

**REGIONAL WATER AUTHORITY
REGULAR MEETING OF THE BOARD OF DIRECTORS
Thursday, November 8, 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 September 13, 2018 RWA Board meeting
- b. Approve RWA Affiliate application from Fracta, Inc.

Action: Approve the Consent Calendar Items

4. EXECUTIVE COMMITTEE REPORT AND RECOMMENDATIONS

Information: Final minutes of the August 22, 2018 and September 27, 2018 Executive Committee meetings and draft minutes from the October 24, 2018 Executive Committee meeting

5. RETIREE HEALTH BENEFITS

Information Presentation: John Woodling, Executive Director

Action: Direct staff to work with counsel to prepare a resolution to comply with the "minimum payment" option under PEMHCA.

6. EXECUTIVE DIRECTOR'S REPORT

7. DIRECTORS' COMMENTS

ADJOURNMENT

Upcoming meetings:

Next Executive Committee Meetings – Wednesday, December 5, 2018 and Wednesday, January 23, 2019, 8:30 a.m. at the RWA office.

Next RWA Board of Directors' Meeting – Thursday, January 10, 2019, 9:00 a.m., at the RWA Office.

AGENDA ITEM 3a: CONSENT CALENDAR

Minutes from the September 13, 2018 RWA regular board meeting

Action: Approve the Consent Calendar Item



1. CALL TO ORDER

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

RWA Board Members

Ron Greenwood, Carmichael Water District
Al Dains, Citrus Heights Water District
Hilary Straus, Citrus Heights Water District
Marcus Yasutake, City of Folsom
Matthew Wheeler, City of Lincoln
Sean Bigley, City of Roseville
Jeff Harris, City of Sacramento
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
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 Services District
Mary Henrici, Rio Linda/Elverta Community Water District
Tim Shaw, Rio Linda/Elverta Community Water District
Kerry Schmitz, Sacramento County Water Agency
Dan York, Sacramento Suburban Water District
Kevin Thomas, Sacramento Suburban Water District

RWA Associate Members

Ansel Lundberg, Sacramento Municipal Utilities District, Terrie Mitchell,
Sacramento Regional County Sanitation District

RWA Affiliate Members

Alan Driscoll, Forsgren Associates, Charles Duncan, West Yost Associates and
Jim Graydon, Woodard & Curran

Staff Members

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

Others in Attendance:

Channing Vang, Karl Brustad, Ashley Smith, David Gordon, Doug Carlson, Christina Hanson, Chelsea Spier, Jim Mulligan, Kelye McKinney, Mary Ann Dickinson and Ted Costa

2. PUBLIC COMMENT

Doug Carlson, Media Impact Training, thanked RWA for the opportunity to conduct media training sessions and for RWA member support.

Channing Vang, California Rural Water Association, announced two apprenticeship programs starting fall of 2018. This new venture is in response to the growing demand for skilled operators as more and more operators are reaching retirement age. Both the water and wastewater operations specialist are two year programs. Applicants will be accepted year-round, therefore, an apprentice can enter the program at any time. There will be a total of 288 formal training hours for each program. Once enrolled, the apprentice has a pathway to complete the 2,000 hours of on the job training per year working with a certified operator

3. CONSENT CALENDAR

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

Motion/Second/Carried (M/S/C) Mr. Schubert moved, with a second by Mr. Greenwood, to approve the July 12, 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 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

Chair Yasutake reported that this year's evaluation process did not include contract negotiations, because a two year contract was negotiated with the Executive Director last year. In an effort to get a better response, the request for input for the evaluation process was distributed using survey monkey. A subcommittee will be appointed before the next Executive Director evaluation to outline a process intended to receive more responses. He noted that Mr. Woodling is doing a great job. John and staff are involved with other agencies throughout the state as well our member agencies. RWA has become involved regionally and on a statewide level, as is reflected in our accomplishments as an organization.

Some of the things that came up during the evaluation process and were recommended for Mr. Woodling to implement in the next year included the budgeting and expenditure processes and recognizing agencies' challenges working on different time lines for their budgets; identifying up front what potential costs may be for projects RWA is working on; identifying when projects are in the planning stage and when they may begin notification to boards so that agencies will be better informed of what to expect and plan for in their budgets. Another recommendation is to keep member agencies informed of the link between what we are asking for and what that means in terms of RWA's overall Strategic Plan and our direction going forward. Agencies can then convey the information on projects and plans to their boards, so that supervisors or council members can align that with what agencies are asking for at their level. Going forward there will be a stronger linkage between the groundwater and surface water. It would be beneficial to share the same information with the SGA Board as is presented to the RWA Board.

