

**REGIONAL WATER AUTHORITY
REGULAR MEETING OF THE BOARD OF DIRECTORS
Thursday, September 13, 2018, 9:00 a.m.**

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

AGENDA

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

1. CALL TO ORDER AND ROLL CALL

2. PUBLIC COMMENT

3. CONSENT CALENDAR

a. Minutes from the July 12, 2018 RWA Board meeting

Action: Approve the Consent Calendar Item

4. EXECUTIVE COMMITTEE REPORT AND RECOMMENDATIONS

a. Information: Final minutes of the June 27, 2018 and July 25, 2018 Executive Committee meetings and draft minutes from the August 22, 2018 Executive Committee meeting

b. Information: Executive Committee report on the Executive Director's performance review

c. Action: Designate \$14,000 from FY2018 from office move funds for future improvements in FY2019.

5. PROPOSITION 1 STORAGE UPDATE

Information Presentation: Terrie Mitchell, Sacramento Regional County Sanitation District and Jim Peifer, City of Sacramento Department of Utilities

6. REGIONAL RELIABILITY UPDATE

Information Presentation: Rob Swartz, Manager of Technical Services

7. CALWEP UPDATE

Information Presentation: Mary Ann Dickinson, President and CEO of Alliance for Water Efficiency and California Water Efficiency Partnership Executive Director and Amy Talbot, Senior Project Manager, Regional Water Authority and Chair of the CALWEP Board of Directors

8. EXECUTIVE DIRECTOR'S REPORT

9. DIRECTORS' COMMENTS

ADJOURNMENT

Upcoming meetings:

Next Executive Committee Meetings – Thursday, September 27, 2018 and Wednesday, October 24, 2018, 8:30 a.m. at the RWA office.

Next RWA Board of Directors' Meeting – Thursday, November 8, 2018, 9:00 a.m., at the RWA Office.

AGENDA ITEM 3a: CONSENT CALENDAR

Minutes from the July 12, 2018 RWA regular board meeting

Action: Approve the Consent Calendar Item



Regional Water Authority
BUILDING ALLIANCES IN NORTHERN CALIFORNIA

**RWA Board Meeting
Draft Minutes
July 12, 2018**

1. CALL TO ORDER

Vice Chair Schubert 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
Matthew Wheeler, City of Lincoln
Scott Alvord, City of Roseville
Sean Bigley, City of Roseville
Jim Peifer, City of Sacramento
Ryan Saunders, Del Paso Manor Water District
Deb Sedwick, Del Paso Manor Water District
Michael Raffety, El Dorado Irrigation District
Mark Madison, Elk Grove Water District
Randy Marx, Fair Oaks Water District
Tom Gray, Fair Oaks Water District
Paul Schubert, Golden State Water Company
Jim Lemley, Orange Vale Water Company
Joe Duran, Orange Vale Water Company
Brent Smith, Placer County Water Agency
Mark Martin, Rancho Murieta Community SD
Mary Henrici, Rio Linda/Elverta Community WD
Tim Shaw, Rio Linda/Elverta Community WD
Kerry Schmitz, Sacramento County Water Agency
Dan York, Sacramento Suburban Water District
Pam Tobin, San Juan Water District

RWA Associate Members

Brett Storey, Placer County, Arthur Starkovich and Damien Waples, SMUD,
Christoph Dobson and Jose Ramirez, SRCSD

RWA Affiliate Members

Paul Selsky, Brown & Caldwell, Kristen Pringle and Maritza Flores, Stantec,
Charles Duncan, West Yost Associates and Jim Graydon, RMC Water and
Environment

Staff Members

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

Others in Attendance:

Mark DuBose, Doug Carlson, Kevin Gustorf, Lindsay Swain, Paul Joiner and Nicole Krotoski

2. PUBLIC COMMENT

NONE

3. CONSENT CALENDAR

a. Minutes from the May 3, 2018 RWA Board Meeting

Motion/Second/Carried (M/S/C) Mr. Nugent moved, with a second by Ms. Tobin, to approve the May 3, 2018 RWA Board minutes. The motion carried by the unanimous voice vote of all directors present.

4. EXECUTIVE COMMITTEE REPORT AND RECOMMENDATIONS

a. Information: Final minutes of the April 25, 2018 and May 23, 2018 Executive Committee meetings and draft minutes from the June 27, 2018 Executive Committee meeting

John Woodling, Executive Director, mentioned the Executive Committee meeting after action reports that he has been sending out to members. He hopes that members find value in the reports keeping them informed of actions by the Executive Committee and next steps.

5. OTHER POST-EMPLOYMENT BENEFITS (OPEB) FUNDING POLICY

Nicole Krotoski, CPA, gave a presentation with an overview of the OPEB funding policy changes, highlights of the OPEB funding report, the OPEB funding status and the actuarial determined contribution for RWA.

The OPEB funding policy changes reflect some GASB 75 changes. The funding policy is different than the accounting policy as the accounting policy amortizes the variance over shorter time frames. Ms. Krotoski explained the actuarially determined contribution and the actuarially required contribution are essentially the same idea, using different terminology and reflect the calculated annual contribution. The proposed policy does not specify a discount rate since these rates are determined by the investment trust. The policy includes the ability to modify the rate for adverse conditions. The unfunded liabilities would now be amortized over 10 years using the closed versus the open method. In theory, the

closed method reduces the unfunded liability over a 10 year period, whereas the open method resets the 10 year amortization period every two years. The policy now reflects the explicit and implicit liability that had been adopted in the prior valuation report. The explicit liability refers to RWA contributions directly toward expected retiree health care premiums. The implicit liability exists when retiree health care premiums are less than expected retiree claims for coverage with the assumption that active employee premiums are subsidizing retiree premiums. The policy does give some flexibility of funding the implicit liability. Funding of the implicit liability will be evaluated when comparing total plan assets to the explicit present value of projected benefits. If total plan assets exceed the explicit present value of projected benefits, then funding of the implicit liability may be eliminated if health care premiums haven't adjusted to age rating. If premiums are not age rated, the implicit subsidy would not be needed.

Ms. Krotoski also explained that MacLeod Watts' report provided the results of the June 30, 2017 actuarial funding valuation of other post-employment benefit (OPEB) liability for RWA. The valuation report calculates the actuarial determined contribution ("ADC") for FY19 and FY20, including the explicit and implicit portion. The 7.0% discount rate for valuation is the same as 2015 and is equivalent to a 5.75% discount rate for the explicit portion only. This 7.0% discount rate includes a .28% buffer for adverse conditions. The discount rate assumes funding of both the explicit and implicit ADC. Ms. Krotoski emphasized that the rate is not a guaranteed rate but a long-term expected rate of return. Highlights of the valuation report include continued investment in CERBT Strategy 1, adding the legislative advocacy position, higher future health care costs and refinement of future retirement dates. RWA has fully funded the explicit subsidy and continues to fund the implicit subsidy. RWA's combined actuarially determined contribution is approximately \$85,000, but can offset this contribution by approximately \$26,600 in higher implicit active health care premiums paid, for a net cash requirement of \$58,400 for FY19. This cash payment is less than the OPEB budget of \$83,000.

M/S/C Mr. Greenwood moved, with a second by Mr. Madison, to approve changes to Policy 500.10 Other Post-Employment Benefits (OPEB) Funding Policy. The motion carried by the unanimous voice vote of all directors present.

6. RWA JULY 2017 OTHER POST-EMPLOYMENT BENEFITS (OPEB) AND ACTUARIAL REPORT ON RETIREE BENEFITS

Mr. Woodling said that Ms. Krotoski highlighted the MacLeod Watts actuarial valuation report in agenda item 5. There was discussion on what the options are for retiree health payments including if RWA has an obligation to pay the excise tax on high cost plans for retirees. Mr. Woodling indicated that RWA has hired a human resource consultant to update employee manuals and review employment benefits.

