

**REGIONAL WATER AUTHORITY
REGULAR MEETING OF THE BOARD OF DIRECTORS
Thursday, July 13, 2017, 9:00 a.m.**

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

AGENDA

The public shall have the opportunity to directly address the Board on any item of interest before or during the Board's consideration of that item. Public comment on items within the jurisdiction of the Board is welcomed, subject to reasonable time limitations for each speaker. Public documents relating to any open session item listed on this agenda that are distributed to all or a majority of the members of the Board of Directors less than 72 hours before the meeting are available for public inspection in the customer service area of the Authority's Administrative Office at the address listed above. In compliance with the Americans with Disabilities Act, if you have a disability and need a disability-related modification or accommodation to participate in this meeting, please contact the Executive Director of the Authority at (916) 967-7692. Requests must be made as early as possible, and at least one full business day before the start of the meeting.

1. CALL TO ORDER AND ROLL CALL

2. PUBLIC COMMENT

3. CONSENT CALENDAR

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

4. LEGISLATIVE AND REGULATORY UPDATE

Discussion: Adam W. Robin, Legislative and Regulatory Affairs Project Manager

5. UPDATES TO THE RWA STRATEGIC PLAN

Action: Approve modifications to the Planning and Implementation Goals of the Strategic Plan

6. EXECUTIVE DIRECTOR'S REPORT

7. DIRECTORS' COMMENTS

ADJOURNMENT

Upcoming meetings:

Next Executive Committee Meetings – Wednesday, July 26, 2017, 8:30 a.m. and Wednesday, August 16, 2017, 11:30 a.m. at the RWA office.

Next RWA Board of Directors' Meeting – Thursday, September 14, 2017, 9:00 a.m., at the RWA Office.

AGENDA ITEM 3a: CONSENT CALENDAR

Information: Final minutes of the April 26, 2017 and May 24, 2017 Executive Committee meetings



Regional Water Authority
BUILDING ALLIANCES IN NORTHERN CALIFORNIA

**Regional Water Authority
Executive Committee Meeting
Final Minutes
April 26, 2017**

1. CALL TO ORDER

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

Executive Committee Members

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

Staff Members

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

Others in Attendance

Charles Duncan, Mark Emmerson, Brenda Estrada, Jose Ramirez, Lisa Maddaus, Michelle Maddaus and Nicole Krotoski.

2. PUBLIC COMMENT

Mark Emmerson said that he was attending the meeting for Carmichael Water District on behalf of Ron Greenwood. Mr. Greenwood continues to recuperate at home.

3. CONSENT CALENDAR

The minutes from the Executive Committee meeting held March 22, 2017.

Motion/Second/Carried (M/S/C) Ms. McKinney moved, with a second by Ms. Schmitz, to approve the minutes from the March 22, 2017 Executive Committee meeting. The motion carried by the unanimous voice vote of all directors present.

4. DEFINED BENEFIT PENSION PLAN FUNDING POLICY 500.15

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

At the February 22, 2017 EC meeting, the EC directed staff to explore alternative funding scenarios. At the March 22, 2017 meeting, staff presented a potential estimated range of unfunded liabilities as a result of the decreasing discount rate. The Executive Committee directed staff to draft a pension plan funding policy and provide ideas on how the unfunded liability might be allocated to active RWA members and members who may decline to continue membership in the future. At the April 26, 2017 EC, staff presented draft policy 500.15 outlining the accelerated payment of the unfunded liability framework as well as a methodology on how to allocate unfunded liabilities to non-renewing members.

Ms. Tobin entered the meeting.

A thorough discussion of RWA's CalPERS pension liability and a draft pension funding policy were included in the packet.

Mr. Woodling said that there are two issues, how does RWA financially handle accelerated payments to pay the unfunded liability and what should be included in the policy. And, how does RWA address the concern that a member might leave and not be pay their share of the ongoing obligation for past service of employees that a member received.

Mr. Roscoe entered the meeting.

Ms. Nicole Krotoski discussed various aspects of the draft policy with the Executive Committee. She highlighted that RWA has always been current in paying its required pension contributions and that RWA has had a de facto funding policy by essentially funding CalPERS pension plan payment requirements. In fact, RWA paid an additional amount of \$225,000¹ towards the unfunded liability in fiscal year 2016. However, even with the additional contribution amounts, RWA still has an unfunded liability as a result of how CalPERS amortizes the unfunded liability into required payments.² And because the discount rate is decreasing over the next three years, the unfunded liability is expected to grow again.

¹ The \$225,000 payment was 39% funded by SGA, split as follows: \$137,400 RWA and \$87,600 SGA.

² CalPERS amortizes the unfunded liability for up to 30 years as part of the required annual lump sum payment, with ramping up the amortization for the first five years and then leveling it off over the remaining 25 years.

Ms. Krotoski also discussed the idea of intergenerational equity in regards to allocating pension costs. However, since RWA's membership is voluntary, it is important for the organization to ensure that pension costs, including any unfunded amounts related to the ultimate pension promises for current or past employee services, are paid currently. Mr. Woodling reiterated the concern: Will the membership be around in 30 years to pay these unfunded liabilities or should RWA consider not stretching out these payments in light that membership is voluntary.

Ms. Krotoski also provided a practical example of how the policy would apply to a withdrawing member. The example followed the principles of the draft policy. Mr. Woodling asked for clarification on what it means to RWA to be part of the Miscellaneous Pension Plan³ in terms of risk to RWA. Ms. Krotoski said she raised this issue with RWA's actuary asking what would happen to RWA's allocated pension assets if RWA properly funded or even accelerated funding and other employers did not because their pension costs were increasing and becoming difficult for them to pay. The actuary had communicated to Ms. Krotoski that there is no risk to RWA. Ms. Krotoski suggested that the risk concern should probably be followed up with legal advice.

Executive Committee members sought clarification on many of the draft policy points and ideas. There was much discussion on the different ideas outlined in the policy. Mr. Ryan Bezerra interjected that it sounds like RWA is eventually hoping that the unfunded liability will be eliminated. Mr. Roscoe pointed out that it will never be zero since every year a new liability can be created based upon actual results not meeting assumptions.

Ms. Tobin asked if RWA has considered leaving CalPERS pool and self-funding or perhaps joining other agencies. Ms. Krotoski then discussed the concept of the hypothetical termination liability ("HTL") as calculated by CalPERS. The HTL is the amount of money RWA would owe CalPERS for the pension plan promises to date for the existing pension participants. The HTL is a much larger liability because CalPERS uses a much lower discount rate of 3.25% or 2.0% compared to 7.5%.⁴ Ms. Krotoski indicated that if RWA were to form its own self-funded pension plan pool, the discount rates for some private pension plans are closer to 4.5% to 5.0%.

Additional discussion ensued in regards to understanding the HTL and what it means to the organization. Mr. Woodling pointed out that in allocating the pension liability to any withdrawing members, RWA should consider using the HTL since the concept is similar to CalPERS assumption: RWA can no longer collect pension costs for past service of employees when the member used those

³ RWA participates in the CalPERS 2% @ 55 Miscellaneous Plan and is part of a pooled group plan since RWA has less than 100 employees.

⁴ The future the discount rate will go to 7.0% over the next three years and may go lower to 6.5% after that time.

services if CalPERS assumptions or results change and those costs are recalculated.

Ms. Krotoski also discussed the idea that as RWA continues to accelerate the pension payments and the unfunded liability is reduced closer to zero, in any year that CalPERS exceeds its investment discount rate or exceeds assumptions used, the liability can flip to become an asset. While having a positive balance is not inherently undesirable, RWA will not be able to use the amount to entirely offset any future payments to CalPERS. The positive balance would also be amortized over 30 years. And RWA will need to continue to pay the annual normal cost⁵ of employee pension costs if RWA does have an asset.

Mr. Bezerra cautioned the Executive Committee to clarify the policy in terms of either being more specific in the policy for allocating liabilities to members or recognize the potential ambiguity of the policy. He also indicated that RWA should be clear in its policy so that new members can understand what they are signing up for when joining. He suggested that the pension exit fee should be fairly clear to the membership.

Mr. Roscoe raised an issue in terms of disclosure on member's financial statements wondering if they now would have to disclose this potential liability on their statements. Mr. Woodling commented that the liability has always been there for all members. The draft policy is documenting an approach on how to allocate that liability. Mr. Roscoe voiced concern that members of RWA when joining may not have realized they were agreeing to pay for the SMWA liability⁶. Ms. Krotoski clarified that the allocated liability to any member would be pro-rated based upon the time in membership of the member.

Mr. Peifer suggested a subcommittee of the Executive Committee be formed to further explore the nuances of the draft policy to bring back to a future EC meeting. Mr. Schubert suggested using the existing draft policy as a starting point for revision.

No Action was taken on this agenda item at this time.

5. RESOLUTION NO 2017-03 IN SUPPORT OF ACWA POLICY STATEMENT ON BAY-DELTA FLOW REQUIREMENTS

On March 10, 2017, the ACWA Board of Directors considered a policy statement regarding the State Water Resources Control Board's approach to flow setting for the Bay-Delta Water Quality Control Plan Update. Staff brought Resolution 2017-03 to the Executive Committee to recommend approval by the RWA Full Board at the May meeting.