Mr. Woodling commented that there were only eight responses to the Executive Director Evaluation questionnaire. Ms. Sedwick said that she has served on the Executive Director Evaluation committee several times. Comments from the responses indicate that there has been an improvement over last year and Mr. Woodling is valuable to the organization and the organization's success. The Executive Director evaluation questionnaire is an opportunity for members to have a voice in goal setting and direction for RWA.

The Executive Director Evaluation subcommittee looked at items for the RWA board to consider. Chair Yasutake encouraged members to propose ideas or concerns to the Executive Director or the Executive Committee any time during the year. Items to consider this next year include retiree health benefits for new hires, preparing for long term succession planning for RWA and planning for future staff retirements.

Mr. York participated on the evaluation committee and said he was surprised at the small number of responses received. He encouraged members to provide feedback in the future, whether positive or negative. The survey monkey made the process very easy and the questionnaire could be completed in a few minutes.

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

Mr. Woodling said that last fiscal year the budget included funds to potentially move the office. A new lease was negotiated for the current office space and some improvements have been made to make the space more useful. It is proposed to use the remainder of the office move funds for additional improvements.

It was suggested that a speaker system for the conference room be considered to improve the quality of hearing what is said in the meetings.

M/S/C Mr. Schubert 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. PROPOSITION 1 STORAGE UPDATE

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. 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.

Terrie Mitchell, Sacramento Regional County Sanitation District, gave updates on Regional San programs and background on Prop 1 and the Water Storage Investment Program (WSIP). WSIP can fund only the public benefits of a water storage project and the project must also benefit the Delta ecosystem or its tributaries. She gave an overview of the WSIP regulations and application process including the multiple partners who supported the project, the project scope and the public benefits. The groundwater restoration benefits provide multiple public benefits through conjunctive use restoring groundwater levels, improving stream flows in the Cosumnes River, increasing groundwater storage and providing 30,000 AFY for conjunctive use during droughts. There are ecosystem benefits in the Delta by improving groundwater conditions and strategic water delivery improving up to 5,000 acres of wetlands and riparian forests by 2030. Other non-monetized public benefits include improving climate change resiliency, improvements to habitat connectivity, preserving working farmlands, improvement to groundwater dependent ecosystem science, aids in emergency fire response, increases in recreation and helping to accomplish objectives of Prop 1 and SGMA. The total for planning, design and capital costs for the projected design is \$283,192,630 with total WSIP funding of \$280,500,000.

Jim Peifer, City of Sacramento Department of Utilities, gave an update on the status of Sites Reservoir. He identified the geographical features of the project. There are four agencies within the region that are on the Sites JPA, Placer County Water Agency, City of Roseville, City of Sacramento and Sacramento County Water Agency. If the operation of Sites Reservoir could be directed it would provide benefits to Folsom Reservoir, specifically environmental benefits including adding water to Folsom Reservoir while offering a higher carry over storage that would be valuable to the entire region.

Through the grant making process in Prop 1, Sites Reservoir is eligible for \$816 million that would be for public benefits such as Delta fishery protection, flood control benefits and recreation benefits. A funding agreement is being developed to

utilize some of the funding for primary design. In fiscal year 2019 the cost will be nearly \$4 million to complete the permitting process. Currently a feasibility study is being completed with an estimate to have the project online before 2030.

Council member Harris commented that this is a tremendous project for California that will have benefits for the entire state. More surface water storage is needed and the location is right to do this.

Mr. Bigley mentioned that the City of Roseville has invested at a low level to get a seat at the table rather than investing in a block of water. The objective was to try to influence the operation and integration between Sites Reservoir and Folsom. It was an easy project to get engaged in as the region needs to have a seat at the table. This project can benefit Folsom Reservoir and the lower American River.

Ms. Schmitz said that from a Water Agency perspective this project is not only about having a voice in the operation but also an opportunity for future storage.

6. REGIONAL RELIABILITY UPDATE

Rob Swartz, Manager of Technical Services, provided an overview of the next phase of proposed work on the RWRP and an overview 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. Stantec is the consultant for the Regional Water Reliability Plan (RWRP) providing an analysis of the region's ability to increase conjunctive use operations as a means of improving water supply reliability.