The following information was not discussed during the meeting but was part of the board packet of information available prior to the meeting and included for reference.

MacLeod Watts (“MacLeod”) is also working on an additional report for compliance with the Governmental Accounting Standards Board Statement No. 75 (GASB 75), Accounting and Financial Reporting for Postemployment Benefits Other than Pensions. RWA needs this additional GASB 75 report to estimate the OPEB accounting liability for financial statement reporting for the year ending June 30, 2018. The GASB 75 report uses shorter time periods to amortize assumption and gain/loss differences of the plan. Because the basis for the GASB 75 OPEB liability calculation is different than the funding methodology, a separate report is required.

EXECUTIVE SUMMARY

Similar to the July 1, 2015 valuation, the report reflects the valuation of two distinct types of OPEB liability: the explicit and implicit liability. The explicit liability represents the actual cost of expected health care premiums for retirees and future retirees.

The implicit liability exists when the health care premiums charged for retiree coverage is lower than the expected retiree claims for that coverage. Since RWA’s pays the same health care premiums for active employees and retirees, a subsidy of retiree benefits paid by active premiums is implicit.

MacLeod used the results of the July 31, 2017 valuation as a basis to calculate the actuarial determined contributions¹ (“ADC”) for the fiscal years ending June 30, 2019 and 2020. The actuarial accrued liability and plan assets as of June 30, 2017 are as follows:

Subsidy	Explicit	Implicit	Total
Discount Rate	7.00%	7.00%	7.00%
Actuarial Accrued Liability	\$ 863,611	\$ 209,912	\$ 1,073,523
Actuarial Value of Assets	954,941	26,088	981,029
Unfunded Actuarial Accrued Liability	(91,330)	183,824	92,494
Funded Ratio	110.6%	12.4%	91.4%

The valuation report provides the detailed information in deriving the actuarially determined contributions for both the years ending June 30, 2019 and 2020. The following tables summarize the contributions for the next two fiscal years. RWA’s approved FY19 budget has sufficient budget funding to pay for the cash required for FY19.

¹ Prior report valuations referred to this contribution as the actuarial required contributions.

For FYE 2019	Explicit	Implicit	Total
Normal Cost	\$52,835	\$ 13,400	\$66,235
Amortization of UAAL	(10,546)	23,729	13,183
Interest to fiscal year end	2,960	2,599	5,559
Actuarially Determined Contribution for FY19	45,249	39,728	84,977
Less: Implicit subsidy credit paid in health premiums		(26,552)	(26,552)
Total Cash required for FY19	\$45,249	\$ 13,176	\$58,425
OPEB Budget FY19			\$83,201

For FYE 2020	Explicit	Implicit	Total
Normal Cost	\$54,552	\$ 13,836	\$68,388
Amortization of UAAL	(10,546)	24,030	13,484
Interest to fiscal year end	3,080	2,651	5,731
Actuarially Determined Contribution for FY20	47,086	40,517	87,603
Less: Implicit subsidy credit paid in health premiums		(30,778)	(30,778)
Total Cash required for FY20	\$47,086	\$ 9,739	\$56,825
OPEB Estimated FY20			\$88,193

The report determines the subsidy credit that RWA can apply towards funding the ADC. The implicit subsidy credit is paid through the regular health care premiums and reduces the cash contribution required for the OPEB trust.

AMORTIZATION OF THE ACTUARIAL ACCRUED UNFUNDED LIABILITY

This valuation report reflects a change to how RWA amortizes its unfunded liability and amortizes the liability over a closed 10 year basis. RWA has been using an open basis over a 10 year time period. An open period resets the 10 year amortization every time the valuation is determined². A closed period amortizes the unfunded liability over a closed 10 years and in theory, would be fully funded after 10 years if no other changes occur and all valuation assumptions are met 100% of the time. This change was incorporated to align with GASB 75.

DISCOUNT RATE

The attached July 1, 2017 draft report using a 7.0% discount rate was used to determine liabilities for the California Employers' Retiree Benefit Trust (CERBT)

²For example, a \$10,000 unfunded liability in 2015 would amortize \$2,000 per year over ten years until the new valuation in 2017. In 2017, the balance of \$8,000 (\$10,000 less \$2,000 (2016) and \$2,000 (2017), would again be reset for 10 years, so that the annual amortization would be \$800.

Asset Allocation Strategy 1, which is similar to the rate used for the July 1, 2015 actuarial report. This rate is not a guarantee of future investment performance but rather reflects the expected long-term rate of return. The official CERBT expected discount rate for Strategy 1 is 7.28%. RWA chose a lower discount rate to determine liabilities so as to incorporate a margin for adverse deviations from projected assumptions.

MacLeod has indicated that if RWA were to use a 7.0% discount rate for both the implicit and explicit liability for this valuation, it is roughly equivalent to a 5.75% discount rate to value the explicit liability only³. If CalPERS maintains its current methodology of allocating health premiums across all participants without consideration to age, then RWA likely won't use its implicit portion of the trust fund. Based upon the discount rate equivalency, RWA can consider maintaining the 7.0% discount rate for this valuation report.

INVESTMENT STRATEGY

RWA has invested its assets in CERBT Strategy 1 which is considered the most aggressive investment strategy. The actuarially determined contribution and projected actuarial accrued liability are based also upon the investment strategy which helps drive the discount rate. Prior Executive Committee decisions had included to use a more aggressive strategy (Strategy 1) and buffer the risk of the strategy by reducing the discount rate. RWA has been fortunate in that funding of the trust began when the market was at a low point and has since experienced investment growth. According to CERBT, RWA experienced an approximate 10% average annualized rate of return from June 8, 2009 until November 30, 2017.⁴

FUNDING

In determining OPEB liabilities, another assumption to consider is the likelihood of funding the actuarial determined contribution. RWA has historically made the annual contributions as calculated by the actuary. RWA does have a policy in place that indicates the board's intent to fund the annual contribution, subject to annual approval in the budget. As previously mentioned, RWA did approve an annual OPEB contribution in the FY19 budget.

If the CalPERS medical program continues indefinitely in its current form (i.e. blended premium rates for active employees and pre-Medicare retirees) and RWA continues to participate in this program, RWA could expect that the implicit liability will result in zero future cash outlay since the additional costs for retirees each year is covered by an equal and offsetting amount of higher total premium cost for active employees than would have incurred if the actives were insured separately. With the actuaries' guidance, RWA will monitor the future implicit and explicit liability to watch for an overfunded status.

³ See page 9 of MacLeod's draft valuation report.

⁴ Markets have since been much more volatile and the average annualized rate of return could have likely declined.

It's important to recognize that while RWA has the intent to pay for the unfunded liabilities, the amounts will change from year to year and could increase due to experience not matching assumptions.

M/S/C Ms. Tobin moved, with a second by Mr. Madison, to 1) approve using the 7.0% discount rate for the RWA July 2017 OPEB Actuarial Report, 2) Continue using the CERBT, investing in Strategy 1, 3) continue funding the actuarial determined contribution, and 4) approve of RWA July 2017 Actuarial Valuation: Determination Other Post-Employment Benefits (OPEB) Funding Contributions. The motions carried by the unanimous voice vote of all directors present with the exception of Ms. Henrici, Rio Linda/Elverta Community Water District who abstained.

7. ARB IRWM PLAN

Mr. Woodling said that the 2018 Update to the American River Basin Integrated Regional Water Management Plan (ARB IRWM Plan) is complete. RWA released a Public Draft of the 2018 ARB IRWM Plan for public comment on April 23, 2018, and comments were due by May 25, 2018. Comments were addressed by RWA and its consultant, Stantec, and the ARB IRWM Plan is now ready for consideration of adoption by the RWA Board.