⁵ The normal pension cost represents the required pension contribution for the employer only for the service of the current employees. It does not include the employee contributions which are made by the employees.

⁶ The Sacramento Metropolitan Water Authority (SMWA) was the original organization formed in 1990. SMWA changed its name to RWA in 2001.

Ms. McKinney suggested adding the March 2017 date of the ACWA Policy Statement to the resolution.

M/S/C Mr. Roscoe moved, with a second by Mr. Peifer, to recommend RWA Full Board Approval of Resolution No 2017-03 in Support of ACWA Policy Statement on Bay-Delta Flow Requirements adding the date of March 2017. The motion carried by the unanimous voice vote of all directors present.

6. UPDATE ON REGIONAL WATER PLANNING EFFORTS

Rob Swartz, Manager of Technical Services, gave an update on regional water planning efforts. As reported to the RWA Board in January 2017, RWA is involved in several concurrent water supply planning efforts that are interrelated. These include:

1. Regional Water Reliability Plan (RWRP)
2. Regional Drought Contingency Plan (RDCP)
3. American River Basin Integrated Regional Water Management (ARB IRWM) Plan 2018 Update
4. American River Basin Study (ARBS)
5. Proposition 1 Disadvantaged Community Involvement Program (DCIP)

The ARBS and DCIP are expected to begin in the near future. Staff will provide updates on those efforts as they begin. The focus of today's meeting was on the RWRP, RDCP, and ARB IRWM updates.

The RWRP and RDCP commenced in 2016 and are closely related in that each plan looks at vulnerabilities and mitigation actions for near-term and long-term water supply of the region's municipal water suppliers. As part of development of the RWRP and RDCP, four sub-regional groups met the week of March 6 to discuss potential mitigation actions to address water supply vulnerabilities. Results of these meetings were discussed with the joint RWRP/RDCP meeting on April 12th. Based on feedback received at the meeting, staff and the consulting team are revising a prioritization method for identified mitigation actions.

The update of the ARB IRWM Plan is commencing with the regular semi-annual ARB IRWM Stakeholder Meeting on April 24, 2017. As also previously reported, staff reviewed revised IRWM guidelines released by the California Department of Water Resources (DWR) in August 2016, and determined a need to complete a limited update to the adopted ARB IRWM Plan. RWA is being awarded a \$250,000 planning grant from DWR to update the ARB IRWM Plan. Staff expects to bring the updated plan to the RWA Board for approval by July 2018. This update will enable the region to pursue Proposition 1 IRWM implementation grant opportunities in 2018.

To complete the ARB IRWM Plan update, staff recommended using Stantec Consulting Inc. (Stantec), formerly MWH Americas, Inc., as its primary consulting support. Because much vulnerability and mitigation work being completed under the

RWRP and RDCP will be integrated into the update of the ARB IRWM Plan, the amount of new work associated with the ARB IRWM Plan update is limited. The estimated value of new work to be authorized to Stantec is just under \$86,000.

Consistent with RWA Policy 300.2(III), staff requested that an alternate selection process be used based on the following:

- Stantec successfully completed both the 2006 and 2013 versions of the ARB IRWM Plan.
- Stantec is currently working on the identification of water supply vulnerabilities and proposed mitigation actions, which are important components of the IRWM Plan update.
- Stantec's extensive knowledge of the existing ARB IRWM Plan provides efficiencies in updating portions of the plan, resulting in the limited budget required to achieve compliance with the updated IRWM Plan guidelines.

Mr. Roscoe requested a summary of the multiple planning efforts from Mr. Swartz that could he could provide to the Sacramento Suburban Water District board.

There was discussion about whether the Task Orders with Stantec would continue the work with the same staff as previously assigned to the project. Mr. Swartz confirmed that the same staff are assigned to the project. Staff was reminded that future contracts for services should be obtained through a competitive process to the extent feasible.

Mr. Swartz said that one of the items that came up for discussion at the ARB IRWM Plan kickoff meeting was with respect to our existing IRWMP boundary. Questions from stakeholders included: Has the Sustainable Groundwater Management Act (SGMA) resulted in the need to revisit our boundary in the North American Subbasin? Should we potentially look at some of the groundwater Sustainability Agencies in Sutter County and their interests? Another issue was whether the City of West Sacramento should potentially be part of the ARB IRWM Plan. As part of this plan update, we will be revisiting these issues and engaging with others. A boundary change could be relatively straight forward with the Department of Water Resources. It is unclear is adding additional areas with agencies that are not RWA members would require changes to the composition of the Regional Water Management Group.

M/S/C Mr. Roscoe moved, with a second by Ms. Tobin, to authorize the Executive Director to Execute Task Orders with Stantec Consulting, Inc. consistent with RWA Policy 300.2 for the update of the American River Basin Integrated Regional Water Management Plan. The motion carried by the unanimous voice vote of all directors present.

7. LEGISLATIVE AND REGULATORY UPDATE

Adam W. Robin, Legislative and Regulatory Affairs Program Manager, updated the Executive Committee on legislative and regulatory issues including Long-Term

Urban Water Efficiency Legislation, Proposition 218 - SB 231 and SCA 4, Public Goods Charge Legislation and SWRCB AB 401 (2015) Statewide Low-Income Water Rate Assistance Program and Lead in Drinking Water Legislation. He also provided an update on Lobbyist Subscription Program activities, membership, and recommended positions/priorities on legislation.

Mr. Robin gave a brief update on the bill packet that was enclosed in the Executive Committee meeting packet. Two bills sponsored by RWA, AB 968 and AB 1654 were amended to include work that was developed by RWA and refined through ACWAs work group process with 99 organizations listed as coalition support. The bills are moving forward to appropriations. Staff has met with Senator Hertzberg's staff and they were generally receptive to the idea that the legislatures should maintain control over long term target setting and they have an interest in anything that has to do with water.

Senator Hertzberg's SCA 4, is the proposed constitutional amendment that would give water suppliers the authority to adopt low income rate assistance programs as well as different types of rate structures. There are concerns about replacing part of the California Constitution.

The Water Board staff were trying to get a report completed on what the Statewide Low Income Water Rate Assistance Program bill AB 401 would look like. The original goal was to influence legislation that was going to be working through the capitol this year. It now appears that this will be a two year process. A draft is expected this summer with a final report the end of the year.

Bills that were tagged as potential vehicles for a public goods charge proposal were SB 623 and SB 778. Bill SB 778 was amended and is no longer part of the debate. A vehicle for some sort of funding solutions this year is SB 623. It's not clear if it will be a public goods charge or whether it's going to be something more limited in scope.

There are a number of bills related to lead in drinking water. The issues included are the scope of the testing, who does the testing and who pays for the testing. The Water Infrastructure Improvements for the Nation Act provides federal funding for this type of work. The only eligible entities are the state and schools themselves. Community water systems cannot be reimbursed using that federal funding.

There was discussion on the bills related to the conservation effort and groundwater recharge and if they are headed in the direction that will be beneficial to our interests.

Mr. Woodling thanked Mr. Robin for all of his hard work with hopeful outcomes especially on the bills we're sponsoring. RWA is building capacity with a quantum leap that began 3 years ago moving the lobbying contract to RWA followed by hiring part time staff. We made a quantum leap when Adam joined RWA with his knowledge and contacts we have the opportunity to drive the bills we support. In a

very short time we are at the forefront that will pay benefits this year and in the future.

Chair Peifer commented that he appreciates Adams efforts in making sure people understand positions for our region.

M/S/C Ms. Tobin moved, with a second by Mr. Roscoe, to Adopt Bill Positions. The motion carried by the unanimous voice vote of all directors present.

8. STRATEGIC PLAN PROGRESS UPDATE

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

At the January 25, 2017 Executive Committee meeting, the Executive Committee discussed the progress on strategic plan implementation as well as the approach to updating, modifying, and reprioritizing elements of the plan. Staff solicited input from the full RWA Board and will discuss the feedback received as well as next steps.

Mr. Woodling, Executive Director, summarized the information received that was incorporated into a handout of the strategic plan objectives. Comments were received from several agencies that were categorized in the handout. There will be discussion at the next Executive Committee meeting after members have reviewed the handout and sent further comments and input.

Mr. Woodling said that after the Executive Committee absorbs the range of comments we can discuss the during the process including where we think RWA should be on some of the issues before taking them to the board membership and figure out what is the process to get there. The Executive Committee can assess the issues with a recommendation to the full board for certain issues and take any issues that are uncertain to the full board for input. A board level workshop was suggested to confirm the highest priorities making sure we capture anything we may want to add to the list.

Mr. Schubert suggested that it would be more efficient to schedule a full board workshop after the Executive Committee discussion and a decision can be made on the range of issues to take to the full board. Taking each section or block of issues at a time for discussion may be more productive.