Mr. Swartz expanded on groundwater banking and the next phase of the program. The water reliability plan is about improving the reliability of this region by addressing what the vulnerabilities of each agency are and the mitigation measures to address those vulnerabilities. The next step in the water reliability plan is to look at establishing a groundwater bank in the region. Our region has improved in its ability to practice conjunctive use using more surface water in wet conditions and groundwater in dry conditions. A benefit to the region will be to establish a groundwater bank that would help us account for and fund these activities. There are objectives that need to be completed if we want to get to a water bank by the end of 2021. One objective is to complete technical tools so that analysis can be conducted of the pros and cons of operating a water bank with the data being fed into an environmental analysis for a regional water bank.

Due to fluoridation in some areas, the region is divided into four analysis areas. In analyzing conjunctive use potential, fluoridation, existing water rights, existing capacities, the size of the interties and the demands that exist all had to be honored. Staff ran all these factors through a number of years to understand how much additional surface water we could use in wet years and how much groundwater we have available in dry years. The results showed that we use 69% surface water and 31% groundwater. It was determined that under the same

conditions using the existing facilities if we opened up the interties and started using surface water we could have been using 86% surface water in wet conditions, reducing groundwater down to 14%. Creating a groundwater bank would reduce impacts of future droughts by establishing a local “reservoir” in the groundwater basin, create additional supply yield by operating the basin as a storage reservoir, require water to be stored before it can be recovered and would include a “loss factor” to ensure a net benefit to the basin. Some of the supply yield could be available outside the region to promote investing in facilities and operations needed for local reliability.

There was an analysis conducted of the contiguous agencies and it was found that there is a broad interest in participating in the groundwater bank. There is broad support for working with partners from various water use sectors and regions with RWA member agency needs a priority. There is a need for additional details on potential partner interests and requirements for participation and for additional details on the groundwater bank operating mechanisms.

A groundwater substitution transfer occurs when an agency uses groundwater in place of an existing surface water right. A transferring agency demonstrates that groundwater is being extracted in excess of a baseline amount of use. Transfers include a “conveyance loss” to account for potential depletion of surface water resulting from groundwater pumping. The conveyance window for transfers is July 1 through September 30. Agencies participating in 2018 Regional Pilot Groundwater Substitution Transfers include City of Sacramento, Sacramento Suburban Water District, Carmichael Water District, San Juan Water District, Fair Oaks Water District and Citrus Heights Water District.

The next phase for the next year include developing a modeling tool to complete technical analysis, engage with state and federal agencies and partners and commence public outreach. In the second year environmental will commence, the feasibility determination will be complete and public outreach will continue. The third year the environmental will be completed and final approval agreements will be secured.

7. CALWEP UPDATE

Mary Ann Dickinson, President and CEO of Alliance for Water Efficiency and Executive Director of the California Water Efficiency Partnership gave a presentation that provided an overview of the current status of CalWEP as an organization and how CalWEP will provide regulation implementation support in the near future. 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.

Although the dynamics of CalWEP have changed the goal remains to get every water agency the help they need to cope with the upcoming legislative requirements and complete support for legal requirements. The council wants to take what was positive and worked and take it into a new organization that will service water agencies in California. The technical assistance, the research and the support to water agencies that was a critical factor of what the CUWCC did is what CalWEP wants to be the heart of the new organization supporting the needs of agencies for conservation in our communities and assisting with compliance in the least painful way possible.

The CalWEP Board of Directors, including a diverse group from across the state, will be developing statewide collaboration tools and resources. New articles of incorporation have been filed with the Secretary of State, revised bylaws have been adopted, a permanent board member selection is complete with quarterly partner plenary meetings held as before. A new strategic plan was adopted by the board on February 7, 2018. The main focus is value to members in services, research, and technical support.

All members of CalWEP will automatically be members of the Alliance for Water Efficiency (AWE) and vice versa. The 2018 membership invoices for CalWEP dues included membership in AWE. Ms. Dickinson gave background information on AWE shared programs including water conservation tracking tool, financing sustainable water, commercial kitchens water efficiency guide, outdoor water savings studies, net blue water-neutral development ordinance and offset methodology and graywater cost effectiveness study.

