

**REGIONAL WATER AUTHORITY
EXECUTIVE COMMITTEE AGENDA**

**September 27, 2018; 8:30 a.m.
5620 Birdcage Street, Suite 110
Citrus Heights, CA 95610
(916) 967-7692**

AGENDA

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

- 1. CALL TO ORDER AND ROLL CALL**
- 2. PUBLIC COMMENT:** Members of the public who wish to address the committee may do so at this time. Please keep your comments to less than three minutes.
- 3. CONSENT CALENDAR**
 - a. Minutes of the August 22, 2018 Executive Committee meeting
 - b. Recommend RWA Board approval of RWA Affiliate application from Fracta, Inc.
Action: Approve Consent Calendar items
- 4. INTRODUCTION OF AUDITORS GILBERT ASSOCIATES, INC.**
Information Presentation: John Woodling, Executive Director
- 5. RETIREE HEALTH BENEFITS**
Information Presentation: John Woodling, Executive Director.
- 6. UPDATE OF POLICY 400.2 EMPLOYEE COMPENSATION**
Information Presentation and Discussion: John Woodling, Executive Director
Action: Recommend Board Approval of amended Policy 400.2
- 7. SUBCOMMITTEE UPDATES**
Information Presentation and Discussion: Conference and Membership Subcommittees
- 8. EXECUTIVE DIRECTOR'S REPORT**
- 9. DIRECTORS' COMMENTS**

ADJOURNMENT

Upcoming meetings:

Upcoming Executive Committee Meetings – October 24, 2018 and December 5, 2018 at 8:30 a.m. at the RWA office

Next RWA Board of Directors' Meeting – Thursday, November 8, 2018, at 9:00 a.m. in the RWA conference room, 5620 Birdcage Street, Ste. 110, Citrus Heights, CA 95610

September 27, 2018

AGENDA ITEM 3a: CONSENT CALENDAR

Minutes of the August 22, 2018 Executive Committee meeting

Action: Approve Consent Calendar item

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 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.

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 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 salary 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 deciding the scope of staff surveys. 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. 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 Flows 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

September 27, 2018

AGENDA ITEM 3b: CONSENT CALENDAR

BACKGROUND:

On May 15, 2014, the RWA Board approved a new Affiliate Membership policy. Entities eligible to become RWA Associate Members include public or private entities with an interest and management role in regional water matters that are not eligible for other classes of membership in RWA. The purpose of the Affiliate relationship is to promote communication between water managers and the community and to support RWA's efforts to educate and inform the public. Attached is a letter that RWA has received from Fracta, Inc. requesting Affiliate status.

STAFF RECOMMENDATION:

Information presentation: John Woodling, Executive Director

Action: Approve Consent Calendar item



FRACTA

Fracta, Inc.
1870 Broadway, Suite 200,
Redwood City, CA 94063
www.fracta.ai

September 4, 2018

Ms. Nancy Marrier
Regional Water Authority
5620 Birdcage Street, suite 180
Citrus Heights, CA 95610

Dear Ms. Marrier:

We are writing to apply for Affiliate membership in the Regional Water Authority for Fracta, Inc. Fracta is a software company based in Redwood City, CA.

Fracta's solution uses Machine Learning to deliver a Condition Assessment of a water utility's potable distribution mains, in as little as 4-8 weeks. For the utility members of the RWA, the miles of distribution pipes in the ground represent a significant portion, and often the largest share, of their assets. Having a cost effective way to quantify and manage the Condition of these key "last mile" assets is important for the long term financial stability of a utility.

The AWWA estimates that there are over 1 million miles of distribution mains in the US with a potential liability of \$1 trillion in the next 35 years for replacement or rehabilitation of distribution pipe as it "ages out." A solution such as Fracta's can enable utilities of all sizes to cut this liability by 50% or more by understanding in detail the condition of each pipe – such that pipes with remaining useful life are left in the ground as long as possible.

Fracta has been working on this solution with EBMUD and SFPUC here in the Bay Area since 2016. With Machine Learning, the data from all participating utilities drives up the accuracy and scalability of the solution. Making this model available to Sacramento area utilities in partnership with RWA would bring significant benefit to RWA members.

Sincerely,

Lars Stensted
CIO, Co-founder

September 27, 2018

AGENDA ITEM 4: INTRODUCTION OF AUDITORS GILBERT ASSOCIATES, INC.

BACKGROUND:

The firm of Gilbert Associates, Inc. has been retained to provide professional auditing services for RWA for a five year term. The firm will begin auditing services with FY2018-2019. Gilbert Associates would like the opportunity to introduce their staff to the Executive Committee.

STAFF RECOMMENDATION:

Information: John Woodling, Executive Director

September 27, 2018

AGENDA ITEM 5: RETIREE HEALTH BENEFITS

BACKGROUND:

The Executive Committee directed staff to evaluate alternatives that would lower the long term costs of providing health benefits to retirees. Participating in the CalPERS health program limits options and adds complexity. Staff will brief the Executive Committee on available alternatives and seek direction for moving forward.

STAFF RECOMMENDATION:

Information Presentation: John Woodling, Executive Director

September 27, 2018

AGENDA ITEM 6: UPDATE OF POLICY 400.2 EMPLOYEE COMPENSATION

BACKGROUND:

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 Executive Committee meetings, 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. At the August Executive Committee meeting amendments were suggested to Policy 400.2 for clarification of the compensation survey and compensation setting process.

The Executive Committee directed the Executive Director to request input from the HR consultant and bring a revised draft of the Employee Compensation Policy 400.2 to the September Executive Committee meeting for further discussion.