9. SUBCOMMITTEE UPDATES

At the January meeting of the Executive Committee, Chair Peifer appointed three subcommittees to work on specific issues. Kerry Schmitz was appointed Chair of a Conference/Education Subcommittee that also included Rob Roscoe, Pam Tobin

and Kelye McKinney. Pam Tobin, Ron Greenwood, Marcus Yasutake and John Woodling were appointed to an Office Space/Lease Subcommittee to evaluate office space options for RWA when its lease on 5620 Birdcage Street expires in 2018. Robert Dugan was appointed Chair of a Membership Subcommittee to evaluate and help recruit potential new members.

The subcommittees gave an update at the March Executive Committee meeting. The Conference/Education Subcommittee planned to reach out to other agencies to partner with them to help facilitate an event. Mr. Dugan with the Membership Subcommittee requested John Woodling, Rob Roscoe and Jim Peifer join his membership subcommittee effort. The Membership Subcommittee met with City of Davis. The Office Space/Lease Subcommittee is considering options including renewing the current lease, a lease in a new location and purchase of the current office building.

Ms. Tobin reported that the Office Space/Lease Subcommittee has calls out to commercial agencies inquiring about the vacancy rate in our area. The subcommittee continues to work on lease renewal options.

Ms. Schmitz indicated that it is a major undertaking to facilitate an educational event. It was suggested that hiring a consultant to assist in planning for an event may be the best way to move forward. Ms. Tobin mentioned that she is expecting a return call from the Education Foundation who may be interested in partnering with RWA to plan an event. After Ms. Tobin has heard from the Education Foundation she will initiate a conference call with the Conference/Education Subcommittee members.

Chair Peifer reported that he and Mr. Woodling had lunch with Mayor Robb Davis of the City of Davis that resulted in a good discussion. Mr. Davis wanted to understand what the RWA was and how it would benefit City of Davis to join. Mr. Woodling followed up with a letter inviting the City of Davis to attend the upcoming RWA Board meeting. The subcommittee is attempting to schedule a similar meeting with the City of Woodling.

10. MAY 18, 2017 RWA BOARD MEETING AGENDA

After discussion, due to a full agenda, it was decided to table the Defined Benefit Pension Plan Funding Policy 500.15 item, move the Powerhouse Science Center report under the Executive Director's Report and limit the Legislative and Regulatory Update discussion to the conservation bills.

M/S/C Mr. Roscoe moved, with a second by Mr. Schubert, to approve the May 18, 2017 proposed RWA Board Meeting Agenda with the changes.
The motion carried by the unanimous voice vote of all directors present.

Items number 12 and 13 were moved ahead of item number 11, but are reported in the order listed on the agenda.

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

There was nothing to report from closed session.

12. EXECUTIVE DIRECTOR’S REPORT

Mr. Woodling shared an RWA Water Savings Summary for March 2017 indicating the reduction in water use by water agency. The monthly water usage will continue to be tracked that will become an annual report indicating water usage and conservation.

13. DIRECTORS’ COMMENTS

Mr. Schubert requested that the second handout on Policy 500.15 be updated and sent to Rob Roscoe, Kelye McKinney and Paul Schubert prior to their conference call on the next version and the direction to take future Executive Committee discussions.

Mr. Emmerson mentioned that this is the first Executive Committee meeting he has attended. After observing the Executive Committee members, the meeting content and the level of discussion, he thought it was a very good meeting. He said he sees opportunities where he may be able to offer assistance on some of the agenda items. He will report back to Mr. Greenwood on the meeting.

Ms. McKinney said that the West Placer GSA agencies are moving the MOAs through their boards, Lincoln has completed theirs, NID is considering it today and then it goes to PCWA, Placer County and City of Roseville. After everyone has approved the MOA the GSA paperwork will be filed.

Ms. Schmitz said that the County took action accepting GSA responsibility for white space in Sacramento County. After a re-organization at the county Mike Penrose is now the Transportation Director overseeing the Public Works and Infrastructure Department. The County just kicked off their next rate increase. It did not succeed and will be readdressed.

Mr. Roscoe reported that Sacramento is hosting the Environmental Water Research Institute International Congress that is scheduled to meet in Sacramento in May. He has signed his last contract with Sacramento Suburban Water District and plans to retire early 2018.

Ms. Tobin said that San Juan Water District did approve a 9% rate increase. Keith Durkin will be retiring May 15, 2018.

Chair Peifer announced that on May 23rd the City of Sacramento will be rescinding the Stage 2 Water Shortage Emergency.

ADJOURNMENT

With no further business to come before the Executive Committee, Chair Peifer adjourned the meeting at 11:41 a.m.

By:

Chairperson

Attest:

Nancy Marrier, Board Secretary / Treasurer

1. CALL TO ORDER

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

Executive Committee Members

Ron Greenwood, Carmichael Water District
Marcus Yasutake, City of Folsom
Kelye McKinney, City of Roseville
Jim Peifer, City of Sacramento
Paul Schubert, Golden State Water Company
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, Adam Robin, Nancy Marrier, Amy Talbot, Cecilia Partridge, Monica Garcia and Ryan Bezerra, legal counsel.

Others in Attendance

Nicole Krotoski, Mitch Dion and Debra Sedwick

2. PUBLIC COMMENT

None.

3. CONSENT CALENDAR

The minutes from the Executive Committee meeting held April 26, 2017.

Motion/Second/Carried (M/S/C) Mr. Greenwood moved, with a second by Ms. Schmitz, to approve the minutes from the April 26, 2017 Executive Committee meeting. The motion carried by the unanimous voice vote of all directors present.

4. CHAIR TO APPOINT 2017 EXECUTIVE DIRECTOR EVALUATION COMMITTEE

Each year the RWA Chair appoints an Executive Director Review Committee. Policy 400.4 states that “The RWA Chair will select an Evaluation Committee comprising four members, consisting of two members from the RWA Executive Committee and two Board Members from the SGA. Members of the Evaluation

Committee will not be from the same agency. Whenever feasible, the Chair of the RWA will chair the Evaluation Committee and the Chair of the SGA will serve on the Evaluation Committee.”

Chair Peifer appointed Marcus Yasutake, City of Folsom; Chair, Kerry Schmitz, Sacramento County Water Agency; Kelye McKinney, City of Roseville; and Robert Dugan, Placer County Water Agency to serve on the Ad Hoc 2017 Executive Director Review Committee

5. DEFINED BENEFIT PENSION PLAN FUNDING POLICY 500.15

Nicole Krotoski explained the changes made to draft Policy 500.15 since the April 26, 2017 Executive Committee meeting. Two separate policy concepts are now presented: 1) funding the historical pension plan liability (Policy 500.15) and 2) fiscal obligations of members who withdraw in regards to unfunded pension liabilities (Policy 500.16). See item 6 for discussions on Policy 500.16. Ms. Krotoski clarified that the suggested time frame to pay back the unfunded liability was over a four year period and that this time frame was a policy choice. Ms. Krotoski also suggested RWA should consider any potential risk that RWA may be assuming if RWA funds its historical pension obligations more quickly while other agencies may not, especially in light of the fact that RWA belongs to a pension plan risk pool.

Mr. Woodling handed out an article entitled “CalPERS may cut Trinity Water District Pensions” because the agency was so far behind in their CalPERS obligations. He emphasized it is important that RWA protect employees, retirees and member interests as part of the JPA, while having some control about CalPERS decisions.

Executive Committee members suggest the annual budget should incorporate a set aside reserve fund to help pay the unfunded liability. Mrs. Krotoski stated the current adopted budget does anticipate annual additional lump sum payments beyond FY18 to pay the unfunded liability.

Ms. Tobin entered the meeting.

After discussion it was suggested that an annual report be generated and presented to the Executive Committee with the current status of the unfunded pension liability based upon the latest available CalPERS Annual Valuation report for RWA. It was agreed that a sentence be added to the first paragraph in the policy stating that a current status report, with the latest available plan valuation, is to be produced by January 1st of each year prior to the budget process.

The information below was not specifically discussed during the meeting but are notes from the staff report to assist in understanding the background of the policy development.

In December 2016, CalPERS announced that the discount rate used to calculate liabilities will be reduced from 7.5% to 7.0% over a three year period. Effectively, CalPERS will recast prior obligations, assuming a lower discount rate, which then

creates additional unfunded historical liabilities. The decrease in discount rate will affect both components of RWA's CalPERS payment, the normal cost (the annual required payment of pension benefits to pay for employer current obligations for current employees generated by that year's work) and the unfunded liability amortization payment (catch up payments amortized over time from liabilities that were incurred from the time prior to the current period).

