

**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  
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, Nancy Marrier, Amy Talbot, Cecilia Partridge and Ryan Bezerra, legal counsel.

Others in Attendance

Matt Wheeler, Tom Gray and Mitch Dion

**2. PUBLIC COMMENT**

NONE

**3. CONSENT CALENDAR**

The minutes from the Executive Committee meeting held August 16, 2017.

Motion/Second/Carried (M/S/C) Ms. McKinney moved, with a second by Ms. Schmitz, to approve the minutes from the August 16, 2017 Executive Committee meeting. The motion carried by the unanimous voice vote of all directors present.

**4. LEGISLATIVE WRAP-UP**

John Woodling, Executive Director, provided a wrap-up on the final status of priority bills. The 2017 legislative session ended on September 15.

- **AB 313 (Gray)** – Enrolled by the Legislature, if signed by Governor Brown this measure would establish a Water Rights Division within the Office of

Administrative Hearings. Under AB 313, the Water Rights Division would hold hearings to set recommendations for Administrative Civil Liability for violations of certain provisions of existing law related to the use and diversion of water for approval by the SWRCB. AB 313 would also require the SWRCB to send a complaint to the Water Rights Division for a recommendation before a cease-and-desist order related to the use and diversion of water could be issued.

- **AB 746 (Gonzalez Fletcher)** – Enrolled by the Legislature, if signed by the Governor this measure would require community water systems serving schools to test for lead in the potable water systems of all school sites. AB 746 would create a one-time obligation for systems to provide this testing and provides that any required corrective action is the obligation of local educational agencies. The test is only required to be conducted if the test is requested.
- **AB 1668 (Friedman)/SB 606 (Skinner/Hertzberg)** – These bills were not taken up for a vote as they did not have the required number of votes to pass. As two year bills, these measures will remain active moving into the 2018 legislative session. Among other provisions, AB 1668/SB 606 would authorize the SWRCB to adopt certain urban water use standards and enforce “urban water use objectives” for urban retail water suppliers. Mr. Woodling has been invited to participate at the Capitol with a group of stakeholders who were in a group that the staff at Senate Natural Resources and Water put together to craft these two bills.
- **SB 5 (De Leon)** – Enrolled by the Legislature, if signed by Governor Brown and approved by voters in 2018, this measure would authorize the issuance of \$4 billion in bonds for a variety of purposes related to parks, conservancies, and water. The bond includes \$10 million for the Lower American River Conservancy.
- **SB 623 (Monning)** - As a two-year bill, this measure will remain active moving into the 2018 legislative session. Among other provisions, SB 623 would establish a “Safe and Affordable Drinking Water Fund” administered by the SWRCB. The Fund would be financed in part by a “drinking water fee” on each person or entity that purchases water from a public water system. Public water systems would be required to collect the fee.

Chair Peifer said that City of Sacramento and City of Roseville are in support positions for AB 1668 and SB 606. The bills came a long way over the past year and a large portion of that credit is due to the RWA. The initial trailer bill would have resulted in a great deal of authority by the State Water Resources Control Board. Throughout the year those types of things were removed from the bill. Anticipating that the bills may be ready for signature in January 2018 it would be wise to determine as a region what language would be necessary for the bills to be acceptable.

M/S/C Mr. Dugan moved, with a second by Mr. Roscoe, to concur on oppose unless amended positions on AB 1668 and SB 606. The motion carried by the unanimous voice vote of all directors present.

Chair Peifer said that SB 5 includes \$200 million for the voluntary settlement process for habitat creation and to support state settlements of Bay-Delta issues.

We may be in a position to take some of that money for the lower American River. The Sierra Nevada Conservancy has been doing work to help us move this forward. It was noted that the balance between snow capture, water quality and other state conservancies are also funded through this type of mechanism.

## 5. 2017 COMPENSATION STUDY

RWA Policy 400.2 contains the compensation policies of the Authority. The policy states, in part, “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.” Further, the policy states that the compensation practices will be implemented to, “attract the most qualified candidates and to minimize turnover of its employees.” Section III of the policy directs that the Executive Committee should conduct a compensation survey at least every five years to ensure compensation is consistent with the policy.

