramento-San Joaquin Basin Study (SSJBS) as pertains to the American River watershed and adjacent groundwater basins. The Partner Agencies are also interested in the "Next Steps" effort described in the March 4, 2016, letter.

Eligibility. EDCWA exercises authority under the El Dorado County Water Agency Act through member districts to ensure sufficient water is available for present and future beneficial uses within El Dorado County. This includes authority to conduct technical and other necessary investigations pertaining to water supply, water rights and beneficial use of water within the county. EDCWA participated as a partner agency in the SSJBS. PCWA was established by the Placer County Water Agency Act as the primary water resource agency for Placer County, California. PCWA carries out a broad range of responsibilities including water resource planning and management, retail and wholesale supply of irrigation water and drinking water and production of hydroelectric energy in Placer County and surrounding counties.

The City has extensive surface water entitlements, consisting of appropriative water right permits issued by the State Water Resources Control Board, pre-1914 rights and a water rights settlement contract with Reclamation. The City's retail and wholesale water service areas encompass a significant portion of Sacramento County. The RWA is a Joint Powers Agency (JPA) with 21 member water agencies in Sacramento, Placer, El Dorado and Yolo Counties. A primary purpose of the RWA is to facilitate development and implementation of an integrated water regional water management plan encompassing both surface water and groundwater resources.

Purpose. The purpose of the Basin Study Update (Study) is to update the analysis and corresponding mitigation and adaptation strategies in the SSJBS for the American River system, a main tributary of the Sacramento River.

Need. The Study is necessary to support and advance an integrated conjunctive use program to improve water supply reliability within the American River watershed and reduces consumptive demands on Reclamation’s Folsom Dam and Reservoir (Folsom) in response to future climate change conditions. Over the past three decades, local water agencies have experienced a growing imbalance between water demands and water supply availability in the American River watershed. Reasons for this imbalance include, but are not limited to:

- Changes in CVP Operations. The CVP as a whole has experienced a steady decline in available supplies due to reallocation of water to environmental purposes and the State Water Project (SWP). As a result of this reallocation, Folsom is relied upon by Reclamation as a “first responder” to meet Delta water quality standards prescribed by the State Water Resources Control Board and implemented through the CVP/SWP Coordinated Operations Agreement of 1986 (COA). With the near complete loss of Trinity supplies and resultant reduction in South of Delta exports that also performed the vital role of maintaining Delta water quality standards, Folsom is currently exercised far beyond its originally intended operational parameters. This comes at the risk of carry-over storage and the ecosystem of the lower American River.

- Population growth. The population within the American River watershed is expected to increase significantly in the next 30 years. This population growth was intended to be served, in part, with CVP water service contracts that have become far less reliable than when they were signed over four decades ago. The general plans of the municipalities in the region, together with the approved Urban Water Management Plans of the region’s water service providers, rely upon a combination of local water rights, groundwater and CVP water service and settlement contracts to supply the region’s ultimate needs.

- Drought. The American River sub-basins are characterized by periodic drought conditions. With four severe multi-year drought cycles in the last 80 years, the region is clearly susceptible to water shortages. This is particularly true of CVP contractors that are wholly reliant on Folsom as their only main source of supply. Contemporary drought cycles and resultant CVP shortages are now greatly exacerbated by the over-commitment of CVP supplies and the resultant strain placed on Folsom to meet competing demands.

The imbalance between supply and demand in the American River watershed will be significantly amplified by climate change. The SSJBS concluded that, in general, the Sacramento and San Joaquin River Basins could likely face material changes in climactic conditions including: increase in average temperatures, more variable precipitation and reduced runoff, declining snowpack with more moisture falling as rain, and increasing sea levels. The SSJBS Report projected that such climate changes potentially impact flood control, fish and wildlife protection, and system water supply.

Study Area. The Study would encompass all three sub-basins of the American River watershed, as defined by U.S. Geological Survey hydrological unit code (HUC) and two

adjacent groundwater management areas. The three sub-basins and their respective HUCs are: (1) the Lower American River Sub-basin (HUC 18020111); the North Fork American River Sub-basin (HUC 18020128); and (3) the South Fork American River Sub-basin (HUC 18020129). The groundwater management areas are the North and Central sub-basins as defined in the Sacramento Water Forum Agreement (WFA).