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

Fiscal Year Ending June	RWA	SGA ¹	Total
2013 (paid) ²	\$ 42,530	\$ 26,611	\$ 69,141
2016 (paid)	137,400	87,600	225,000
2017 (in process)	42,000	SGA pays directly	42,000
2018 (budgeted)	<u>42,000</u>	<u>SGA pays directly</u>	<u>42,000</u>
Total	<u>\$263,930</u>	<u>\$114,211</u>	<u>\$378,141</u>

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

The Executive Committee requested staff to develop a more formalized approach to pay down these pension liabilities more quickly. Staff presented a draft of Policy 500.15 at the April 26, 2017 Executive Committee meeting. After much discussion about the nuances of this policy, staff was directed to separate the policy components and clarify some of the language of the policy. Policy 500.15 represents a funding strategy and Policy 500.16 addresses the allocation of the unfunded liability for members who choose not to renew membership. According to the Amended and Restated Joint Exercise of Powers Agreement dated October 8, 2013, a "withdrawing Member pays or agrees to pay its share of debts, liabilities and obligations of the RWA incurred by the Member under the Agreement prior to

¹ Starting on July 1, 2016 (FYE 2017), SGA has its own CalPERS contract and will pay its own share of normal costs, lump sum contributions and additional payments towards the unfunded liability.

² In fiscal year 2013, RWA and SGA paid the side fund payment which effectively was a component of the unfunded pension liability.

the effective date of such withdrawal.” As Members receive employee services in execution of RWA’s projects, mission and advocacy, these employee’s payroll and related current and future benefits need to be paid for by members who benefit from those services.

M/S/C Ms. McKinney moved, with a second by Ms. Tobin to recommend RWA Full Board Approval of Defined Benefit Pension Plan Funding Policy 500.15 amending footnote 3 in the policy with the sentence suggested above³. The motion carried by the unanimous voice vote of all directors present.

6. ALLOCATING UNFUNDED PENSION LIABILITIES TO WITHDRAWING MEMBER POLICY 500.16

Policy 500.16 addresses the allocation of unfunded pension liabilities to withdrawing members.

There were comments and suggested amendments to Policy 500.16. It was agreed that Paul Schubert, Rob Roscoe and Kelye McKinney will participate on a conference call to work on the comments and proposed amendments to Policy 500.16 and bring an edited version back to the Executive Committee for consideration.

No action was taken at this time. It was agreed that Policy 500.16 be revisited at a future Executive Committee meeting with an edited version of the policy.

7. LEGISLATIVE AND REGULATORY UPDATE

Adam W. Robin, Legislative and Regulatory Affairs Program Manager, updated the Executive Committee on legislative and regulatory issues including Long-Term Urban Water Use Efficiency Legislation, Proposition 218, SB 231 and SCA 4, Public Goods Charge Legislation, SWRCB AB 401 (2015) Statewide Low-Income Water Rate Assistance Program and Lead in Drinking Water Legislation. He summarized the path of the bills through the legislative process and the anticipated outcomes. Both AB 968 and AB 1654 currently have statewide coalition support behind them and are on the suspense file. Proposition 218 is focused on State Constitutional Amendment 4, a measure to amend the California Constitution to give local agencies voluntary authority to implement low income rate assistance and demand-based rate structures. The State Water Board began an effort focused on the Public Goods Charge Legislation and Statewide Low-Income Water Rate Assistance Program with a report designed for a statewide low income rate assistance program with a goal of influencing legislative activity this year. The report is now expected later this year. There is legislation aimed at the lead in school drinking water issue. RWA is supporting a bill that is expected to move forward, that would require schools to provide testing. There are additional bills dealing with the lead in drinking water issue including water systems that are required to give a time line for replacement of suspected or known lead service

³ The changes includes the requirement of presenting RWA’s unfunded pension liability by January 1 to the EC to be incorporated into the annual budget process.

lines. Mr. Robin reported that staff has been actively engaged with the legislature and the governor's office on water related bills.

8. STRATEGIC PLAN PROGRESS UPDATE

John Woodling, Executive Director, gave a presentation update on the RWA *Strategic Plan 2013-2018+* adopted in late 2013. Since that time, a number of internal and external factors have changed the planning landscape, including the passage of the Sustainable Groundwater Management Act, the drought emergency, and proposals for new permanent water conservation standards.

At the Executive Committee meetings since the January 25, 2017 meeting, the Executive Committee has discussed the progress on strategic plan implementation as well as the approach to updating, modifying, and reprioritizing elements of the plan. Staff solicited input from the full RWA Board and discussed the feedback received as well as how to proceed. The Executive Committee can assess the issues with a recommendation to the full board for certain issues and take any issues that are uncertain to the full board for input.

Over the course of several months, the Executive Committee will discuss all of the goals and objectives of the Strategic Plan for potential modification. At the last Executive Committee meeting it was suggested that each portion of the Strategic Plan be presented for discussion separately.

The highest level goal on the Regional Planning Goal portion of the Strategic Plan is to continuously improve an integrated regional water management plan that is comprehensive in scope and guides effective water resources management in the region. There were no changes under the first priority goal, to develop a Regional Water Reliability Plan to identify most promising regional opportunities to improve water supply reliability. There are changes under the second priority goal, to evaluate climate as a regional vulnerability and consider climate adaptation strategies. To complete a comprehensive update to the American River Basin Integrated Regional Water Management Plan has been added as a third priority goal.

There was discussion on the Strategic Plan goals presented, what should remain and what should be modified for the most benefit for RWA member agencies. Any comments or feedback on today's discussion will be sent to the Executive Director for inclusion in the Strategic Plan for presentation to the June Executive Committee to recommend approval to the RWA full board. The second piece of the Strategic Plan (Implementation) will be presented to the June Executive Committee for discussion.

9. SUBCOMMITTEE UPDATES

At the January meeting of the Executive Committee, Chair Peifer appointed three subcommittees to work on specific issues. Kerry Schmitz was appointed Chair of a Conference/Education Subcommittee that also included Rob Roscoe, Pam Tobin and Kelye McKinney. Pam Tobin, Ron Greenwood, Marcus Yasutake and John Woodling were appointed to an Office Space/Lease Subcommittee to evaluate office space options for RWA when its lease on 5620 Birdcage expires in 2018.

Robert Dugan was appointed Chair of a Membership Subcommittee to evaluate and help recruit potential new members. Mr. Dugan requested that Rob Roscoe, Jim Peifer and John Woodling join his efforts on the Membership Subcommittee.

Mr. Dugan said that the Membership Subcommittee will wait until after RWA Policy 500.16 has been approved before recruiting new RWA members. Woodland and Davis will be the first agencies approached for RWA membership. It was suggested that a presentation be given jointly to Woodland-Davis, Yolo County Water Resources Association and Yolo County Flood Control presenting a history of RWA including the benefits of becoming a member with a focus on urban interests as well as agriculture.

Ms. Tobin reported that the Office Space/Lease Subcommittee is researching information on the vacancy rate in our area. The committee continues to work on lease renewal options and plans to bring options to the next Executive Committee meeting.

Ms. Schmitz said that the Conference/Education Subcommittee continues to work on obtaining information for the event planner at the Education Foundation to propose the idea of partnering with the RWA to plan an event. It has been determined that a consultant is essential in planning an event and it is imperative to clearly define the objective and subject of an event.

10. EXECUTIVE DIRECTOR'S REPORT

Mr. Woodling reported that he has a meeting scheduled with Susan Rohan, Roseville Mayor and three people from SACOG. The meeting is to coordinate efforts between RWA and SACOG.

Mr. Bezerra reported on the State Water Board's Water Fix hearing. The Modified Flow Management Standard was presented with terms and conditions.

11. DIRECTORS' COMMENTS

Mr. Roscoe said that he will be out of the office most of June. There is a general manager recruitment announcement at www.sswd.org for his replacement. It is anticipated that the new general manager will begin employment after the first of the year in 2018.

Ms. McKinney reported that West Placer Groundwater Sustainability Agency (GSA) participants have all signed a Memorandum of Agreement and required documents were submitted to DWR. A notice has been received from DWR identifying a couple of small parcels that have an overlap between the Western Placer GSA area and the South Sutter Water District GSA area. The overlaps need to be addressed prior to posting the Western Placer GSA for its 90-day public comment period. She also reported that the water rates package for the City of Roseville passed through council.

Ms. Tobin said that Paul Helliker is now officially general manager for San Juan Water District. Keith Durkin has retired. The District also passed their rate increase.

Mr. Greenwood said that it feels good to be back at the Executive Committee meeting. At the Carmichael Water District board meeting there was a reading of their proposed budget, which will be finalized next month. The District is working on possible agreements with neighbors to facilitate assistance with water transfers.

Ms. Schmitz thanked Rob Swartz for his presentation at the Cosumnes Basin meeting. There's an opportunity for that part of the county to participate in an overall modeling effort.

Chair Peifer said that he had previously announced that the City of Sacramento was planning to rescind their Stage 2 water shortage emergency on May 30th. The City has decided to rescind the emergency order in about 10 weeks at which time they will present a package of recommendations to the City Council for consideration.

Ms. Tobin, Ms. McKinney and Chair Peifer exited the meeting.

Chair Peifer handed the gavel to Vice Chair Marcus Yasutake for the remainder of the meeting.

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

There was nothing to report from closed session.

ADJOURNMENT

With no further business to come before the Executive Committee, Vice Chair Yasutake adjourned the meeting at 11:39 a.m.