In early 2017, the Executive Committee directed the Executive Director to have a compensation survey performed. The prior survey was conducted in 2012, and changes to compensation were implemented in January 2013. RWA contracted with Bryce Consulting for the compensation survey. Shellie Anderson of Bryce directed the conduct of the survey and prepared a report on the results, including recommendations. In using the results of the survey to implement RWA’s compensation policy, several elements of the survey must be considered, including:

- Are the survey agencies appropriate for the labor market to which RWA salaries should be compared?
- Are the individual classification descriptions within survey agencies appropriate for comparison to RWA classifications?
- Is the data collected comprehensive to provide an adequate comparison of the total compensation package?
- Is the data collected sufficient to provide a statistically representative comparison?

The expertise of the consultant and communication with the Executive Committee and RWA staff before and during the survey helped to ensure that each of these criteria is satisfied. A critical consideration for the Executive Committee and the Board in using the survey results to implement RWA’s compensation policy is where to set salaries relative to the market to ensure the intent of the policy – to attract the most qualified candidates and to minimize turnover – is achieved. The policy provides for compensation to be set **at or above** the labor market mean for this purpose. On August 16, 2017, the Executive Committee considered the draft compensation survey, and recommended changes to the salary schedules in Exhibit A of Policy 400.2 for Board approval. At the September 14, 2017 meeting of the RWA Board of Directors, the Board raised several questions and voted to remand the issue back to the Executive Committee for further consideration.

RWA is a unique organization, making it challenging to identify survey agencies for comparison. As a joint powers agency in the Sacramento region responsible for water planning, advocacy, and program implementation, there are no directly comparable agencies or organizations. To overcome this limitation, in the 2012 compensation survey, RWA developed a comprehensive list of organizations that had similarities in either the field of work or institutional structure of RWA, including municipalities and special district water suppliers, associations representing groups of water users/providers, regional water planning agencies from other regions of the state, and regional planning JPAs in other disciplines in the Sacramento region. This list was developed with Executive Committee input, and reconfirmed by the 2017 Executive Committee before the survey was conducted. Although no individual survey agency is directly comparable to RWA in size, structure and function, the list provides a representative pool of organizations that may be likely to draw from the same labor market. In addition to being broadly representative, it has the benefit of being consistent with the past compensation survey.

To ensure appropriate comparisons, the consultant conducted an analysis of RWA classification descriptions prior to undertaking the survey. Some descriptions were modified and clarified to better reflect the current activities of RWA. RWA's classification descriptions were compared to those of the survey agencies to ensure valid compensation comparisons. For the purposes of the survey, the line staff classes were split into two tracks, water management and government relations.

An exhaustive list of compensation elements were included in the survey to ensure an apples to apples comparison of the total compensation package of RWA and the survey agencies. Elements included salary, retirement benefits, medical and other insurance benefits, paid leave, and longevity pay. Twenty-five organizations were surveyed, and 23 participated. Even with the large number of survey agencies, comparisons for specific RWA classes ranged from as few as 4 to as many as 22. The government relations track of the associate, senior and principal project manager ranges had relatively low numbers of comparisons, as did the project research assistant.

The consultant determined that the survey agencies and the data collected formed a valid basis on which to set RWA compensation policies. The consultant recommended that the top of RWA salary ranges be set at the middle of the third quartile (62.5 percentile) of the labor market data. RWA policy provides for compensation **at or above** the labor market mean in order to meet the intent of the policy. The 62.5% level is appropriate because:

- RWA used this level to set salary ranges after the 2007 and 2012 compensation surveys. Maintaining consistency means RWA compensation is changing with the market rather than due to policy changes.
- The compensation levels have served the Authority well over many years to ensure the quality of staffing and a very low turnover rate.

- RWA has limited staff with no overlap between duties, so that staff turnover is especially harmful to the efficiency and effectiveness of the organization.