8. EXECUTIVE DIRECTOR'S REPORT

Mr. Woodling reported that the water tax for this session of the legislature has died. It is possible the water tax will come back again and we should be prepared by firming up some of the alternative ideas that we have for how funding drinking water in disadvantaged communities could be generated.

The SGA Twentieth Anniversary luncheon will be held October 18th at the North Ridge Country Club.

A Delta Update workshop will follow the next RWA Board meeting scheduled for November 8th.

Mr. Schubert suggested at a previous RWA meeting that alternative water efficient turf be researched. Amy Talbot, through the Water Efficiency program, compiled available information on more efficient turf grasses available as an alternative to regular turf. The information is available on the website. The Water Efficiency Program annual report is also available on the website.

9. DIRECTORS' COMMENTS

Mr. York gave an update on the long term water contract between Sacramento Suburban Water District and Placer County Water Agency for water to be taken from Folsom when needed. After 18 years and six hundred thousand dollars the Warren Act contract was approved by the District's Board and is now waiting to be signed by Reclamation.

Chair Yasutake thanked Mr. Schubert for chairing the July 12th RWA Board meeting for him. The 2018 RWA Awards Committee includes Paul Selsky as chair, Kerry Schmitz and Rob Roscoe. The memorandum requesting award nominations for Water Statesperson of the Year and Distinguished Service will be sent out September 21st.

Adjournment

With no further business to come before the Board, Chair Yasutake adjourned the meeting at 11:13 a.m.

By:

Chairperson

Attest:

Nancy Marrier, Board Secretary / Treasurer

AGENDA ITEM 3b: CONSENT CALENDAR

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.

EXECUTIVE COMMITTEE 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

AGENDA ITEM 4: EXECUTIVE COMMITTEE REPORT AND RECOMMENDATIONS

Information: Final minutes of the August 22, 2018 and September 27, 2018 Executive Committee meetings and draft minutes from the October 24, 2018 Executive Committee meeting

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

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
Jim Peifer, City of Sacramento
Debra Sedwick, Del Paso Manor Water District
Paul Schubert, Golden State Water Company
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, Cecilia Partridge, Monica Garcia and Jennifer Buckman, legal counsel

Others in Attendance

Bruce Kamilos and Brent Smith

2. PUBLIC COMMENT

None.

3. CONSENT CALENDAR

a. The minutes from the Executive Committee meeting held August 22, 2018.

Motion/Second/Carried (M/S/C) Ms. Tobin moved, with a second by Mr. York, to approve the minutes from the August 22, 2018 Executive Committee meeting. The motion carried by the unanimous voice vote of all directors present.

b. Recommend RWA Board approval of RWA Affiliate application from Fracta, Inc.

Chair Yasutake said that an email request was received from Mark Madison, Elk Grove Water District to pull item 3b for discussion.

M/S/C Mr. Yasutake moved, with a second by Mr. Schubert, to pull item 3b from the Consent Calendar. The motion carried by the unanimous voice vote of all directors present.

Bruce Kamilos stated that Elk Grove Water District is opposed to the request from Fracta, Inc. for RWA Affiliate membership. While Fracta, Inc. has interesting technology what they do does not qualify in the interest of the RWA regional water activities. Fracta, Inc. is a vendor with a narrow scope of provided services. They are different than the current affiliate members who do regional water planning for the area. Allowing Fracta, Inc. to become an RWA Affiliate member is outside the framework of what RWA has established.

The purpose of the RWA Affiliate Membership is for 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.

Current Affiliate members include a water conservation task force comprised of golf course managers, consultants who have worked for RWA and member agencies and the Sacramento Association of Realtors who, during the drought, wanted to understand what information was available to give to their buyers about water use on their properties.

It was suggested that Fracta, Inc. as an Affiliate member would be beneficial as they are an important part of the industry in terms of machine learning and identifying when a utility should replace pipes.

M/S/C Mr. Schubert moved, with a second by Mr. Greenwood, to recommend RWA Board approval of the RWA Affiliate application from Fracta, Inc. The motion carried by the unanimous voice vote of all directors present.

4. INTRODUCTION OF AUDITORS GILBERT ASSOCIATES, INC.

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 however they were unavailable for the meeting today because it was rescheduled from September 26th. Gilbert Associates are expected to attend the October 24th Executive Committee meeting for introductions.