By:

Chairperson

Attest:

Nancy Marrier, Board Secretary / Treasurer

AGENDA ITEM 3b: CONSENT CALENDAR

Draft minutes from the May 18, 2017 RWA Regular Board Meeting

EXECUTIVE COMMITTEE RECOMMENDATION:

Action: Approve May 18, 2017 RWA Regular Board Meeting minutes



Regional Water Authority
BUILDING ALLIANCES IN NORTHERN CALIFORNIA

**RWA Board Meeting
Draft Minutes
May 18, 2017**

1. CALL TO ORDER

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

RWA Board Members

S. Audie Foster, California American Water
Ron Greenwood, Carmichael Water District
Steve Nugent, Carmichael Water District
Al Dains, Citrus Heights Water District
Hilary Straus, Citrus Heights Water District
Marcus Yasutake, City of Folsom
Matthew Wheeler, City of Lincoln
Stan Nader, City of Lincoln
Jim Mulligan, City of Roseville
Jim Peifer, City of Sacramento
Mike Paulucci, City of Yuba City
Ryan Saunders, Del Paso Manor Water District
Deb Sedwick, Del Paso Manor Water District
Michael Raffety, El Dorado Irrigation District
Tom Nelson, Elk Grove Water District
Mark Madison, Elk Grove Water District
Dave Underwood, Fair Oaks Water District
Tom Gray, Fair Oaks Water District
Paul Schubert, Golden State Water Company
Michael Schaefer, Orange Vale Water Company
Robert Dugan, Placer County Water Agency
Brent Smith, Placer County Water Agency
Darlene Thiel, Rancho Murieta Community Services District
Ralph Felix, Rio Linda/Elverta Community Water District
Neil Schild, Sacramento Suburban Water District
Rob Roscoe, Sacramento Suburban Water District
Paul Helliker, San Juan Water District

RWA Associates

Ken Payne, El Dorado County Water Agency; Brett Storey, Placer County;
Arthur Starkovich, Sacramento Municipal Utility District; Terri Mitchell,
Sacramento Regional County Sanitation District

RWA Affiliate Members

Jim Graydon, Brown & Caldwell; Jafar Faghii, HDR, Inc.; Paul Marshall, Stantec.; Abigail Madrone, West Yost Associates

Staff Members

John Woodling, Rob Swartz, Adam W. Robin, Nancy Marrier, Amy Talbot, Cecilia Partridge and Katrina Nelson, Legal Counsel

Others in Attendance:

Shauna Lorance, Mitch Dion, Brian Henley, and Sarah Foley. Nicole Krotoski participated via conference phone.

2. PUBLIC COMMENT

Chair Peifer welcomed Mr. Greenwood back after recuperating from surgery.

3. CONSENT CALENDAR

- a. Final minutes of the February 22, 2017 and March 22, 2017 Executive Committee meetings
- b. Approve minutes from the March 9, 2017 RWA regular board meeting

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

Agenda item number 7 was moved ahead of item number 4 but will be reported in the order listed on the agenda.

4. RESOLUTION NO 2017-03 IN SUPPORT OF ACWA POLICY STATEMENT ON BY-DELTA FLOW REQUIREMENTS

On March 10, 2017, The ACWA Board of Directors considered a policy statement regarding the State Water Resources Control Board's approach to flow setting for the Bay-Delta Water Quality Control Plan Update. Staff brought Resolution 2017-03 to the Executive Committee to recommend approval by the RWA Full Board at the May meeting.

M/S/C Mr. Roscoe moved, with a second by Mr. Nugent, to approve Resolution No. 2017-03 supporting the ACWA Policy Statement on Bay-Delta Flow Requirements. The motion carried by the unanimous voice vote of all directors present.

5. EL DORADO COUNTY WATER AGENCY

Kenneth V. Payne, P.E., El Dorado County Water Agency Interim General Manager, said that EDCWA continues to work on water resources projects on behalf of El Dorado County. Encompassing the areas between Lake Tahoe and the boundary between El Dorado and Sacramento counties, EDCWA is responsible for planning on water-resource issues, and representing the long-

term interest of the communities, the water purveyors and residents. Under Chapter 96, the El Dorado Water Agency Act, the EDCWA is authorized to develop a countywide water plan and to participate in statewide water planning. The agency is empowered to negotiate contracts with the Department of Water Resources, the U.S. Bureau of Reclamation and other local, state and federal agencies for water management and facility construction. EDCWA provided an information presentation regarding the overview of the agency and some of the key projects and programs of the agency.

Mr. Payne said that key factors for EDCWA water management are improvements to local water supply reliability, climate change adaption strategy, identifying mutual and regional benefits and new funding mechanisms. Major water resources projects include an American River Basin Study, a surface water reliability project, Fazio long-term water supply contract, Alder Reservoir, RiverArc and agriculture water supply reliability. EDCWA is engaged in a surface water reliability project with El Dorado Water & Power Authority, Folsom and Rio Linda Elverta Community Water District.

6. CALIFORNIA URBAN WATER CONSERVATION COUNCIL BECOMING CALIFORNIA WATER EFFICIENCY PARTNERSHIP

Sarah Foley, California Water Efficiency Partnership Interim Executive Director, gave background information on how the California Urban Water Conservation Council (CUWCC) was formed and the primary purpose. The CUWCC is now the California Water Efficiency Partnership (CalWEP). She presented information regarding the transition from CUWCC to CalWEP, including discussion on the new Board structure, the memorialization of the CUWCC's best management practices (BMPs) Memorandum of Understanding (MOU), and future reporting options for those water agencies that used the CUWCC reporting format for Water Forum, Urban Water Management Plan, and Bureau of Reclamation conservation reporting.

Ms. Foley said that the Partnership carries forward the leadership, expertise and collaboration from CUWCC, but with a new name and framework. Some key benefits and activities of the Partnership are to help meet legislative and regulatory requirements, address California's unique issues, challenges and opportunities, collaboration with a wide variety of stakeholders, leadership and technical expert, information sharing, transforming markets, reviewing and commenting on statewide codes, standards and research, data collection and evaluation. Ongoing, expanded and new programs are an interactive information exchange for water conservation and efficiency professionals, exploring on-the-job challenges and learning solutions that work and specialized training by water conservation experts. Continuing and new board members and staff will continue the transition into 2017 further adjusting focus, direction and key activities and member services, reviewing, adjusting and revising bylaws as needed and hiring a new Executive Director. Dues will remain the same as for 2017 until the dues structure is revisited. One of the

goals is partnership by bringing together and sharing knowledge for the benefit of all agencies.

7. LEGISLATIVE AND REGULATORY UPDATE

Adam W. Robin, Legislative & Regulatory Affairs Program Manager updated the Board on developments related to Long-Term Urban Water Efficiency and Conservation Legislation. A written report was included in the board packet with updates on three issues that staff is tracking.

RWA is co-sponsoring bills AB 968 (Rubio) & AB 1654 (Rubio). Both bills address urban water use, management and planning and water efficiency. Staff is working with a statewide coalition of water agencies and other groups with an interest in the issues the bills present.

The RWA Board of Directors adopted policy principles that guide the work that staff engages in at the capitol. RWA has policy principles that relate to promoting water efficiency, realizing that water efficiency is different than conservation. There are policy principles dedicated to insuring diverse and resilient sources of water supplies for our region. One of our primary policy principles is the protection of our regions water rights and entitlements. RWA is assisting to lead a state wide coalition to ensure that the bills that come out of the process are something that benefits our region and the water industry as a whole. Staff is working to assure that these bills continue to move forward. Concurrent with the release of the ground administration final framework in April, a budget trailer bill was released. A budget trailer bill runs through the state budget with limited oversight and limited opportunities for public participation. On the policy bill side there's a working group of assembly members that are considering the issues.

Other legislative and regulatory updates for the Board included:

a. **Proposition 218 - SCA 4 and SB 231**

Senator Bob Hertzberg has introduced two measures related to Proposition 218: SCA 4 and SB 231. SCA 4 is a proposed constitutional amendment that would provide voluntary authorities to local agencies to provide lifeline rates to low-income ratepayers, as well as implement "demand-based" rate structures. ACWA is sponsoring SCA 4. As a constitutional amendment, SCA 4 will require a two-thirds vote in the legislature and majority voter approval to be enacted. SB 231 is a companion policy bill which is intended to address funding issues for stormwater projects.

In March, RWA took a "watch" position on SCA 4. RWA staff are actively engaged in an ACWA workgroup coordinating the continued development of the substantive language of SCA 4.

b. Public Goods Charge Legislation and SWRCB Statewide Low-Income Water Rate Assistance Program

AB 401 (Dodd, 2015) directs the State Water Board to report to the Legislature by February 1, 2018 on the feasibility, financial stability, and desired structure of a statewide low-income ratepayer assistance program, that includes recommendations for legislative action. The SWRCB held a workshop in February where they announced that their report would also identify needs and recommendations for funding operations & maintenance expenses for disadvantaged communities that lack access to safe drinking water. A draft of the report is expected to be released later this year.