Rob Swartz, Manager of Technical Services, summarized the 2018 update process. Over the past year there have been four public workshops with participation from over 30 agencies representing a range of interests. Highlights of the changes from the 2013 ARB IRWMP included updated ARB Region boundaries, added elements associated with the Sustainable Groundwater Management Act and the Storm Water Resource Planning Act, an updated description of climate change vulnerabilities and resiliency and adaptation strategies, updated principles, goals, objectives and strategies and a comprehensive update of projects.

The Stormwater Resources Planning Act of 2014 required the development of Stormwater Resource Plans (SRP) by public agencies. Relative to the ARB IRWM region, two SRPs were developed. One SRP, the ARB SRP, was developed to fully encompass the ARB IRWM region. A second SRP was prepared for the West Slope of El Dorado County. The West Slope SRP includes a portion of the ARB IRWM region in the El Dorado Hills vicinity. Both SRPs closely coordinated with RWA as they were being prepared. Each SRP has been completed. Upon completion, the SRP is to be submitted to the respective regional water management group (RWMG), which is RWA. The RWMG is to then incorporate the SRP into the IRWM Plan. Staff is requesting that the RWA Board consider adoption of the 2018 Update to the ARB IRWM Plan and incorporation of the ARB SRP and West Slope SRP into the plan.

The American River Basin Integrated Regional Water Management Plan 2018 Update was given to the board members at the meeting. An electronic copy of the 2018 ARB IRWM Plan is available at <http://rwah2o.org/programs/integrated->

[regional-water-management/american-river-basin-irwmp-2018-update/](#). This update will enable the region to pursue Proposition 1 IRWM implementation grant opportunities in late-2018.

M/S/C Mr. Peifer moved, with a second by Ms. Tobin, to adopt Resolution 18-01 to Approve the Updated ARB IRWM Plan and Incorporate Storm Water Resource Plan. The motions carried by the unanimous voice vote of all directors present.

8. LEGISLATIVE UPDATE

John Woodling said that the California Legislature will recess from July 6 to August 6, 2018. Staff is currently working with SACOG and their aerial imagery project to ascertain what the landscape is for each agency service area. He updated the board on the status of legislation that staff is tracking. SB 623 would establish funding for safe drinking water in disadvantaged communities and SB 998 would place limitations on a water supplier's ability to shut off service for non-payment.

There was discussion on the possible impact of AB 2050, the Small System Water Authority Act of 2018. A problem is created when small water systems are 25 or more miles apart and can't be effectively consolidated. There are additional funding opportunities for our region with Prop 68.

9. EXECUTIVE DIRECTOR'S REPORT

Grants Update – RWA staff is currently managing five grant awards totaling \$30.3 million. Over the past quarter, nearly \$2.3 million in grant reimbursements have been received. This brings the total reimbursement to date from these five grants to \$19.3 million.

Water Efficiency Update – The water use update for May 2018 was included in the packet. Water use continues to be significantly below that recorded in 2013, and is tracking at similar levels to last year at this time. RWA staff developed information that will help water provider staff communicate to the public regarding the recently passed water efficiency legislation, SB 606 and AB 1668.

There is a regionally coordinated water transfer effort with San Juan Water District, Carmichael Water District and the City of Sacramento surface water. In addition Sacramento Suburban Water District, Fair Oaks Water District and Citrus Heights Water District are currently pumping groundwater as a part of the transfer.

RWA Outreach – Mr. Woodling was a speaker at the Groundwater Resources Association's GSA Summit on June 6, 2018 and at *An Uncommon Dialogue* on managing groundwater quality under SGMA hosted by Stanford University's Water in the West Program on June 11, 2018. In addition to chairing the ACWA Groundwater Committee and serving on the State Legislative Committee, Mr. Woodling is representing ACWA Region 4 on the selection panel for ACWA's next executive director.

Powerhouse Science Center Update – The Powerhouse Science Center held its official groundbreaking ceremony on May 31, 2018. Chair Marcus Yasutake represented RWA. Staff is meeting with Powerhouse staff to discuss the development of our two exhibits.

RWA Update – Staff and RWA’s public relations consultant are producing a quarterly update highlighting RWA activities. The document is designed to be suitable for distribution to member agency boards of directors. The July edition will be distributed soon.

SGA Anniversary – The Sacramento Groundwater Authority will celebrate its 20th anniversary with a luncheon event on October 18, 2018 at the North Ridge Country Club.

Financial Reports – The RWA financial reports through April 30, 2018 were included in the packet.

10. DIRECTORS’ COMMENTS

Mr. Foster said that on July 30th and 31st California American Water will be hosting a public participation hearing at the Fruitridge Community Center to outline the next steps towards the acquisition of Fruitridge Vista Water into California American Water.

Mr. Bigley said that the City of Roseville is undertaking a groundwater strategic plan to take a look at their infrastructure. They are looking at scenarios to develop new infrastructure in a way that provides full coverage within the city limits. They have started the process of implementing their active maintenance program for their well infrastructure with a monthly rotation schedule.

Mr. Straus gave a brief update on the Citrus Heights Water District meter replacement program. There is a technical group meeting on July 26th at the Fair Oaks Water District office. The Request for Proposal will be out on August 22nd for the advanced planning study to look at what the feasibility is for long term integration with other consortium members.

Mr. Greenwood said that Carmichael Water District will participate in regional water transfers. He thanked Mr. Woodling for the many accomplishments that RWA has made in the past few years with him at the helm.

Mr. Madison said that the Elk Grove Water District’s Urban Water Management Plan updates are right around the corner. It is apparent that when the next update is due it will be necessary to do a climate change study as part of the update. He encouraged the RWA Executive Committee to consider doing a regional climate change review that could be included in individual agency packages.

Ms. Tobin thanked Mr. Woodling for all he does in his role as Executive Director and she thanked Mr. Swartz for his work and assistance to the San Juan Water District.

Ms. Henrici reported that Rio Linda/Elverta Community Water District is planning a series of Strategic Planning meetings as part of the Strategic Plan Review of their district.

Mr. Duran announced that Mr. Schaeffer has resigned. Jim Lemley is the newest Orange Vale Water District board member and will be the RWA representative.

Vice Chair Schubert said that he had a message to convey to the board from Chair Yasutake reminding all board members to complete the Executive Director Evaluation survey. Hard copies are available upon request.

Adjournment

With no further business to come before the Board, Vice Chair Schubert adjourned the meeting at 10:05 a.m.

By:

Chairperson

Attest:

Nancy Marrier, Board Secretary / Treasurer

AGENDA ITEM 4a: EXECUTIVE COMMITTEE REPORT AND RECOMMENDATIONS

Information: Final minutes of the June 27, 2018 and July 25, 2018 Executive Committee meetings and draft minutes from the August 22, 2018 Executive Committee meeting

1. CALL TO ORDER

Chair Yasutake called the meeting of the Executive Committee to order at 8:00 a.m. Individuals in attendance are listed below:

Executive Committee Members

Ron Greenwood, Carmichael Water District
Marcus Yasutake, City of Folsom
Jim Peifer, City of Sacramento
Debra Sedwick, Del Paso Manor Water District
Paul Schubert, Golden State Water Company
Robert Dugan, Placer County Water Agency
Kerry Schmitz, Sacramento County Water Agency
Dan York, Sacramento Suburban Water District
Pam Tobin, San Juan Water District

Staff Members

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

Others in Attendance

Mark Emmerson, Kelye McKinney and Charles Duncan, Nicole Krotoski participated via conference phone

2. PUBLIC COMMENT

Mark Emmerson, Carmichael Water District, presented information regarding license fees that are currently being charged by the drinking water program. There was a proposal that was accepted and passed by the State Water Resources Control Board (SWRCB) to restructure how drinking water fees are calculated. The fee is currently based upon connections. For a large number of agencies the fees went up. The SWRCB has been requested to provide data to ascertain where the fees are going, making them more accountable and efficient. He is interested in sending a Request for Public Records to the SWRCB to obtain data from their District Activity Reporting and Time (DART) keeping system. He requested RWA's support for the effort suggesting that if RWA submitted a Request for Public Records that it might carry more weight than a single person or agency. After discussion, it was suggested that a conversation with SWRCB may be more beneficial in requesting the documents informally before a Request for Public Records is sent.