Scope. The Study would encompass all four required elements described in Reclamation Directives and Standards WTR TRMR-65. Specifically, the Study would (1) update SSJBS Chapter 4, “Water Supply and Demand”, to include a detailed analysis of urban water supply and demands in the American River watershed considering future climate change conditions; (2) update SSJBS Chapter 5, “Challenges, Risk and Reliability Assessment”, to include CVP and local project operations; (3) update and improve adaptation strategies identified in SSJBS Chapters 6 and 7 for local application; and (4) identify tradeoffs that may occur through implementation of these strategies. Within this context, the Study would evaluate opportunities for integrating ongoing Federal, State and local initiatives to improve regional water supply reliability. Such initiatives include:

- The Regional Drought Contingency Plan currently being developed by PCWA and the RWA under a WaterSMART grant from Reclamation.
- Technical assistance by the Technical Services Center to consolidate Reclamation’s climate change modeling with PCWA’s watershed-specific modeling into an updated CALSIM III for use as a common tool for evaluating current or proposed water resource projects.
- A modified Flow Management Standard developed by the Sacramento Water Forum to conserve reservoir storage and improve environmental protection in the lower American River.
- RWA’s effort to establish a formal groundwater bank to increase storage in the basin and expand opportunities for conjunctive use in the region.
- A reformulated Sacramento River project to reduce diversions of CVP contract water from Folsom.
- Examination of municipal and industrial demands in the Sacramento region and applying best management practices to maximize water use efficiency.
- Evaluating potential for additional upstream storage to address climate change and environmental flow management opportunities including EDCWA’s potential Alder Creek Reservoir project.

Cost Share. The preliminary cost estimate for the Study is up to \$2 million, depending upon final scope. The Partner Agencies propose at least 50% non-Federal cost share. The non-Federal share would primarily consist of the in-kind value of project management, planning, analysis, and temperature and hydrologic modeling conducted by the Partner Agencies in conjunction with local surface water and groundwater initiatives.

Stakeholder Interest. The Study has broad support among a broad spectrum of water agencies, environmental interests and other stakeholders within the region.

Thank you for your consideration. We look forward to working with Reclamation on this important opportunity.

Sincerely,

PLACER COUNTY WATER AGENCY



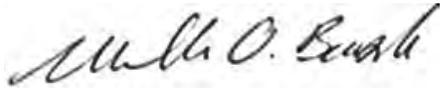
Einar L. Maisch
General Manager

EL DORADO COUNTY WATER AGENCY



Kenneth V. Payne, P.E.
Interim General Manager

CITY OF SACRAMENTO



William O. Busath
Director of Utilities

REGIONAL WATER AUTHORITY



John Woodling
Executive Director

c: U.S. Senator Dianne Feinstein
U.S. Senator Barbara Boxer
U.S. Congressman Tom McClintock
U.S. Congressman Doug LaMalfa
U.S. Congressman John Garamendi
U.S. Congresswoman Doris Matsui
PCWA Board of Directors

Water Storage Investment Program Concept Paper Form

Please complete the questions below and return your completed concept paper by email to cwc@water.ca.gov by 5:00 p.m. on March 31, 2016. Completed concept papers should not exceed four pages.

Contact Information

Contact Name: Robert Swartz	
Email: rswartz@rwah2o.org	
Phone Number: 916.967.7692	
Agency/Organization Name: Regional Water Authority	
Agency Type (select one): <input type="checkbox"/> Public Agency <input type="checkbox"/> Nonprofit Organization <input type="checkbox"/> Public Utility <input type="checkbox"/> Tribe <input type="checkbox"/> Mutual Water Company <input checked="" type="checkbox"/> Local Joint Powers Authority <input type="checkbox"/> Other:	