The issue of securing a funding source for these purposes has not yet been addressed, but a public goods charge on water system ratepayer bills has been identified as a potential source of funding. SB 623 (Monning) has been amended to address related issues and flagged as a potential legislative vehicle that could create a public goods charge. RWA staff will be closely monitoring SB 623 and the SWRCB's Statewide Low-Income Water Rate Assistance Program.

c. Lead in Drinking Water Legislation

In January 2017, the SWRCB issued permit amendments to all water systems that require them to provide lead sampling services to K-12 schools in their service area on request. Several water agencies from around the State have filed petitions for reconsideration with the SWRCB challenging the permit amendments.

A number of bills related to this issue have been introduced in the Legislature. RWA supports lead sampling and testing of drinking water in schools, but opposes ongoing mandates for public water systems to provide sampling on school property, as well as proposals that would require water systems to plan or implement any required corrective actions for schools' plumbing systems.

Mr. Dugan commented that with Mr. Robin's focus on legislative efforts we are realizing influence that we should have over policy.

Mr. Woodling said that first comments were developed on the administrative framework on this legislation and then ACWA, who actively supports the legislation, was engaged.

Mr. Helliker said that RWA has taken the lead on this and is the driver statewide on the legislation and making certain that it meets our needs.

8. EXECUTIVE DIRECTOR'S REPORT

Strategic Plan Update Process – The RWA Strategic Plan adopted in 2013 has served the organization well, guiding both the direction of activities and

budget development. Early in 2017, the Executive Committee began a process to update the Strategic Plan. The EC will use the input received from RWA Board members to develop proposed modifications to the Strategic Plan. Through the remainder of the calendar year the EC will bring strategic plan recommendations to the board.

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

Work on the update to the American River Basin Integrated Regional Water Management Plan (ARB IRWMP) commenced with a stakeholder kickoff meeting on April 24, 2017. The meeting, which was attended by 31 stakeholders, sought input on the existing ARB IRWMP goals, objectives, and strategies, as well as the current governance structure. The plan update is necessary because of new IRWM standards released by the Department of Water Resources in 2016. The plan update is expected to be completed in July 2018.

Water Efficiency Update – We continue to keep water use down from the 2013 numbers. In an effort to promote the region’s conservation savings and efficiency progress, RWA has created a “Making Water Efficiency a Way of Life” infographic for distribution to policy makers, partners and other interested parties. The infographic covers the following topics: per capita (GPCD) water usage, comparative regional and state drought savings (2014-2016), return flows, metering progress, and local land use and weather drivers. The information in the Progress on Water Meters section will be updated annually.

Grants Update – Staff is currently managing four grants totaling \$30 million. During the past quarter, more than \$1.7 million in reimbursement were received from the grants, a grant table indicating grant awards as of April 2017 was enclosed in the packet. Staff is working with DWR on a contract for the \$250K 2016 Prop 1 Integrated Regional Water Management Planning Grant award. The grant will be used to update the American River Basin IRWM Plan to meet updated standards released in 2016.

Compensation Study – RWA Policy 400.2 states, *“It is the intent of the Authority to provide employee compensation that is fair and equitable and that is comparable, based upon an employee’s experience, skills and performance consistent with established job descriptions, with that of similar water and public entities regionally. As a small, professional, management-focused organization, it is the intent of the Authority to provide employee compensation at or above the labor market mean for the industry.”*

In support of this objective, the policy calls for a compensation survey on a five year schedule (at the discretion of the RWA Executive Committee). RWA's last compensation study was completed in late 2012. The Executive Committee directed staff to move forward with a compensation study, and RWA has retained Bryce Consulting to conduct the work, with the goal of bringing the study to the RWA Board for approval in November 2017.

9. DIRECTORS' COMMENTS

Mr. Raffety said that he attended water conservation forums at the ACWA Spring Conference. The water conservation topic is extremely popular.

Ms. Thiel announced her retirement from Rancho Murieta Community Service District effective July 7, 2017. Ed Crouse will serve as Interim General Manager during the search for a permanent general manager.

Mr. Schild said Sacramento Suburban Water District is currently searching for a general manager to replace Rob Roscoe who is retiring at the end of the year.

Mr. Dugan reported that the West Placer GSA has been formed. He said that through regional collaboration regional policy has been very successful. There was major progress on water related issues at the Cap-to-Cap conference in Washington, DC.

Mr. Foster reported that on April 27, 2017 California American Water entered into an agreement to purchase the water assets and company of Fruitridge Water Company. The next step is to obtain permission from the California Public Utilities Commission which begins a process that will take several years. It is anticipated that operations will begin at the facility in 2019.

Mr. Felix reported on the Chromium 6 litigation issue regarding the MCL. Rio Linda/Elverta Community Water District has decided to postpone all projects related to those litigation measures until they hear otherwise from the state. In the interim updates are available on the state website.

Mr. Underwood said that Fair Oaks Water District now has a full Board of Directors with the addition of Director Gary Page. The District will be increasing their use of groundwater to analyze how the aquifer reacts.

Mr. Gray said that Fair Oaks Water District went back to Stage 1 watering or normal operations. The normal operations were modified to voluntary 20% reduction from 2013.

Mr. Helliker said that San Juan Water District has been working on the Modified Flow Management Standard. Keith Durkin retired from the District effective May 12, 2017.

Mr. Roscoe said that information on recruitment for the general manager position with Sacramento Suburban Water District is on their website. At the Region 4 meeting at the ACWA Spring Conference it appears that two or three current members of the ACWA Region 4 Board will not be continuing on the board. Anyone interested in these positions are asked to consider submitting their name to the nominating committee. Mr. Yasutake commented that to be nominated for a position on the ACWA Region 4 Board you must have a board or council resolution in support of the nomination.

Mr. Madison complimented Mr. Woodling on his leadership of the Groundwater Committee at ACWA.

Mr. Schild requested a verbal update from Rob Swartz on where Sutter County is with regards to their GSA. Mr. Swartz said that the state has accepted Sutter County's GSA filing and there is no overlap. It is anticipated that the filing will be approved.

Chair Peifer said that the City of Sacramento will be rescinding their Stage 2 Water Shortage Emergency at the May 30th council meeting. This fall the City plans to propose a transition from a Water Shortage Emergency to Long-Term Water Use Efficiency. Earlier today the City approved the ACWA Policy Principles on Bay-Delta Flows.

Adjournment

With no further business to come before the Board, Chair Peifer adjourned the meeting at 10:45 a.m.

By:

Chairperson

Attest:

Nancy Marrier, Board Secretary / Treasurer

AGENDA ITEM 4: LEGISLATIVE AND REGULATORY UPDATE

BACKGROUND:

The Legislative and Regulatory Update will be delivered verbally at the July 13, 2017 RWA Full Board meeting by Adam W. Robin, Legislative and Regulatory Affairs Project Manager.

AGENDA ITEM 5: UPDATES TO THE RWA STRATEGIC PLAN

BACKGROUND:

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

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

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

EXECUTIVE COMMITTEE RECOMMENDATION:

Action: Approve modifications to the Planning and Implementation Goals of the Strategic Plan

IMPLEMENTATION GOAL - ASSIST MEMBERS WITH IMPLEMENTING SUCCESSFUL WATER RESOURCES MANAGEMENT STRATEGIES AND RELATED PROGRAMS. THIS INCLUDES IDENTIFYING, ACQUIRING AND ADMINISTERING EXTERNAL SOURCES OF FUNDING				
Objective				
A. Promote implementation of the American River Basin Integrated Regional Water Management Plan				
1. Seek funding for projects included in the IRWM Plan and support efforts of individual entities to leverage the IRWM Plan for funding				
2. Assist with acquiring and managing grant funding for regional projects, including infrastructure, water conservation, and water reliability				
3. Maintain the IRWM web database and make appropriate updates to the IRWM Plan on a quarterly basis				
B. Promote Improvements in water use efficiency in the region to meet future water needs and assure compliance with applicable requirements				
1. Continue to cost effectively implement a clearly defined water efficiency program that allows members to satisfy public outreach and school education requirements for a number of purposes including <u>the Central Valley Project Improvement Act (CVPIA)</u> and Urban Water Management Plans (UWMPs)				
2. Continue to track and report progress in attaining compliance with metering requirements				
3. Track individual member agency water use and <u>assist in developing</u> a strategy for regional compliance <u>with State standards</u>				
<u>4. Lead the Water Forum water caucus in development of modifications to the Water Conservation element.</u>				
C. Support a lower American River Flow Management Standard that is consistent with the Water Forum co-equal goals				
D. Support water transfers among agencies (intra- and inter-regional) that are beneficial for the region				
E. Support programs to benefit from economies of scale in purchasing <u>and resource sharing as opportunities present themselves</u>				

Deleted: the Water Forum,
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Deleted: option for SB X7-7 requirements prior to the interim 2015 deadline
Deleted: Evaluate and redefine scope and governance of regional water efficiency program

Deleted: implementation of

Deleted: F. Fully implement the regional mutual aid program template (for equipment, manpower, and water supply)