3. CONSENT CALENDAR

The minutes from the Executive Committee meeting held May 23, 2018.

Motion/Second/Carried (M/S/C) Mr. Greenwood moved, with a second by Ms. Tobin to approve the minutes from the May 23, 2018 Executive Committee meeting. The motion carried by the unanimous voice vote of all directors present.

4. AGREEMENT FOR HUMAN RESOURCES SERVICES

John Woodling, Executive Director, said that a Request for Proposals for Professional Human Resources Services was mailed to eight firms on April 19, 2018. The due date for proposals was May 18, 2018. A single proposal was received from Regional Government Services Authority.

The selection committee included John Woodling, RWA Executive Director and Susan Sohal, Administrative Services Manager, Citrus Heights Water District.

The committee recommends that Regional Government Services Authority be retained to provide professional human resources services, with a provision that requires the Executive Committee to approve the contract renewal annually. Consultant services will be defined in one or more task orders. The first year contract is not expected to exceed \$40,000 which was approved in the budget. The entire Consultant contract should not exceed the Executive Committee's authority of \$150,000 for approval of contract. The Consultant will begin July 1, 2018.

Updating the RWA's employee handbook to comply with current state and federal laws will be the first order of business for the Consultant. The Consultant will provide support for the Executive Director's evaluation process facilitating compensation discussions and compensation studies for the Executive Director; support RWA staff and Board in recruitment, hiring, and onboarding of new staff; evaluate organizational needs and make succession planning recommendations; assist in updating the employee compensation policy; assist in consideration of alternatives for merit based bonus program(s) and evaluate alternatives for employee and retiree health benefits and/or retiree health benefit vesting schedule to reduce long-term costs. The Consultant will provide on-call support on human resources questions and other projects and tasks as necessary and mutually agreed upon, under the direction of the Executive Director or Finance and Administrative Services Manager.

M/S/C Ms. Tobin moved, with a second by Mr. Dugan, to approve the Master Service Agreement for Human Resources Services with Regional Government Services Authority for a not-to-exceed amount of \$40,000 for FY 2019, with a provision that staff brings the contract back annually for approval. The motion carried by the unanimous voice vote of all directors present.

5. OTHER POST-EMPLOYMENT BENEFITS (OPEB) FUNDING POLICY

John Woodling said that with the impending adoption of Governmental Accounting Standards Board Statement No. 75, Accounting and Financial Reporting for Post-Employment Benefits Other Than Pensions (“GASB 75”), RWA’s Other Post Employment Benefit (OPEB) funding policy needed changing to reflect alignment. He indicated that the modifications did reflect the funding practices RWA had previously adopted.

Nicole Krotoski, CPA, said that terminology changes occurred because the OPEB standards have changed, such as the actuarially determined contribution (ADC) replacing the term actuarially required contribution (ARC). RWA had previously made the policy decision to fund this OPEB liability. Ms. Krotoski highlighted some of the other changes to the policy. The amortization of the unfunded liability was changed from an open 10 year amortization, to a closed 10 year amortization. A closed 10 year period amortizes the unfunded liability over a finite period whereas as the open 10 year period was continually re-set at 10 years every time a new valuation was conducted. Another change now includes the implicit and explicit subsidy liability that had been implemented in the prior valuation. The policy does give RWA some flexibility in funding the implicit subsidy if the expected value of assets exceeds the expected costs of future benefits that includes future employee service. Lastly, the policy outlines that RWA may modify the discount rate to provide for a margin for adverse deviation.

Mr. Woodling explained the difference between the implicit and explicit liability subsidy. The explicit subsidy is the actual health premiums required for retirees. The implicit subsidy results when health care premiums for retirees don’t necessarily cover the expected costs of the retirees’ health care use. This subsidy occurs when premiums are blended rates across all age groups of both active and retired employees, such as with the CalPERS Health Plans. If the CalPERS medical program continues indefinitely in its current form (i.e. blended premium rates for active employees and pre-Medicare retirees) and RWA continues to participate in this program, RWA could expect that the implicit liability will result in zero future cash outlay since the additional costs for retirees each year is covered by an equal and offsetting amount of higher total premium cost for active employees than would have incurred if the actives were insured separately. With the actuaries’ guidance, RWA will monitor the future implicit and explicit liability to watch for an overfunded status.

It was noted in the last sentence of the second paragraph in the final policy 500.10 the word allocated should be changed to allocate.

M/S/C Mr. Schubert moved, with a second by Ms. Sedwick, to recommend RWA Board approval of Changes to Policy 500.10 Other Post-Employment Benefits (OPEB) Funding Policy with the noted change. The motion carried by the unanimous voice vote of all directors present.

6. RWA JULY 2017 OTHER POST-EMPLOYMENT BENEFITS (OPEB) AND ACTUARIAL REPORT ON RETIREE BENEFITS

John Woodling explained that MacLeod Watts (formerly Bickmore) has provided a draft biennial actuarial valuation of the Regional Water Authority's Other Post Employment Benefit (OPEB) obligation in compliance with California Employers' Retiree Benefit Trust (CERBT) Fund. This report calculates the actuarial determined contribution ("ADC") for the fiscal years ending June 30, 2019 and 2020. The ADC is similar to the annual required contribution ("ARC") from previous reports. The ADC determines annual funding levels based upon a set of assumptions.

The July 1, 2017 draft report used a 7.0% discount rate to determine liabilities which is similar to the rate used for the July 1, 2015 actuarial report. RWA has invested its assets in the California Employers' Retiree Benefit Trust (CERBT) Asset Allocation Strategy 1 which is considered the most aggressive investment strategy. The official CERBT expected discount rate for Strategy 1 is 7.28%. RWA chose a lower discount rate to determine liabilities so as to incorporate a margin for adverse deviations from projected assumptions. RWA did consider a 6.75% discount rate. MacLeod has indicated that if RWA were to continue to use a 7.0% discount rate for both the implicit and explicit liability, it is roughly equivalent to a 5.75% discount rate to value the explicit liability only. If CalPERS maintains its current methodology of allocating health premiums across all participants without consideration to age, then RWA likely won't use its implicit portion of the trust fund. Based upon the discount rate equivalency, RWA can consider maintaining the 7.0% discount rate. With the actuaries' guidance, RWA will monitor the future implicit and explicit liability to watch for an overfunded status.

In determining OPEB liabilities, another assumption to consider is the likelihood of funding the actuarial determined contribution. RWA has a policy to fund the OPEB liability and has historically made the annual contributions as calculated by the actuary, subject to annual approval in the budget. The valuation report reflects a cash ADC for FY19 of approximately \$58,400 which is within the approved budget of \$83,200. The \$58,400 will fund both the implicit and explicit subsidy.

Mr. Woodling also mentioned that MacLeod is also working on an additional report for compliance with the Governmental Accounting Standards Board Statement No. 75 (GASB 75), Accounting and Financial Reporting for Postemployment Benefits Other than Pensions. RWA needs this additional GASB 75 report to estimate the OPEB accounting liability for financial statement reporting for the year ending June 30, 2018.