When the 62.5<sup>th</sup> percentile is used the existing classification pay scales change little from current schedules. The principal and senior project manager and project research assistant classes were within 5% of market and are held at the current level. The associate class is reduced by more than 10% to coincide with the market, and the executive assistant is increased by 9%. The other two classifications represent special circumstances. This was the first time the Manager of Technical Services class was surveyed. It was created after the 2012 survey and set at 10% above the principal project manager level, which was clearly too low based on the market. The Finance and Administrative Service Manager class was restructured into a level I and level II to provide flexibility when the position is next recruited. Although data were collected for the Executive Director position, the information was not directly used to set a salary or pay range.

John Woodling reported that the draft report was presented to the Executive Committee in July. Some adjustments were made to the report and an update to RWA Policy 400.2, Exhibit A was created. The performance of the compensation study is under the purview of the Executive Committee, approval of salary ranges is at the board level. At the RWA Board meeting there were a number of concerns: 1) are RWA salaries too high; 2) should RWA be using the mean and not the 62.5 percentile; 3) should RWA be comparing to statewide organizations; 4) were the proposed increases within the proposed fiscal year 2018 budget; and 5) where do we set salaries relative to the market to achieve the balance between what we pay and what we need for retention and recruitment.. There was a motion to bring this item back to the Executive Committee and reconsider the compensation study results.

Mr. Dugan explained his motion at the September RWA Board meeting to bring the item back to the Executive Committee, because a debate was beginning about items that were not presented. There were uninformed board members who did not have the benefit of the discussions at the Executive Committee meetings. The item should be taken back to the RWA Board, so that every board member is informed about the background work and their questions are answered prior to the board meeting.

Mr. Gray said that the proposal from Fair Oaks is that the Executive Committee consider using just the agencies that are members of RWA and a proposal be made for an amendment to policy to include this to avoid a yearly discussion.

Mr. Abercrombie's September 26, 2017 email was read to the Executive Committee.

The Executive Committee discussed the concerns of the RWA Board. There was discussion on the data and agencies included in the comparisons that followed the current policy. Some agencies asked why we were compared to ACWA. ACWA compares staff positions to the Sacramento market and RWA recently hired the Legislative and Regulatory Affairs Program Manager from ACWA. The goal is to

attract and retain the best staff without staff turnover. It was also noted that there is little difference between the mean and the 62.5 percentile in many classes.

It was suggested that RWA members be reminded of the value and benefits of RWA membership in excess of the dues paid including RWA's legislative staff that looks out for the interests of member agencies.

Ryan Bezerra, Legal Counsel, said that RWA has struggled with the salary comparables for some of the positions over the years with an effort to stay within the water business for some of the positions. We are not capturing agencies that have the distinct positions that RWA has.

Mr. Woodling proposed that the compensation study is a model of what the Sacramento labor market looks like. Many agencies are not in a crucial position with recruitment and retention because if they lose an employee they have another employee to fill the job until a new person is recruited. At RWA key positions would take a long time to recruit and take additional time to get them to a level of productivity.

Rob Roscoe exited the meeting.

The Chair stated that what we are trying to address is making sure that we have the appropriate compensation and that we maintain a compensation structure that supports what is in the policy.

Mr. Woodling suggested that he review the compensation report and to better present data that will support a proposal. He will ask the Executive Committee to support a proposal that he believes will maintain the quality of staffing of the organization.

The goal is to bring a proposal to the October Executive Committee and to have this approved at the November RWA Board meeting.

M/S/C Ms. McKinney moved, with a second by Mr. Dugan, to continue the action items to accept 2017 Compensation Study consultant report and to continue the recommendation of Board approval of amendments to RWA Policy 400.2, Exhibit A to the next Executive Committee meeting and to uncouple the Executive Director's compensation item with the staff compensation. The motion carried by the unanimous voice vote of all directors present.

## **6. SUBCOMMITTEE UPDATES**

The Conference/Workshops Subcommittee updated the Executive Committee on two events that are being considered. The events that have been discussed are a Legislation Primer event designed to help staff understand what they need to know to be better engaged in legislative issues and a workshop on Public Goods Charge and water affordability.