Project Information

Project Name: American River Basin Regional Conjunctive Use Project	
Project Type: <input type="checkbox"/> CALFED Surface Storage <input type="checkbox"/> Groundwater Storage <input type="checkbox"/> Groundwater Contamination Prevention or Remediation <input checked="" type="checkbox"/> Conjunctive Use <input type="checkbox"/> Reservoir Reoperation <input type="checkbox"/> Local Surface Storage <input type="checkbox"/> Regional Surface Storage <input type="checkbox"/> Other:	
Estimated Project Cost: \$1,400M	
Estimated WSIP Funding Request: \$150M	
Please describe your project, including location, water source, facilities, and operations:	
<p>On behalf of the water purveyors in the Sacramento-Placer region of the American River Basin, the Regional Water Authority (RWA) proposes the American River Basin Regional Conjunctive Use Project (Project) to achieve the following objectives.</p> <ul style="list-style-type: none"> • Maximize the regional conjunctive use practice in a sustainable manner to meet regional water supply reliability needs. • Implement coordinated operations to enhance Central Valley Project (CVP) operational flexibility to improve ecosystem and water quality benefits in the Lower American River and the Sacramento-San Joaquin Delta (Delta) as well as improve CVP water supply reliability. • Provide in-lieu water banking opportunities to improve statewide water management flexibility. <p>Participating water purveyors, or Project Partners, include more than 20 members of the RWA. Some Project Partners currently rely solely on groundwater for their water supplies, some rely solely on surface water, and some use both conjunctively or in different parts of their service areas.</p>	

The sources of water for the Project include the following.

- Groundwater resources that many of the Project Partners currently use in a stable groundwater basin that is actively managed under effective groundwater management institutions.
- Existing and planned diversions using Project Partners' existing surface water rights and contract entitlements.

The Project allows Project Partners to leverage all these sources of water to improve long-term water supply reliability as a major climate change adaptation strategy for this region. The concept of the Project was initially identified in a Regional Water Master Plan by the American River Basin Cooperative Agencies in 2003, and has been implemented on a limited scale through various water supply infrastructure projects. The Project will leverage these existing facilities and investments with the following new facilities and elements.

- Interties, pipeline segments and booster pumps to connect the systems of neighboring agencies.
- Rehabilitation of some existing groundwater wells and construction of new groundwater wells.
- A new regional diversion of 200 million gallons per day (mgd) (i.e., 370 cubic feet per second (cfs)) on the Sacramento River near the Sacramento International Airport to allow relocating planned future diversions from the American River to the Sacramento River.
- A regional treatment facility of 200 mgd for treating raw water from the Sacramento River and main transmission lines to connect to existing distribution systems.

Project operations will be flexible and scalable because the combination of the new facilities from the Sacramento River and existing ones from the American River will provide a unique opportunity to coordinate CVP operations, in particular, the operation of Folsom Reservoir. More importantly, operations may be adjusted with short notice or in emergency conditions resulting in significant operational flexibility from the Project. In addition to water rights, many of the Project Partners are CVP contractors receiving deliveries from Folsom Reservoir. The groundwater basins under the Sacramento-Placer region have in excess of two million acre-feet (AF) of total available storage (with more than 100 thousand AF per year of exercised storage for municipal and industrial uses) that can be integrated into the operation of Folsom Reservoir.

- The foundational operations of the Project will provide needed water supply reliability for this region to fully integrate the use of water rights and contract entitlements with groundwater resources, with additional capacities to divert flood flows for in-lieu recharge and provide additional relief from flooding threats to downstream areas including the Delta.
- When the ecosystems or water quality conditions in the Lower American River or the Delta are stressed, the Project Partners can shift their surface diversions (including their CVP deliveries) between the two rivers and/or strategically switch to groundwater use temporarily to change the timing of surface water availability in Folsom Reservoir for the operational needs of the U.S. Department of the Interior, Bureau of Reclamation's (Reclamation).
- With additional partners in the CVP-State Water Project (SWP) systems, the Project Partners can use the Project to bank water in the basins and provide additional system operational flexibility to allow environmental, water quality, and water supply benefits, especially when

the CVP and/or SWP have difficulties meeting in-basin flow, water quality, and environmental needs.

Per Water Code section 79753, the Commission may only fund the public benefits of water storage projects. Further, ecosystem improvements must make up 50% of the funded public benefits (Water Code section 79756(b)). What public benefits does your project provide? (select all that apply):

- Ecosystem Improvements Water Quality Improvements Flood Control
 Emergency Response Recreation

Please describe the magnitude of the public benefits and how the project will be operated to provide the public benefits:

The Project will provide ecosystem improvements, water quality improvements, and emergency response through the operation of Folsom Reservoir, as part of the CVP, owned and operated by Reclamation. Leveraging the configuration of the Project facilities and partner agencies' water rights and CVP contract entitlements, the Project may provide temporal and geographical adjustments for surface water availability by leaving water in Folsom Reservoir for Reclamation's operation to meet those public benefit needs in the Lower American River and in the Delta. Folsom Reservoir has been used to effectively manage for Delta water quality requirements due to the superior quality of the American River water and its close proximity to the Delta. The Project could provide an estimated 70 to 100 thousand AF of capacity for such an adjustment (i.e., operational flexibility).