M/S/C Ms. Sedwick moved, with a second by Mr. Schubert, to recommend RWA Full Board Approval using the 7.0% discount rate for the RWA July 2017 OPEB and Actuarial Report on GASB 75 retiree benefits. Continue using the CERBT, investing in Strategy 1. Continue funding the actuarial determined contribution and to recommend RWA Full Board Approval of RWA July 2017 Other Post-Employment Benefits (OPEB) and Actuarial Report on Retiree Benefits. The motion carried by the unanimous voice vote of all directors present.

7. SUBCOMMITTEE UPDATES

Robert Dugan, Membership Subcommittee Chair, reported that the subcommittee has a second meeting scheduled for July 9, 2018 to finalize their list of agencies to approach for recruitment for RWA membership. The next step will be to match up RWA members with contacts for potential agencies. The Membership Subcommittee includes Mr. Yasutake, Mr. York and Ms. Tobin.

Kerry Schmitz, Conference Subcommittee Chair, said that information received from the survey that was sent out has been taken into consideration when determining future event topics. The next events will focus on Water Efficiency Standards and a Delta Update. The Subcommittee will be meeting to determine logistics of the next event, including the audience and speakers for each topic. Ms. Schmitz plans to meet with Amy Talbot on the Water Efficiency Standards topic.

8. INTEGRATED REGIONAL WATER MANAGEMENT PLAN UPDATE

Rob Swartz, Manager of Technical Services, gave an update on the American River Basin Integrated Regional Water Management (IRWM) Plan saying that it is nearing completion. The comment period closed on May 25, 2018 and staff continues to address final comments. Stantec will finalize pdf forms of each of the sections that will be uploaded to the RWA website by July 3rd in advance of the July 12th RWA Board meeting packet. An overview document will be included in the RWA Board packet for review prior to the meeting. Staff will provide a brief update on the process to adopt the IRWM Plan at the July 12, 2018 RWA Board meeting. Staff will also provide an overview on the requirement to incorporate Storm Water Resource Plans into the IRWM Plan. When the resolution is adopted, it will include the update for the 2018 IRWMP and incorporate the American River Basin Storm Water Resource Plan and the El Dorado County – West Slope Storm Water Resource Plan. The Storm Water Resource Plans will be posted on the RWA website when available. After adoption of the resolution, staff will submit the updated IRWM Plan to the state for their review. The updated schedule for the Prop 1 Implementation Grants appears to be later in the fall. We should be in position for full compliance and funding. There is also funding available for Storm Water Projects in Prop 1. The action to adopt the resolution will go before the full RWA Board as they have been approved as the Regional Water Management Group by DWR.

9. RWA JULY 12, 2018 BOARD MEETING

Chair Yasutake said that he will be unable to attend the July 12th RWA Board meeting. Vice Chair Shubert will chair the meeting in his absence.

After discussion it was suggested to move agenda item 7, LEGISLATIVE UPDATE, to item 8 and agenda item 8, ARB IRWM PLAN, to item 7.

M/S/C Mr. Schubert moved, with a second by Mr. Peifer, to approve the Agenda for the July 12, 2018 meeting of the RWA Board of Directors with the suggestion noted above. The motion carried by the unanimous voice vote of all directors present.

10. EXECUTIVE DIRECTOR'S REPORT

John Woodling gave an oral report on legislative issues. The attempt to get the water tax passed through a trailer bill failed and it doesn't seem to be making progress. The goal of AB 2649 is to make it easier for agencies to take surface water to recharge groundwater. Mr. Woodling is chair of the ACWA Groundwater committee. AWCA has a board level policy position that groundwater recharge should be a beneficial use of water. The bill is trying to streamline the permitting process for recharge projects during times of high stream flows and extend the time period for agencies that do put water in the ground to take it back out of storage. Ryan Bezerra, legal counsel, said that the State Board is trying to streamline the permitting process authoring new legislative text that was amended into the bill. It now appears to be essentially a brand new bill written by State Board that will require many amendments. The Senate Natural Resource and Water Committee directed their staff to review the bill over the summer recess.

There was discussion on SB 998, the discontinuation of residential water service: urban and community water systems. For agencies that have a shut off policy, this bill will be a law without much effect. The City of Sacramento has a shut off policy and their issue is the cost of reconnection. The legislation does not allow for the full recovery of the reconnection costs.

11. DIRECTORS' COMMENTS

Ms. Sedwick said that Del Paso Manor Water District Board passed a 33% rate increase, approved a budget and a resolution to refinance bonds. She said that the success of passing the rate increase was due to extensive outreach.

Mr. York reported that Sacramento Suburban Water District Board appointed Kathleen McPherson as new Director for Division 2. When approved Ms. McPherson will also be an alternate representative on the SGA.

Ms. Schmitz said that the Sacramento County Water Agency Board has kicked off the Prop 218 process for their next rate increase.

Mr. Dugan reported that for many reasons a resolution has been passed dissolving the JPA for the Auburn Dam Project effective July 2, 2018. As of Monday, he will be the Vice President of Advocacy and Public Affairs for the Associated General Contractors of California overseeing their advocacy campaigns, public policy, and labor relations activities.

ADJOURNMENT

With no further business to come before the Executive Committee, Chair Yasutake adjourned the meeting at 10:25 a.m.

By:

Chairperson

Attest:

Nancy Marrier, Board Secretary / Treasurer

1. CALL TO ORDER

Chair Yasutake called the meeting of the Executive Committee to order at 8:00 a.m. Individuals in attendance are listed below:

Executive Committee Members

Marcus Yasutake, City of Folsom
Debra Sedwick, Del Paso Manor Water District
Paul Schubert, Golden State Water Company
Robert Dugan, Placer County Water Agency
Kerry Schmitz, Sacramento County Water Agency
Dan York, Sacramento Suburban Water District
Pam Tobin, San Juan Water District

Staff Members

John Woodling, Nancy Marrier and Cecilia Partridge

Others in Attendance

Kelye McKinney, Charles Duncan and Matt Wheeler

2. PUBLIC COMMENT

None.

3. CONSENT CALENDAR

The minutes from the Executive Committee meeting held June 27, 2018.

Motion/Second/Carried (M/S/C) Ms. Sedwick moved, with a second by Mr. Dugan, to approve the minutes from the June 27, 2018 Executive Committee meeting. The motion carried by the unanimous voice vote of all directors present.

4. UPDATE OF POLICY 400.2 EMPLOYEE COMPENSATION

John Woodling, Executive Director, said that RWA conducted a compensation survey in 2017, which was approved by the Executive Committee consistent with Policy 400.2. Proposed salary schedules derived from the compensation survey were very contentious when considered for approval by the RWA Board. Both the proposed salaries and the methodology of the compensation survey were questioned by a few RWA members. After modification and an additional discussion at the Executive Committee, the salary schedules were approved by the

Board in November 2017. The Executive Committee agreed to revisit Policy 400.2 and consider changes to the process for compensation surveys in the future.

Mr. Woodling gave a review of the 2017 compensation and salary setting process. 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. The compensation practices of the Authority will be competitive within the industry and geographical area to attract the most qualified candidates and to minimize turnover of its employees. Once the labor budget has been approved, the Executive Director may determine at his or her discretion how to apply any approved increase to each employee's existing salary. The Executive Director shall recommend salary ranges for all employment positions with the Authority, with the exception of the Executive Director position, subject to review and approval by the Board of Directors.

RWA's job classifications and the salary range for each classification are set forth in Exhibit A to Policy 400.2. The Executive Committee will generally conduct a compensation survey at least every five years to ensure that the total compensation offered by the Authority, including salaries, wages and benefits, is consistent with this Policy. The Authority job descriptions have been updated and revised to ensure they are accurate and up to date. The same agencies were surveyed as in 2012 with the salary and benefit data collected for Authority classifications and calculated at the labor market mean and 62.5th percentile.