STAFF RECOMMENDATION:

Information Presentation and Discussion: John Woodling, Executive Director

Action: Recommend Board Approval of amended Policy 400.2

REGIONAL WATER AUTHORITY POLICIES AND PROCEDURES MANUAL

Policy Type : Human Resources
Policy Title : Employee Compensation Policy
Policy Number : 400.2
Date Adopted : September 9, 2004
Date Amended : September 13, 2012

EMPLOYEE COMPENSATION POLICY

It is the intent of the Authority to provide employee compensation ([pay and benefits](#)) that is fair and equitable and that is comparable, based upon an employee's experience, skills and performance consistent with established job descriptions, [and](#) with that of similar water and public entities regionally. As a small, professional, management-focused organization, it is the intent of the Authority to provide employee compensation at or above the labor market for the industry [and the geographic area](#). 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.

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The Executive Director will have the authority to set and change employee [base rate of pay](#) in accordance with the intent of this Policy and within the budgetary guidelines approved by the Board of Directors. As part of the annual budget review process, the Executive Director will be responsible for preparing and presenting a labor budget to the Board of Directors in accordance with this Policy. The Board of Directors will consider, amend as required, and approve the annual labor budget for the Authority. Once the labor budget has been approved, the Executive Director may determine in his or her discretion how to apply any approved increase to each employee's existing [base rate of pay](#). [Changes to employee benefits will generally require Board action to approve changes to the Employee Handbook and other policies.](#)

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The specific terms of this Policy apply to staff only, [except as specified in Section IV, below](#). All aspects of the Executive Director's compensation are subject to Board approval of an employment contract.

I. Pay Ranges

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It is the Authority's Policy to provide a program for advancement of its employees within the [pay](#) range of their position using a merit based system based on objective regular goal setting and performance evaluations. Employees will typically advance within their pay range

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annually, subject to the discretion of the Executive Director, based on evaluation of the employee's performance and growth in responsibility and/or expertise in performing the work of the position. The Executive Director may move an employee to a higher level classification, based on performance, experience and documented needs of the organization.

Classification pay ranges shall typically be established with a 20% range between the minimum and maximum of the range. Steps will be established within each range to provide guidelines for use in annual budgeting. The Executive Director shall recommend pay ranges for all employment classifications with the Authority, with the exception of the Executive Director position. With the exception of changes cost-of-living adjustments as specified below, changes to the pay scales is subject to review and approval by the Board of Directors.

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Deleted: Salary steps will be established within each range to provide guidelines for use in annual budgeting. The Executive Director shall recommend the salary steps for each position, subject to review and approval by the Board of Directors.

Deleted: RWA's job classifications and the salary pay range for each classification are set forth in Exhibit A attached to this Policy. Exhibit A may be amended and replaced from time to time as proposed by the Executive Director and approved by the Board in accordance with this Policy. ¶

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II. Cost of Living Adjustment (COLA)

The Executive Director will consider the United States Department of Labor's Consumer Price Index (CPI) for All Western Small Cities (population under 2.5 million) for the 12 months ending in November of each year in developing the proposed budget for the Authority. If the Board approves a budget that includes funding for a cost of living adjustment (COLA), the Executive Director will have the discretion to apply a COLA to all staff salaries, regardless of position within a salary range in the fiscal year for which the budget is adopted.

To avoid penalizing employees at or near the top of the salary range, and to ensure pay ranges remain comparable to the market between compensation surveys, the November CPI will be applied annually on January 1st to adjust the pay ranges. The Executive Director will report the adjusted salary ranges to the Executive Committee at its next regular meeting.

III. Compensation Survey

The Executive Committee will generally direct staff to conduct a compensation survey at least every five years to ensure that the total compensation offered by the Authority (base rate of pay and benefits) is consistent with this Policy; provided, however that a compensation survey may be commissioned at any time if directed by the Executive Committee or if recommended by the Executive Director and approved by the Executive Committee. The Executive Committee may also use its discretion to waive or vary the five year commitment.

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Before initiating the survey, staff will brief the Executive Committee and solicit feedback on the scope of the compensation survey, including comparable agencies/organizations to be surveyed and data elements to be collected prior to commencing the survey. Survey organizations should be selected to provide a representative sampling of 1) local water agencies, 2) water-related associations located in the Sacramento region, 3) regional planning organizations within the Sacramento region, and 4) regional membership organizations in the region.

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The Executive Director will use the results of the survey to propose modifications to base rate of pay and/or benefits necessary to achieve the intent of this policy. Proposed pay ranges

should include consideration of such things as 1) the mean, median and 62.5th percentile of the compensation data, 2) the comparability of surveyed classifications to RWA job classifications, and 3) RWA experience recruiting and retaining staff in each classification.

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IV. Executive Director Compensation

Executive Director compensation is subject to approval of an employment contract by the Board of Directors. The Executive Committee may direct staff to conduct a survey of executive compensation to guide negotiation of the Executive Director employment contract. The conduct, timing, and scope of such a survey will be at the sole discretion of the Executive Committee.

September 27, 2018

AGENDA ITEM 7: SUBCOMMITTEE UPDATES

BACKGROUND:

The Conference Subcommittee is planning an event in spring of 2019 the scope of which is under consideration. The subcommittee met September 13th and will meet again on October 3rd. The subcommittee is also planning a lawyer focused Delta Flows 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 contacts with the agencies seen as high value targets. Ms. Tobin, subcommittee chair, Mr. Greenwood and Mr. Woodling met on September 24th.

STAFF RECOMMENDATION:

Information Presentation and Discussion: Conference and Membership Subcommittees

September 27, 2018

AGENDA ITEM 8: EXECUTIVE DIRECTOR'S REPORT

The Executive Director's Report will be an oral report at the meeting.

September 27, 2018

AGENDA ITEM 9: DIRECTORS' COMMENTS