During emergencies, the Project will provide the ability for this region to rely on groundwater storage for most of its needs, reducing its diversions out of Folsom Reservoir. This would free up Reclamation's delivery obligation from Folsom Reservoir and provide additional emergency water supplies to other parts of the system or contribute to endangered species protection. This operation could provide up to 200 thousand AF of emergency response capacity in driest years.

The Project can also provide flood control benefits because during flooding conditions or when excess water is available in the system, the Project may facilitate immediate in-lieu recharge by switching groundwater users to surface water, alleviating downstream flood conditions. The increased ability to move surface water into areas currently using groundwater also creates opportunities to better preserve flood storage space in Folsom Reservoir.

Water Code section 79752 requires that funded projects provide measurable improvements to the Delta ecosystem or to the tributaries of the Delta. Please describe how your project provides ecosystem improvements in the Delta or tributaries to the Delta:

The Project will provide ecosystem improvements, water quality improvements, and emergency response through the operation of Folsom Reservoir, as part of the CVP, owned and operated by Reclamation. Leveraging the configuration of Project facilities and the Project Partners' water rights and CVP contract entitlements, the Project can provide temporal and geographical adjustments for surface water availability by leaving water in Folsom Reservoir for Reclamation's operation to meet those public benefit needs in the Lower American River and in the Delta. Folsom Reservoir has been consistently used to effectively manage for Delta water quality requirements due to the superior

quality of the American River water and its close proximity to the Delta. The Project could provide an estimated 70 to 100 thousand AF of capacity for such an adjustment (i.e., operational flexibility).

Water Code sections 79755 and 79757 require the Commission to make a finding that a project will advance the long-term objectives of restoring ecological health and improving water management for beneficial uses in the Delta prior to allocating funding for a project. Please describe how your project could help advance the long-term objectives of restoring ecological health and improving water management for beneficial uses in the Delta:

The Project will provide a unique opportunity to integrate its operation with the operation of Folsom Reservoir, if not the entire CVP-SWP system, providing critical operational flexibility when most needed. The Project will provide additional tools and capacities for Reclamation and the California Department of Water Resources (DWR), as well as resource regulatory agencies, to improve the ecological health and water management in the Delta, as well as water supply benefits. Folsom Reservoir provides a critical function for managing temperature on the Lower American River and Delta water quality for the enhancement and protection of Delta fisheries and ecosystem. The Project will further expand the ability of Folsom Reservoir to perform these functions by fully integrating groundwater storage with surface water storage operations. These project benefits would be realized immediately and would be available long-term to support adaptive management of the Delta ecosystem.

Please describe any other benefits provided by your project, such as water supply reliability benefits, and the potential beneficiaries:

The Project will provide a unique opportunity to integrate its operation with the operation of Folsom Reservoir, if not the entire CVP-SWP system, providing significant operational flexibility when needed. The Project will: (1) improve water supply reliability to the region, (2) contribute to improved groundwater sustainability by allowing maximum use of surface water for recharge during wet years or during flood conditions, and (3) create a regional groundwater bank that contributes to both local and statewide water supply reliability.

AGENDA ITEM 8: METROPOLITAN WATER DISTRICT

BACKGROUND:

Deven Upadhyay is the manager of the Water Resource Management Group at the Metropolitan Water District of Southern California. He is responsible for managing the district's planning activities and policy guideline development related to Metropolitan's water supply plans and integrated resources plans. He also oversees the development and implementation of Metropolitan's resources programs for conservation, local resources projects and groundwater recovery and conjunctive use programs. In addition, he directs the management and negotiations of resource contracts related to the State Water Project and Colorado River deliveries as well as water transfers and purchases.