Ms. Schmitz reported that the subcommittee has met and discussed the two upcoming events. The first event planned for October 2017 will be a Legislative basics session to help members understand the legislative process. The second event is planned for February 2018 and will focus on the public goods charge.

## 7. EXECUTIVE DIRECTOR'S REPORT

**Grants Update** – Staff is currently managing five grants totaling \$30.5 million. RWA received an executed funding agreement with DWR for the \$250K 2016 Prop 1 Integrated Regional Water Management Planning Grant award dated August 8, 2017. The grant will be used to update the American River Basin IRWM Plan to meet updated standards released in 2016. During the past quarter, nearly \$1.7 million in reimbursements were received from existing grant awards.

**Regional Water Reliability Planning Update** – Work on the Regional Water Reliability Plan (RWRP) continues. The identification of vulnerabilities phase of the RWRP is complete, and the identification of mitigation actions phase is nearly complete. The next phase of RWRP development will be to quantify the potential water supply yield generated by expanded conjunctive use operations in the region. These results are expected toward the end of 2017. The project committee met on September 13, 2017.

One component of the RWRP is the Regional Drought Contingency Plan (RDCP). A draft of the RDCP is currently being reviewed by participants and Reclamation. Comments on the Public Review Draft RDCP were received on August 16<sup>th</sup>. A Draft RDCP was then submitted to Reclamation for review on August 24<sup>th</sup> and Reclamation comments were received on September 12<sup>th</sup>. RWA staff and consultant are addressing the Reclamation comments and will submit a revised RDCP to Reclamation by September 29<sup>th</sup>.

**Water Efficiency Update** – In July 2017, the region saved 16.2% compared to 2013 or approximately 3.6 billion gallons. In August 2017, the region saved 11.8% compared to 2013 or approximately 2.5 billion gallons. The 2017 year to date savings (January through August) is 21.5% or 25 billion gallons. The region's July and August residential gallons per capita per day (R-GPCD) were 197 and 186 respectfully compared to the statewide July R-GPCD of 120. Year to date and August 2017 statewide savings and R-GPCD data was not available.

**Outreach** – Ms. Talbot attended the Board retreat to set priorities for the California Water Efficiency Partnership (formerly the CUWCC). Mr. Woodling presented an update on RWA and SGA to the Board of Directors of Orange Vale Water Company on September 5, 2017. Mr. Woodling and Mr. Robin attended a special meeting of the ACWA State Legislative Committee on September 11, 2017 and successfully urged the committee to maintain an “oppose unless amended” position on SB 606 and AB 1668. Mr. Woodling attended a meeting of the Roundtable of Regions with DWR staff to provide input on the Proposition 1 Integrated Regional Water Management Program on September 21, 2017. Mr. Woodling will attend the ACWA Board of Directors budget workshop and board meeting on September 28<sup>th</sup> and 29<sup>th</sup>. Mr. Woodling will chair a meeting of the

Practitioner Advisory Panel for SGMA on October 11, 2017. Mr. Woodling is speaking on a panel on connecting IRWM and SGMA at the California Water Plan Plenary meeting on September 27, 2017.

## 8. DIRECTORS' COMMENTS

Mr. Roscoe reported that Sacramento Suburban Water District received the Sustainable Business award for their conservation efforts.

Ms. Tobin said that San Juan Water District is in the process of interviewing candidates for the board of director's seat that was recently vacated.

Chair Peifer said that the City of Sacramento will be assembling their first water committee meeting in November to talk about the Babbitt process and the water quality control plan. The committee will include Councilmembers Harris, Hanson, Ashby and Guerra.

Ms. McKinney thanked Mr. Yasutake and Chair Peifer for their leadership at the last RWA Board meeting and their efforts in preparing for that meeting.

## ADJOURNMENT

With no further business to come before the Executive Committee, Chair Peifer adjourned the meeting at 11:15 a.m.

By:

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Chairperson

Attest:

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Nancy Marrier, Board Secretary / Treasurer