The data elements include entry and top step salary, PERS pick-up at the latest Classic tier, agency deferred compensation contribution, longevity at year 10 with agency contribution to health, dental and vision with the amount of the employer's cost of CalPERS is paid by the employee, the date and amount of COLA, retirement practices, retiree health benefits and paid leave benefits.

It is beneficial for the Executive Committee to update the policy to show the full board that the Executive Committee is responding to their questions. When presenting to the full board it should be clarified that the Executive Committee makes the decision when to engage a consultant for the purpose of a compensation study and provides the general scope of comparisons. The Executive Director takes the data provided by the consultant and recommends salary ranges and makes employee salary decisions. Compensation presentations to the board should include total compensation of all employee benefits. It was suggested that the Executive Committee agendaize and discuss this every year as a reminder of previous decisions and discussions to attempt to anticipate questions when presented to the full board.

Chair Yasutake reiterated that there were three points that need clarification for the full board: 1) comparison agencies used for the compensation survey; 2) is the 62.5% percentile the correct percentage to use and 3) the comparative classifications. The full board needs to understand the rationale for the data presented, what data is collected and how it is used.

The Executive Director will prepare a new draft presentation for discussion of the RWA compensation policy at the August Executive Committee meeting.

5. SUBCOMMITTEE UPDATES

The Conference Subcommittee is planning an event in spring of 2019 that will cover implementation of new water efficiency legislation. The subcommittee will meet in September to work on planning for the water efficiency event that will focus on the new legislation, the developing regulations and data and an update on where we are as a region. The committee will be looking at venues to accommodate the expected event participation. The Conference Subcommittee is planning a Delta update workshop that will follow the November Board meeting.

The Membership Subcommittee met on July 9th to strategize outreach activities to potential members, associates, and affiliates. The Subcommittee will meet to scale down the action items and focus on who best to make contacts of the agencies seen as high value targets. Mr. Dugan asked to step down as subcommittee chair and requested that Ms. Tobin assume the position of Membership Subcommittee Chair, which she agreed to do. Ms. Tobin and Mr. Greenwood will reach out to Placer Board of Realtors and El Dorado County Board of Realtors to determine their interest in joining RWA as affiliate members.

Mr. Schubert said that in a recent meeting with the City of Rancho Cordova the question was asked if RWA could be involved with educating nurseries about the proper drought resistant turf to recommend for use. The Water Efficiency Program will be asked to determine different conservation friendly alternatives and make the information available online.

6. EXECUTIVE DIRECTOR'S REPORT

John Woodling gave an oral report on legislative issues. The attempt to get the water tax passed through a trailer bill failed and it doesn't seem to be making progress. The goal of AB 2649 is to make it easier for agencies to take surface water to recharge groundwater. Mr. Woodling is chair of the ACWA Groundwater committee. ACWA has a board level policy position that groundwater recharge should be a beneficial use of water. The bill is trying to streamline the permitting process for recharge projects during times of high stream flows and extend the time period for agencies that do put water in the ground to take it back out of storage. It now appears to be essentially a brand new bill written by the State Board that will require many amendments. The Senate Natural Resource and Water Committee directed their staff to review the bill over the summer recess.

SB 998 outlines the discontinuation of residential water service in urban and community water systems. For agencies that have a shut off policy, this bill will be a law without much effect. The City of Sacramento has a shut off policy and their issue is the cost of reconnection. The legislation does not allow for the full recovery of the reconnection costs.

7. DIRECTORS' COMMENTS

Ms. Schmitz reported that Dave Underwood will be a new principal engineer with Sacramento County Water Agency. Mr. Underwood will no longer represent Fair Oaks Water District on the RWA Board of Directors.

Ms. Sedwick thanked staff and Ms. Krotoski for the presentation on OPEB at the last RWA board meeting.

Ms. Tobin said that San Juan Water District is planning an open house on October 6th. The event will include representation from different agencies. Ms. Tobin invited RWA to contact the district for more information on participation.

Chair Yasutake thanked Vice Chair Schubert for chairing the July RWA board meeting for him. Elaine Andersen has been promoted to City Manager for the City of Folsom. Ms. Andersen appointed Jim Francis as Assistant City Manager.

ADJOURNMENT

With no further business to come before the Executive Committee, Chair Yasutake adjourned the meeting at 9:50 a.m.

By:

Chairperson

Attest:

Nancy Marrier, Board Secretary / Treasurer

1. CALL TO ORDER

Chair Yasutake 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
Debra Sedwick, Del Paso Manor Water District
Paul Schubert, Golden State Water Company
Robert Dugan, Placer County Water Agency
Kerry Schmitz, Sacramento County Water Agency
Dan York, Sacramento Suburban Water District
Pam Tobin, San Juan Water District

Staff Members

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

2. PUBLIC COMMENT

None.

3. CONSENT CALENDAR

The minutes from the Executive Committee meeting held July 12, 2018.

It was noted that under the Executive Director's Report in the first paragraph on the fifth line "ACWA" was corrected and the sentence at the end of line eight beginning "Ryan Bezerra, legal counsel" should be deleted.

Motion/Second/Carried (M/S/C) Ms. Sedwick moved, with a second by Mr. York, to approve the minutes from the June 27, 2018 Executive Committee meeting with the noted changes. The motion carried by the unanimous voice vote of all directors present.

4. DESIGNATE FUNDS FROM FY2018

In fiscal year 2018 RWA budgeted \$20,000 for the office move. In lieu of moving, RWA renegotiated the lease on the Birdcage building space. RWA has spent approximately \$6,000 on improvements to the conference room. Staff is requesting to designate the remaining funds for further improvements in fiscal year 2019.

M/S/C Mr. Dugan moved, with a second by Ms. Schmitz, to designate \$14,000 from FY2018 from office move funds for future improvements in FY2019. The motion carried by the unanimous voice vote of all directors present.

5. UPDATE OF POLICY 400.2 EMPLOYEE COMPENSATION

RWA conducted a compensation survey in 2017 which was approved by the Executive Committee consistent with Policy 400.2. Proposed salary schedules derived from the compensation survey were very contentious when considered for approval by the RWA Board. Both the proposed salaries and the methodology of the compensation survey were questioned by a few RWA members. After modification and an additional discussion at the Executive Committee, the salary schedules were approved by the Board in November 2017. The Executive Committee agreed to revisit Policy 400.2 and consider changes to the process for compensation surveys in the future.

After discussion at the July Executive Committee meeting suggested amendments to Policy 400.2, to clarify the compensation survey and compensation setting process were drafted.

When the Executive Committee directs staff to perform a compensation survey, in most cases that will mean hiring a consultant. The Executive Committee will have input on the scope of the survey and they will give feedback. It is the Executive Director's responsibility to take the data and put it into a proposal for updating the pay ranges. The agencies to be surveyed should be determined at the time of the survey, the survey should also be determined position by position, looking at the data set for each position and creating a proposal that is reasonable and that the board can support.

It was decided that compensation surveys for the Executive Director and for staff should be completed separately with the Executive Director having responsibility for the scope of staff surveys with input from the Executive Committee. Mr. Schubert suggested that input on the revised Policy 400.2 be requested from the new RWA human resources (HR) consultant and it should be clear that it is not a salary survey but a compensation survey. It was also noted that compensation and benefits can include value other than cash, such as more flexibility in working hours, etc.

After discussion it was decided that the Executive Director would talk with the HR consultant and bring a revised draft of the Employee Compensation Policy 400.2 to the September Executive Committee meeting. No action was taken at this time.