PLANNING GOAL - CONTINUOUSLY IMPROVE AN INTEGRATED REGIONAL WATER MANAGEMENT PLAN THAT IS COMPREHENSIVE IN SCOPE AND GUIDES EFFECTIVE WATER RESOURCES MANAGEMENT IN THE REGION				
A. Develop a Regional Water Reliability Plan to identify most promising regional opportunities to improve water supply reliability				
1. Identify most promising opportunities for intra- and inter-regional transfers and exchanges to meet demands or environmental needs				
2. Evaluate regional opportunities to reduce water use				
3. Support interregional groundwater management and conjunctive use planning				
4. Support recycled water planning				
5. Identify most promising opportunities for shared infrastructure and resources				
B. Evaluate and respond to external impacts on the region's water supplies and operations				
1. Evaluate Climate as a regional vulnerability and consider climate adaptation strategies				
2. Promote Delta solutions that protect the region's water supplies				
3. Promote forecast informed reservoir operations that enhance water supplies while maintaining flood protection				
4. Update a regional hydrologic model, in coordination with groundwater sustainability agencies, to support regional planning and groundwater management				
5. Coordinate completion of a Regional Stormwater Plan for incorporation into the IRWM Plan				
6. Ensure compliance with all State standards for eligibility and competitiveness for future funding				
7. Develop MOU's with adjacent IRWM groups for coordination in areas served by RWA members				
C. Complete a comprehensive update to the American River Basin Integrated Regional Water Management Plan				
1. Coordinate completion of a Regional Stormwater Plan for incorporation into the IRWM Plan				
2. Ensure compliance with all State standards for eligibility and competitiveness for future funding				
3. Develop MOU's with adjacent IRWM groups for coordination in areas served by RWA members				

Deleted: Evaluate technical information to support responses to Delta processes

Deleted: Support and coordinate financial/economic impact analysis on how state and federal actions will affect long term regional water supply and local economy

Deleted: Participate in Folsom Dam Control Manual update

Deleted: Support revised program and facility operations of Folsom Reservoir and Lower American River flows to balance fishery needs and water supply reliability for the region

Deleted: Complete an energy intensity evaluation to identify opportunities to reduce energy costs and greenhouse gas (GHG) emissions of water treatment and delivery in the region

Deleted: Develop a plan to implement common hydrologic tools, models, data sets and common technical language

AGENDA ITEM 6: EXECUTIVE DIRECTOR'S REPORT

JULY 13, 2017

TO: REGIONAL WATER AUTHORITY EXECUTIVE COMMITTEE

FROM: JOHN WOODLING

RE: EXECUTIVE DIRECTOR'S REPORT

- a. Strategic Communications Effort** – RWA staff and consultants are coordinating closely with a small group of RWA members that have engaged a consultant to support outreach and coalition building regarding long-term water efficiency legislation and regulatory action. A part of this effort is to increase RWA's social media presence on Facebook and Twitter.
- b. Grants Update** – Staff is currently managing four grants totaling \$30 million. Staff is expecting a final DWR contract for the \$250K 2016 Prop 1 Integrated Regional Water Management Planning Grant award. The grant will be used to update the American River Basin IRWM Plan to meet updated standards released in 2016. Mr. Woodling attended a meeting at DWR on May 30th where DWR introduced concepts of how it might roll out the first round of Prop 1 Integrated Regional Water Management Grants in 2018.
- c. Regional Water Reliability Planning Update** – Work on the Regional Water Reliability Plan (RWRP) continues. The identification of vulnerabilities phase of the RWRP is complete, and the identification of mitigation actions phase is nearly complete. The next phase of RWRP development will be to quantify the potential water supply yield generated by expanded conjunctive use operations in the region. These results are expected toward the end of 2017.
- d. RWA Outreach** – Mr. Woodling attended the Orange County Water Summit on June 16, 2017. Mr. Woodling gave a presentation on legislative and regulatory issues to the Yolo County Water Resources Association on June 19, 2017, and attended the inaugural meeting of the Yolo Subbasin Groundwater Sustainability Agency immediately following the WRA.
- e. Compensation Survey** – The Compensation Survey directed to be undertaken by the Executive Committee is underway. Shellie Anderson of Bryce Consulting is contracted to complete the study. Staff and the consultant reviewed current job descriptions and made some minor changes to serve the needs of the survey. Currently, requests to agencies for salary and benefit information have gone out. The tentative schedule will be for staff and the consultant to discuss the data with the Executive Committee at its July meeting. The ultimate goal will be to finalize a report and adopt salary schedules by the end of 2017.
- f. Financial Documents** – The financial reports for the period ending May 31, 2017 are attached.

Nancy Marrier

Subject:

FW: CalPERS CERBT OPEB Trust Annual Update



California Public Employees' Retirement System
California Employers' Retiree Benefit Trust
CERBT (OPEB)
P.O. Box 1494
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June 29, 2017

Nancy Marrier
Finance and Administrative Services Officer
Regional Water Authority

Thank you for your participation in the California Employers' Retiree Benefit Trust (CERBT) fund. This email provides a summary of your agency's other post-employment benefits (OPEB) prefunding plan progress.

Account Summary

The following is an account history summary for Regional Water Authority.

Regional Water Authority – CERBT Account Summary as of May 31, 2017	
Total Contributions (Initial contribution made on 6/8/2009)	\$694,311.00
Total Disbursements	(\$190,441)
Total CERBT Expenses	(\$6,334)
Total Investment Earnings	\$491,951.53
Total Assets	\$989,487.41
Estimated Funded Ratio*	94.82%
Current Asset Allocation Strategy Selection	CERBT Strategy 1
Average Annualized Internal Rate of Return (Net of Fees)	9.85%
<i>*Calculated by rolling forward the AAL from the 7/1/2015 valuation report to May 31, 2017 (a date in sync with the Market Value of Assets).</i>	

As a reminder, CERBT account information is available online for Regional Water Authority at <https://www.yourfundaccount.com/calpers/>. To establish account access, please contact cerbtaccount@calpers.ca.gov.

CERBT Investment Results (Time Weighted)

The CERBT offers employers the choice of one of three asset allocation strategies. Each strategy has a performance benchmark, which is a weighted composite of underlying asset class performance benchmarks. Each strategy participates in all five public market asset classes. The strategies vary due to the weighting assigned to each asset class.

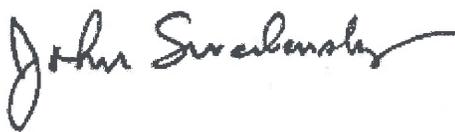
Investment results for each of the three asset allocation strategies and their respective benchmarks across five periods ended May 31, 2017 are shown below. These results are published in the monthly CERBT Fund Fact Sheets, which are posted to the [CalPERS website](#) under the *Invest with CERBT* tab.

CERBT Investment Results as of May 31, 2017						
Fund	Assets	3 Months	FYTD	1 Year	3 Years*	5 Years*
CERBT Strategy 1** (Inception June 1, 2007)	\$5,423,339,688	3.31%	10.26%	11.18%	4.19%	8.88%
Benchmark Strategy 1		3.13%	9.57%	10.44%	3.69%	8.48%
CERBT Strategy 2** (Inception October 1, 2011)	\$852,305,900	2.79%	7.10%	8.58%	3.65%	7.36%
Benchmark Strategy 2		2.59%	6.40%	7.87%	3.21%	6.95%
CERBT Strategy 3** (Inception January 1, 2012)	\$254,956,019	2.06%	4.25%	6.16%	3.12%	5.63%
Benchmark Strategy 3		1.89%	3.62%	5.51%	2.67%	5.19%

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

If you have any questions or would like to discuss any of the information above, please contact us at cerbt4u@calpers.ca.gov.

Regards,



John Swedensky
 Assistant Division Chief
 Prefunding Programs

REGIONAL WATER AUTHORITY

Income Statement

Year-to-Date Performance, May 2017

	<i>11 Months Ended May 31, 2017</i>	<i>Annual Budget</i>	<i>Unused</i>
REVENUES			
Annual Assessments	784,911.00	792,800.00	7,889.00
Affiliate Members Annual	9,000.00	6,400.00	(2,600.00)
Associate Membership Annual	41,320.00	34,800.00	(6,520.00)
Powerhouse Science Center - Members	73,383.00	60,000.00	(13,383.00)
Powerhouse Science Center - Others	0.00	5,000.00	5,000.00
SGA Service Agreement Fees	409,677.31	560,300.00	150,622.69
Holiday Social Revenue	6,930.00	7,300.00	370.00
15th Anniversary Revenue	7,155.00	0.00	(7,155.00)
Miscellaneous Revenue	1,035.00	0.00	(1,035.00)
Cash Discounts	315.05	0.00	(315.05)
Interest on S/T Investments	11,949.83	4,200.00	(7,749.83)
TOTAL REVENUES	1,345,676.19	1,470,800.00	125,123.81
Adjustments			
Fees Adjustments	(8.21)	0.00	8.21
TOTAL Adjustments	(8.21)	0.00	8.21
TOTAL REVENUE	1,345,667.98	1,470,800.00	125,132.02
GROSS PROFIT	1,345,667.98	1,470,800.00	125,132.02
OPERATING EXPENDITURES			
Staff Expenses			
General Salaries	659,550.41	793,800.00	134,249.59
Benefits/Taxes	329,491.65	445,700.00	116,208.35
Travel / Meals	16,896.94	15,600.00	(1,296.94)
Professional Development	4,850.20	5,200.00	349.80
TOTAL Staff Expenses	1,010,789.20	1,260,300.00	249,510.80
Office Expenses			
Rent & Utilities	20,806.20	25,000.00	4,193.80
Insurance	24,813.00	25,000.00	187.00
Office Maintenance	0.00	3,100.00	3,100.00
Telephone	9,484.19	11,300.00	1,815.81
Dues and Subscription	7,131.32	7,700.00	568.68
Printing & Supplies	13,302.27	26,400.00	13,097.73
Postage	993.37	3,100.00	2,106.63