EXECUTIVE COMMITTEE RECOMMENDATION:

Information Presentation: Deven Upadhyay, Manager of the Water Resource Management Group at the Metropolitan Water District of Southern California

AGENDA ITEM 9: EXECUTIVE DIRECTOR’S REPORT

MAY 12, 2016

TO: REGIONAL WATER AUTHORITY BOARD OF DIRECTORS

FROM: JOHN WOODLING

RE: EXECUTIVE DIRECTOR'S REPORT

- a) **Government Affairs Update** – April 20, 2016 was a busy day on the regulatory front, with two key meetings of state agencies on issues of importance to RWA members. The California Water Commission (CWC) heard from the Department of Water Resources on the draft regulations for implementation of the Sustainable Groundwater Management Act. DWR presented both the content of the regulation and some of their potential revisions based on more than 150 comment letters received. DWR has proposed a number of revisions that are consistent with comments provided by RWA, SGA and ACWA. Some commissioners were uncomfortable with scaling back the requirements in the draft regulations, and especially with the concept of “substantial compliance.” SGA drafted a letter to reiterate its interests in an appropriate standard for compliance. DWR will release a final draft of the regulations in early May, and the CWC is expected to consider adoption of the regulations on May 16, 2016. RWA staff has subsequently met with DWR staff on several occasions to reinforce our comments.

SGA, West Placer and the portion of Sutter County in the North American subbasin have been talking about an alternative approach to compliance with the SGMA regulations. A final decision on pursuing the alternative would likely be deferred until the final regulations are approved by the CWC Board in May. This approach would involve a demonstration that the basin has been managed sustainably over at least the last ten years. The ad hoc group involved in SGMA implementation in Sacramento, Placer and Sutter Counties will next meet on May 13, 2016.

Also on April 20th, the State Water Resources Control Board held a workshop to consider modifying the emergency water conservation regulation. The workshop began with two panels. A group of water suppliers from Southern California presented a proposal for individual water suppliers to self-certify the adequacy of their water supplies for 2016, and only have conservation targets applied if shortages exist. The second panel included RWA and its members discussing the hydrologic and water supply conditions of our region, to support the argument that mandatory conservation targets should be rescinded. A number of RWA members also provided public comment. Tom Cumpston, chief counsel of El Dorado Irrigation District, suggested a hybrid of the two panel discussions, releasing regions of the state from mandatory requirements if hydrologic conditions dictate, and in other regions that may still face drought impacts, allowing for demonstration of adequate supplies. The Board is expected to act on staff recommendations in mid-May, with any modifications taking effect June 1, 2016. RWA and the region received significant media attention for its

position, including two Sacramento Bee articles, an op-ed with Rob Roscoe's byline, and appearances on Capitol Public Radio and other radio outlets.

On the legislative front, RWA staff and the contract lobbyist are tracking a number of important bills. A complete listing of the bills is available at the rwah2o.org website under the "legislation" tab. In addition to lobbying these bills, RWA is seeking support for budget funding to support local agency water efficiency program. Although there was funding for water conservation in Proposition 1, the funding was allocated to state run programs.

- b) Water Efficiency Program Update** – In March 2016, the region saved 37% compared to March 2013 or approximately 4 billion gallons. The cumulative savings for calendar year 2016 is 24%. The cumulative savings for the Emergency Regulation from June 2015 through March 2016 is 31% or 43 billion gallons. Currently all RWA agencies are within 2% of meeting their individual targets with the majority of agencies meeting or exceeding their targets. This status incorporates the revised agency conservation targets effective March 2016, which provided adjustments for climate and population growth. Agency conservation targets decreased on average 3%, moving the conservation target range from 20%-36% to 17% to 33%.

Regarding the Emergency Regulation, the State Water Resources Control Board (State Water Board) staff committed to monitor and evaluate available data on precipitation, snowpack, reservoir storage levels, and other factors and report back to the State Water Board in March and April 2016 and, if conditions warrant, bring a proposal for rescission or adjustment of this regulation to the State Water Board in May 2016. The State Water Board held a public workshop to solicit input on potential adjustments to the February 2016 Emergency Regulation in response to precipitation amounts and other drought indicators across the state since February 2016. There was a strong regional presence at the public workshop including a panel presentation from John Woodling (RWA), Jim Peifer (City of Sacramento), Andy Fecko (Placer County Water Agency) and Amy Talbot (RWA). Following the panel, several individual agencies were represented including Rob Roscoe (Sacramento Suburban Water District), Darlene J. Thiel Gillum (Ranch Murrieta Community Services District), Tom Cumpston (El Dorado Irrigation District) and Sean Bigley (City of Roseville). The main message was that the Sacramento region is no longer in a drought emergency and that the emergency conservation restrictions should be rescinded for our region. Looking forward, the State Water Board has indicated that they may take action to modify the February 2016 Emergency Regulation at their May 18th Board meeting.