6. SUBCOMMITTEE UPDATES

The Conference Subcommittee is planning an event in spring of 2019 that will cover implementation of new water efficiency legislation. The subcommittee will meet September 13th to begin work on the details for the water efficiency event. The event will focus around how to implement the water efficiency legislation both locally and at the state level. The data received from the aerial imagery project will provide useful information to use in determining landscape irrigation in the region. Christine Kohn will assist in the planning of the spring event. The committee will be looking at possible venues to accommodate the expected event participation. The subcommittee is planning a lawyer focused Delta Update event that will follow the November Board meeting.

The Membership Subcommittee plans to meet to scale down the action items and focus on who best to make contact with the agencies seen as high value targets. Nevada Irrigation District has been identified as one of the possibilities to contact for membership. Ms. Tobin, Mr. Greenwood and Mr. Woodling will meet September 12th to discuss contacting Placer Board of Realtors and El Dorado County Board of Realtors to determine their interest in joining RWA as affiliate members. Mr. York is tasked with contacting City of Woodland to present the benefits of RWA membership.

Chair Yasutake appointed Paul Selsky as Chair of the 2018 RWA Awards Committee with Kerry Schmitz and Rob Roscoe to assist.

7. RWA SEPTEMBER 13, 2018 BOARD MEETING

Agenda item 5 will be deleted and replaced with an update on the Sites Reservoir Prop 1 Storage Project.

The next Executive Committee meeting scheduled for September 26, 2018 will be rescheduled to Thursday, September 27th at 8:30 a.m. to accommodate an AWCA event.

M/S/C Ms. Tobin moved, with a second by Mr. Greenwood, to approve the Agenda for September 13, 2018 Meeting of the RWA Board of Directors with the noted changes. The motion carried by the unanimous voice vote of all directors present.

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

Title: Executive Director

9. REPORT FROM CLOSED SESSION – EXECUTIVE DIRECTOR’S PERFORMANCE

Chair Yasutake reported that a favorable evaluation for Mr. Woodling was discussed in closed session. A subcommittee for long term succession planning was formed with members Ms. Tobin, Ms. Mattock, Ms. Sedwick and Mr. Schubert to participate with Mr. Yasutake acting as chair.

There was no report from closed session.

10. EXECUTIVE DIRECTOR’S REPORT

Legislative and Regulatory Update – The Legislature returned on August 6th to close out the 2018 session. The highest legislative priority remains the water tax proposal. Proponents are now suggesting a “voluntary” tax, for which water customers could opt out. This is in hope of passing a budget trailer bill on the issue with only a majority vote, rather than the two-thirds required for a tax. This would increase the burden on local water providers, who would not only have to bill, collect, and submit the money to the state, but now keep track of whether individual customers have opted out. The bill is now going to the Assembly Rules Committee chaired by Assemblymember Ken Cooley.

SB 998 (Dodd), concerning discontinuing water service for non-payment, has been amended, but still remains unacceptable to many water providers. Among other problems, the bill would limit the amount that can be charged for reconnection. ACWA has proposed going to a full opposition position, since the author has not been willing to consider many proposed amendments. When the legislative session closes, we will begin the transition of the lobbyist to an RWA core program. This will necessitate the creation of a Legislative Affairs Committee to replace the subscription program committee that previously helped to guide advocacy efforts.

RWA Outreach – The Sacramento Groundwater Authority is celebrating its 20th anniversary this year. A luncheon event recognizing this milestone will be held Thursday, October 18, 2018 at the North Ridge Country Club. More information is available at www.sgah2o.org.

11. DIRECTORS’ COMMENTS

Ms. Tobin said that she and Mr. York will serve on the ACWA Region 4 Board.

Ms. Sedwick said that Del Paso Manor Water District has elections coming up for three positions with seven people running for the seats.

Mr. Greenwood reported that Carmichael Water District is involved with a costly project to replace a water tank that has required an analysis to determine the best vendor to assist with the project. The district is performing a long range risk

analysis of every pipe in their system to determine what type of material the pipe is made of, how long it has been in the ground and how many leaks have been found in the pipe. The data will assist in making future plans to maintain the infrastructure.

Mr. York reported that Sacramento Suburban Water District has four directors up for reelection, all are running unopposed. The Board of Directors has adopted a resolution for a long term water contract.

ADJOURNMENT

With no further business to come before the Executive Committee, Chair Yasutake adjourned the meeting at 10:43 a.m.

By:

Chairperson

Attest:

Nancy Marrier, Board Secretary / Treasurer

**AGENDA ITEM 4b: EXECUTIVE COMMITTEE REPORT AND
RECOMMENDATIONS**

EXECUTIVE COMMITTEE RECOMMENDATION:

Information: Executive Committee report on the Executive Director's performance review

AGENDA ITEM 4c: EXECUTIVE COMMITTEE REPORT AND RECOMMENDATIONS

BACKGROUND:

In fiscal year 2018 budget RWA budgeted \$20,000 for the office move. In lieu of moving, RWA renegotiated the lease on the Birdcage building space. RWA has spent approximately \$6,000 on improvements to the conference room. Staff is requesting to designate the remaining funds for further improvements in fiscal year 2019.

EXECUTIVE COMMITTEE RECOMMENDATION:

Action: Designate \$14,000 from FY2018 from office move funds for future improvements in FY2019

AGENDA ITEM 5: PROPOSITION 1 STORAGE UPDATE

BACKGROUND:

Proposition 1, the water bond passed by the voters in 2014, provided \$2.7 billion to support storage projects having significant public benefits. The California Water Commission was charged with allocating the funding.

In July, the Water Commission announced provisional funding levels for eight of the 12 projects considered (Attachment). Among those identified for funding are two projects in which RWA members are participating. Regional San's South County Ag Recycled Water project is slated to receive \$280 million, and Sites Reservoir is identified for \$816 million. The City of Sacramento and Sacramento County share a seat on the Sites JPA Board, as do the City of Roseville and Placer County Water Agency.

EXECUTIVE COMMITTEE RECOMMENDATION:

Information Presentations: Terrie Mitchell, Sacramento Regional County Sanitation District and Jim Peifer, City of Sacramento Department of Utilities



July 24, 2018

Contact:

Lisa Lien-Mager

(916) 653-9402, lisa.lien-mager@resources.ca.gov

Commission Approves Investing \$2.7 Billion in Eight Water Storage Projects

Proposition 1 Funds Conditionally Committed to Add 4.3 Million Acre-Feet of Storage Capacity

SACRAMENTO – Eight proposed projects that would boost California’s water storage capacity by 4.3 million acre-feet are in line to receive nearly \$2.7 billion in Proposition 1 funding following action today by the California Water Commission.

The Commission approved conditional funding amounts for the projects, which range from expanding existing reservoirs to boosting groundwater storage to building 21st century surface storage facilities. Applicants must complete remaining Proposition 1 requirements, including final permits, environmental documents and commitments for non-Proposition 1 funding, by Jan. 1, 2022, to receive a final funding award from the Commission.

“Today marks a major milestone for the Commission and project applicants,” Commission Chair Armando Quintero said. “After an intensive process, the Commission has concluded that these eight storage projects will ensure the strongest return on the public’s investment. We applaud the applicants for their hard work to get to this point, and we are confident they will use this momentum to do the remaining work needed to secure these crucial investments in California’s water future.”

The Commission also approved requests from three applicants to receive a portion of their funding early to help complete permits and environmental documents. The three projects are Sites Reservoir, Los Vaqueros Reservoir Expansion, and Pacheco Reservoir Expansion. Proposition 1 allows applicants to receive up to 5 percent of their Commission-approved conditional funding amount as early funding.

Moving forward, the Commission will continue meeting with applicants, state agencies and stakeholders to review the status of each project. Once an applicant has obtained all necessary permits, contracts, and documents, the Commission will hold a final funding hearing.

Below is a summary of the Commission-approved Maximum Conditional Eligibility Determination (MCED) and early funding for each project.