	<i>11 Months Ended May 31, 2017</i>	<i>Annual Budget</i>	<i>Unused</i>
Meetings	13,482.05	13,500.00	17.95
Computer Equipment/Support	11,121.74	12,400.00	1,278.26
TOTAL Office Expenses	101,134.14	127,500.00	26,365.86
Office Furniture & Equipment			
Office Furniture	835.18	2,600.00	1,764.82
TOTAL Office Furniture & Equipment	835.18	2,600.00	1,764.82
Professional Fees			
ADP / Banking Charges	1,623.01	1,900.00	276.99
Audit Fees	19,600.00	19,100.00	(500.00)
Legal Fees	50,018.78	70,000.00	19,981.22
GASB 68 reporting fee	650.00	650.00	0.00
Consulting Expenses - General	117,730.03	162,850.00	45,119.97
Powerhouse Science Center Payments	0.00	25,000.00	25,000.00
TOTAL Professional Fees	189,621.82	279,500.00	89,878.18
TOTAL OPERATING EXPENDITURES	1,302,380.34	1,669,900.00	367,519.66
OPERATING INCOME (LOSS)	43,287.64	(199,100.00)	(242,387.64)
NET OPERATING INCOME (LOSS)	43,287.64	(199,100.00)	(242,387.64)
NET INCOME (LOSS) NET OF PROGRAM	43,287.64	(199,100.00)	(242,387.64)



Investments, Restricted Cash and Designated Funds, Undesignated Funds and Cash Report

For the month ending:	Unaudited May 31, 2017	Audited June 30, 2016
Local Agency Investment Fund (LAIF)	\$1,850,450	\$1,436,547
General Checking Account	<u>\$155,844</u>	<u>\$111,816</u>
Total Cash and Investments	\$2,006,293	\$1,548,363
Less: Restricted Cash and Designations¹		
Water Efficiency Program (WEP) ²	\$275,051	\$297,009
Prop 84 Project Management ²	\$87,636	\$112,090
Proposition 50 Grant Management ²	\$11,870	\$17,439
USBR CALFED Programs ²	\$102,099	\$30,382
Lobbying Subscription Program ²	\$91,806	\$77,806
2014 Drought Application	\$72,715	\$72,833
2014 Drought Program Management	\$48,255	\$59,953
SRCSD Water Suppliers ²	\$3,174	\$0
Membership Dues Stabilization	\$125,100 ⁴	\$112,700
Subscription Program Stabilization	\$27,800 ⁴	\$26,000
Pension Plan Accounting Change	\$42,000 ⁴	\$42,000
Powerhouse Science Center	\$143,910 ⁴	\$88,031
Strategic Plan Fund	<u>\$96,915⁷</u>	<u>\$155,920</u>
Total Designated Funds, excluding operating fund	\$1,128,331	\$1,092,163
Total Available Cash for Operating Funds		
Operating Fund ³	\$534,300 ⁶	\$456,200
Undesignated Funds ⁵	<u>\$343,663</u>	<u>\$0</u>
Total Designated and Undesignated Funds	<u><u>\$2,006,293</u></u>	<u><u>\$1,548,363</u></u>

¹ Designated funds represents amounts set aside for program specific purposes.

² The cash for this designated fund is restricted as to its use for these specific programs based upon contractual agreements with the participating member agencies.

³ Per Policy 500.1, the Operating Fund is available to pay ongoing RWA operations and administration expenses.

⁴ The designated amounts reflect the June 30, 2017 projected year end balance from the FY2017 budget plus/minus any year end accounting adjustments.

⁵ Per Policy 500.1, Funds in excess of the maximum target designated balances may be used to offset future membership dues and subject to an annual review by the Board.

⁶ The operating fund at June 30, 2017 is planned to be at 4 months.

⁷ Hiring of strategic planning staff occurred in December 2016. Adjusted to reflect available remaining funds at 06.30.17.



Per California Government Code 6505.5 (e), RWA reports the following unaudited information:

For the period ending May 2017

Cash in checking account:	\$	155,844
LAIF Balance	\$	1,850,450

For the period of February 1 to May 2017

Total cash receipts for the period:	\$	3,717,768
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Total cash disbursements for the period:	\$	3,801,342
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AGENDA ITEM 7: DIRECTORS' COMMENTS

Hyatt Regency Hotel, Monterey, CA

- 1) ACWA JPIA Executive Committee Election
 - a. Tom Cuquet, South Sutter Water District (Incumbent)
 - b. David Drake, Rincon del Diablo Municipal District (incumbent)
 - c. Melody McDonald, San Bernardino Valley Water Conservation District (incumbent)
 - d. Kathy Tieg, Cucamonga Valley Water District (newly elected)
- 2) Glossary Terms of the Board of Director's Manual was approved
- 3) ACWA's Executive Director, Tim Quinn made a presentation on how ACWA and the JPIA work together to serve public water agencies.
 - a. 2017 Banner year with:
 - i. Committed Governor on water issues
 - ii. Partnerships with the Federal Government
 - iii. CA Water Action Plan
 - b. ACWA's Core Values:
 - i. Coequal Goals
 - ii. Collaborative Decision Making
 - iii. Comprehensive Solutions
 - c. ACWA Board has 12 goals in its strategic plan & policy principals
 - i. One topic was the Bay Delta flow management plan that focuses on unimpaired flows for fish and wildlife. This is not a coequal goal and undermines the CA water action plan and SGMA. ACWA passed a resolution to support positions on flow management plans that ACWA worked on and put forth.
 - ii. Long Term Conservation Plan
 - iii. Water Storage is a critical element to the comprehensive water plan. There is \$2.7Billion dollars in Prop 1 funding for new storage for CA.
 - iv. ACWA wants flexibility for water rates. The flexibility for water agencies to set water rates for conservation or tiered rates as well a voluntary life line rates that uses tax payer funding.
 - v. The Next Generation Initiative are helping to provide tools to help member agencies to attract next generation water professionals for the future of Water in CA.
 - vi. Topics on Headwater and watershed and drinking water solutions and Ag Water also made the topics list.
- 4) JPIA Conflict of Interest Code was reviewed and passed the vote unanimously. Every 2 years the Conflict of Interest Code is reviewed. The FPPC approves the Conflict of Interest Code and then the Board votes for approval.
- 5) Audited Financials for the year ending Sept 2016 with a clear report from the auditors and was voted on and passed unanimously.

- 6) The operating budget for Financial Yr. Oct 1, 2017-2018 was passed unanimously. It was discussed that 80% of the budget was reflective of a 2.5% cola adjustment and 80% of the budget involves computer updates, software, salaries and benefits. The budget shows that \$250K is currently being spent on fees we pay towards the affordable care act. However, the affordable care act fees will be going away with the latest legislation from the federal government.
- 7) JPIA Program Updates:
 - a. Liability: \$5Million in retention means that all member share in the first \$5M of every loss.
 - b. Property: JPIA is working to reduce the impact of large claims. Claims for flooding with examples like Oroville and earthquake coverage now have a \$100K retention rate. All, but 6 counties are covered in the State of CA.
 - c. Workers Comp is a stable program. Changes to the program are only effected by legislative changes. Medicare wants to set aside money to settle the claims of the retirees. Stipulated awards would keep future medical care plans open (Medicare). JPIA knows that those plans are consumer driven and have a high deductible plan. They are considering perhaps an employee health savings account given to the employee that can be taken with them when they leave their employer and managed by the employee. Pharmacy costs are rising at the higher rate than anything else. JPIA is offering wellness grants up to \$75K as seed money for employee programs that focuses on employee actions for better health.
- 1) HR LaBounty Safety Award recognizes training and utilization in safety for confined space rescue, eliminating hazards, field ergonomics, infrastructure improvements, etc. San Juan and other agencies that won awards were listed in the section noted as "Commitments to Excellence".
- 2) Risk Management Program Update: Human resource has many resources for training and leadership programs. They can be found on their website and provide job description, court ruling and public information act changes in the law, just to name a few. HR provides classes and meetings and webinars and have a program call "just in time" which is a hotline for liability program mentors. Training updates can be used for professionals, supervisor law classes and sexual harassment training. The Leadership Program graduated 22 students from the fall program and current have 25 planning to graduate now.
- 3) CEO Update: JPIA did not vote to allow the Central Basin Water Agency back into the pool based on current issues and events.