The Water Efficiency Program budget for Fiscal Year 2017 includes a proposed 5% increase (\$20,000) in dues to cover increases in overhead costs and additional public outreach funding for a total budget of \$432,000. The budget will be discussed at the upcoming meeting on May 10th. Additionally the Program received \$200,000 in supplemental grant funding for public outreach. The focus of this year's public outreach activities will be to transition customers from drought actions back to long term efficiency practices through the theme and associated activities of "Rethink Your Yard" in

partnership with Save Our Water.

The Program has also been awarded a \$2.5 million Department of Water Resources (DWR) Water Energy Grant. The grant scope will include direct installs and showerhead giveaways in disadvantaged communities and commercial, industrial, and institutional (CII) fixture rebates. The CII fixture rebates component will be launched in May 2016. Showerhead giveaway events (2) will be scheduled this summer and fall. The direct install component is scheduled for this fall. The grant period concludes in December 2017.

- c) **Grants Update** – Staff is currently managing seven grants totaling \$54.2 million (see enclosed grant summary table). Staff is working with DWR to execute a funding agreement for the \$1.757 million grant award from the 2015 Proposition 84 Integrated Regional Water Management Implementation Grant round.

- d) **RWA Outreach** – RWA staff are exceedingly busy meeting and speaking in a number of venues. Mr. Woodling chaired the ACWA Groundwater Committee on May 3, 2016, with record attendance of more than 160 people. He also moderated a panel on Groundwater Sustainability Agency Formation that was well received. Mr. Woodling will speak at the California Water Association Conference on May 19th, participate in the Groundwater Resources Association’s Groundwater Issues Council on May 26th, speak on groundwater at a Law Seminar Conference on June 7th and on a panel for GRA on June 8th, and participate in an ACWA Region 2,4 event on SGMA on June 21, 2016.

Planning continues for the RWA 15th anniversary luncheon event. Mark your calendars for July 14, 2016. The RWA Board meeting will be held that morning, followed by the luncheon at Scott’s Seafood along the Sacramento River (attachment).

Regional Water Authority Status of Grant Awards

April, 2016

	Prop 50 Implementation Grant	Prop 84 Implementation Grant	USBR CalFed 2014 Meter Grant (1)	USBR 2014 WaterSmart Meter Grant (1)	USBR CalFed 2014 Interior Retrofit Grant (1)	Prop 84 Drought Grant	DWR Water Energy Grant	Total
Awarding Agency	DWR	DWR	USBR	USBR	USBR	DWR	DWR	
Award/Effective Date	1/18/2007	8/16/2011	9/17/2014	9/16/2014	9/15/2014	1/17/2014	12/22/2015	
Completion Date	6/30/2016	12/31/2017	9/30/2016	9/30/2016	9/30/2016	6/30/2018	12/31/2017	
Grant Award Amount	\$25,000,000	\$16,030,766	\$298,500	\$298,500	\$300,000	\$9,765,000	\$2,500,000	\$54,192,766
Reimbursement Requests Currently Being Reviewed	\$0	\$30,932	\$199,000	\$298,500	\$0	\$3,999,024	\$14,376	\$4,541,831
Reimbursements Received During Previous Quarter	\$1,411,653	\$0	\$0	\$0	\$88,603	\$0	\$0	\$1,500,256
Reimbursements Paid to Date	\$21,317,841	\$4,345,444	\$99,500	\$0	\$204,483	\$0	\$0	\$25,967,268
Grant Award Outstanding	\$3,682,159	\$11,654,391	\$0	\$0	\$95,517	\$5,765,976	\$2,500,000	\$23,698,043

(1) Grant was awarded to Sacramento Suburban WD on behalf of the region. RWA developed the application and is managing the grant.



SAVE the DATE!

PLEASE JOIN US AS WE CELEBRATE
**THE 15-YEAR ANNIVERSARY
OF THE REGIONAL WATER AUTHORITY**

THURSDAY **14** JULY, 2016

11:30 a.m. to 1:30 p.m.

SCOTT'S SEAFOOD ON THE RIVER
4800 Riverside Boulevard • Sacramento



Additional details to come!



AGENDA ITEM 10: DIRECTORS' COMMENTS