Project	Final Expected Return for Public Investment Score	Rank	Commission-Approved Eligible Amount (May 2018)	Applicant Request (May 2018)	Commission MCEd (July 2018)	Early Funding (Portion of MCEd)
Pacheco Reservoir Expansion Project	82	2	\$484,550,000	\$484,550,000	\$484,550,000	\$24,200,000
South County Ag Program	77	2	\$280,530,000	\$280,500,000	\$280,500,000	None Requested
Los Vaqueros Reservoir Expansion Project	76	2	\$459,000,000	\$459,000,000	\$459,000,000	\$13,650,309
Temperance Flat Reservoir Project	73	2	\$171,330,000	\$171,330,000	\$171,330,000	--
Chino Basin Conjunctive Use Program	70	2	\$206,900,000	\$206,900,000	\$206,900,000	None Requested
Sites Project	61	3	\$1,008,280,000	\$916,620,000	\$816,377,686	\$40,818,884
Kern Fan Groundwater Storage Project	54	3	\$85,660,000	\$85,700,000	\$67,537,315	None Requested
Willow Springs Water Bank	53	3	\$123,290,000	\$123,290,000	\$95,405,999	None Requested
Totals			\$2,819,540,000	\$2,727,890,000	\$2,581,601,000	\$78,669,193
					Total Available	\$2,581,601,000

Proposition 1, approved by 67 percent of California voters in 2014, created a competitive process for funding projects based on their public benefit aspects. The projects were evaluated and ranked on criteria established in the Water Storage Investment Program [regulations](#).

Proposition 1 dedicated \$2.7 billion for the Water Storage Investment Program. As noted at the beginning of the application process, 2 percent of that amount is set aside for bond financing and 2.5 percent is set aside for state administrative costs over the life of the program, so the total funding available is \$2.582 billion.

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Information about Commission meeting schedules and status of review may be found at www.cwc.ca.gov.

The nine-member California Water Commission is charged with advising the director of the California Department of Water Resources, approving rules and regulations, and furthering development of state policies that support integrated and sustainable water resources management. For more information regarding the California Water Commission visit www.cwc.ca.gov.

AGENDA ITEM 6: REGIONAL RELIABILITY UPDATE

BACKGROUND:

In May, RWA staff and its lead Regional Water Reliability Plan (RWRP) consultant, Stantec, provided an overview of our analysis of the region's ability to increase conjunctive use operations as a means of improving water supply reliability. Staff will provide an overview of the next phase of proposed work on the RWRP. Staff will also provide an overview to the Board of a 2018 regionally-coordinated groundwater substitution transfer, which would be a component of operating a future Water Bank in the region. The evaluation of regional interest in developing a Water Bank to improve water supply reliability is a key component of the overall RWRP project.

EXECUTIVE COMMITTEE RECOMMENDATION:

Information Presentation: Rob Swartz, Manager of Technical Services

AGENDA ITEM 7: CALWEP UPDATE

BACKGROUND:

The California Water Efficiency Partnership (CalWEP) (formerly the California Urban Water Conservation Council) is a statewide organization focused on promoting water efficiency in collaboration with a diverse set of stakeholders. CalWEP is currently working towards becoming the first state chapter of the national water efficiency organization, the Alliance for Water Efficiency (AWE). CalWEP is interested in providing water suppliers throughout the state with technical, research, partnership, and public outreach support to meet the new state regulations included in Senate Bill 606 and Assembly Bill 1668. This presentation will provide an overview of the current status of CalWEP as an organization with more details about how CalWEP will provide regulation implementation support in the near future.

EXECUTIVE COMMITTEE RECOMMENDATION:

Information Presentation: Mary Ann Dickinson, President and CEO of Alliance for Water Efficiency and Executive Director of the California Water Efficiency Partnership and Amy Talbot, Senior Project Manager, Regional Water Authority and Chair of the CALWEP Board of Directors

AGENDA ITEM 8: EXECUTIVE DIRECTOR'S REPORT

SEPTEMBER 13, 2018

TO: REGIONAL WATER AUTHORITY BOARD OF DIRECTORS

FROM: JOHN WOODLING

RE: EXECUTIVE DIRECTOR'S REPORT

- a. Legislative and Regulatory Update** – The 2018 state legislative session came to a close on August 31 and the Governor now has until the end of September to approve or veto the bills on his desk. At the start of the session in January, there were more than 200 bills introduced of potential interest to RWA plus eight bills carried over from the 2017 legislative session. As the session progressed, the RWA Lobbyist Subscription Program analyzed about 40 bills and actively engaged in 15 bills of particular interest to our membership. Ultimately, six of those bills have made it to the Governor's desk. A full breakdown of those bills that are signed into law by the Governor and a look ahead to 2019 will be included in the November 2018, RWA Board Meeting agenda.

Two bills were signed into law by the Governor earlier this summer. SB 606 and AB 1668 are companion bills dealing with water use efficiency standards and drought preparedness. Since sponsoring similar legislative proposals with Assemblymember Rubio in 2017, RWA has worked closely with coalition partners to assure SB 606 and AB 1668 provided for the local control and development of appropriate, community based water efficiency standards. RWA will continue working with the State Water Board and Department of Water Resources on the development of the regulations and to define the details of implementation.

In mid-August, with about two weeks left in the legislative session, a creative version of a water tax was introduced. SB 845 (Monning) would have imposed a "voluntary remittance" of \$1.00 per month on the water bills of most California residents. The voluntary remittance program would have been administered for the state by the local community water systems and would have required residents to pay this tax unless they took preemptive actions to opt out. Proponents of the failed water tax bill - SB 623 (Monning) - drafted SB 845 as a work around to the two-thirds vote required for a water tax claiming that the opt out "voluntary remittance" was not a tax and thus only required a simple majority vote. Ultimately, ACWA, RWA and water agencies throughout the State were successful in helping stop this sneaky, last minute attempt at establishing a tax on water and SB 845 died in the Assembly Appropriations Committee without a hearing.

DWR and the SWRCB are holding a series of listening sessions on their plans to implement SB 606 and AB 1668, the two bill package that made changes to the water shortage contingency planning process and created a new system for water efficiency standards. RWA and member agency staff will be closely involved in various work

groups throughout the course of program and regulation development. The State's summary of the legislation and their plans for implementation can be found in a primer at <https://water.ca.gov/-/media/DWR-Website/Web-Pages/Programs/Water-Use-And-Efficiency/Make-Water-Conservation-A-California-Way-of-Life/Files/PDFs/Primer-of-2018-Legislation-on-Water-Conservation-and-Drought-Planning.pdf?la=en&hash=A07B89BA9E6D8BEBDF05E648E1046379134F0770>

RWA is in the process of recruiting to fill the legislative and regulatory affairs position. If you can think of any interested candidates, please direct them to rwah2o.org. As the legislative session has ended, and the advocacy program will be fully funded as a core program in 2019, each RWA member should identify a contact person for the program.

- b. RWA Outreach** – Mr. Woodling will chair the ACWA Groundwater Committee meeting on September 20, 2018 at Kern County Water Agency in Bakersfield. A webinar option is available for those wishing to call in. SGA will hold a 20th Anniversary luncheon on October 18, 2018 at North Ridge Country Club. Information is available at <https://www.sgah2o.org/sga-20th-anniversary-celebration-to-feature-sigma-co-author-roger-dickinson/>
- c. RWA Update** – Staff and RWA's public relations consultant are producing a quarterly update highlighting RWA activities. The document is designed to be suitable for distribution to member agency boards of directors. The July edition is available at https://rwah2o.org/wp-content/uploads/2018/07/July2018_Update_5.pdf
- d. Delta Update** – Staff and the RWA Conference Subcommittee are planning a Delta workshop following the November Board meeting on November 8, 2018.

AGENDA ITEM 9: DIRECTORS' COMMENTS