5. RETIREE HEALTH BENEFITS

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 briefed the

Executive Committee on available alternatives seeking direction for moving forward.

John Woodling, Executive Director, gave a presentation on modifying retiree health benefits. He gave an overview of the Public Employees' Medical and Hospital Care Act (PEMHCA) requirements, the history of RWA retiree health benefits, the current status of retirees and actives and alternatives under PEMHCA.

PEMHCA requires that retirees must be allowed to continue coverage if an agency has a contract with CalPERS for active employees and that contributions for retirees must be equal to contributions for active employees

RWA has two Resolutions with CalPERS. Resolution 1993-06 has no requirement for years of service with RWA and the cap that the retirees receive is \$400 per month. RWA changed the resolution in 2007 and requires that employees have five years with RWA and a total of 10 years with CalPERS to receive a 50% benefit. Each year after 10 years employees will receive 5% each year until they receive 100% with 20 years of CalPERS service.

You must retire from RWA to receive retiree health benefits. There are two retirees under Resolution 1993-06 and one retiree under Resolution 2007-03. The combined monthly premium for the three retirees is \$2,100. There are six active employees under Resolution 2007-03. Four actives are vested and are at retirement age. A CERBT Trust was established to put the money away for both current and future retirees.

RWA goals are to maintain a commitment to current retirees, maintain retirement commitments to current active employees, reduce long term retiree costs for future employees and maintain competitive benefits that allow RWA to recruit and retain employees. There is an alternative for actives and retirees receiving the same contribution. This can be done by adopting a new resolution with CalPERS for both retirees and active employees. The minimum payment for 2019 would be \$136 and would increase each year by a minimal amount. That would allow RWA to pay the \$136 to both actives and retirees. RWA would then supplement the current retirees for the remainder of the amount they were entitled to receive when they retired. RWA would supplement that amount for active employees and continue to pay full health benefits. RWA would also supplement current employees when they retire so their overall benefit is equivalent to that under Resolution 2007-03. RWA can change the way that future hires will be paid their retiree health benefits.

Under IRS Code Section 125, RWA would need to establish a cafeteria flexible benefit plan and a health reimbursement agreement (HRA). To establish the cafeteria plan RWA would need to establish some other flexible benefit within the flexible spending account. The positive side of this approach includes maintaining the commitment to existing staff and retirees, reinforcing the ability to meet financial commitments, reducing long-term liability for OPEB, improving flexibility to modify benefits over time and it is the most flexible approach. The negative side of

this approach is that it provides a benefit to short-term employees and may limit recruitment and retention if not properly implemented.

Mr. Woodling requested direction on whether we should pursue the minimum contribution resolution. It was suggested that the Executive Director provide a spreadsheet to the RWA Board to include existing benefits, what the proposed replacement benefits would be with a column showing how the employees are receiving the same benefits today as they will in the future.

6. 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 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.

It was suggested that the last line of the second paragraph on page two be changed to read "With the exception of changes resulting from the cost-of-living adjustments as specified below, changes to the pay scales are subject to review and approval by the Board of Directors."

M/S/C Mr. Schubert moved, with a second by Ms. Tobin, to recommend Board approval of amended policy 400.2 with the suggested change. The motion carried by the unanimous voice vote of all directors present.

7. SUBCOMMITTEE UPDATES

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 Delta Update workshop event that will follow the November Board meeting.

Ms. Schmitz reported that the focus of the Conference Subcommittee has changed from Water Efficiency for the conservation event. The subcommittee is determining what would be valuable and defining who the audience would be.

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. There is a need to define what the mutual benefit and value is for realtors and RWA. On the list of potential members as high value targets are NID, City of Woodland and SACOG. Ms. Tobin requested Executive Committee members reach out to contacts they may have and report at the next Executive Committee meeting on the contacts made with SACOG representatives to determine their interest in RWA membership.

8. EXECUTIVE DIRECTOR'S REPORT

Mr. Woodling reported that the Governor signed a bill sponsored by Byron-Bethany Irrigation District to set up a Water Rights Hearings Officer portion of the State Water Board.

Once our government affairs staff is on board, the Executive Committee and the RWA board needs to develop a policy around how to fund water for disadvantaged communities. We were successful that the water tax did not pass but the water tax is expected to be back in the legislature in the future.

9. DIRECTORS' COMMENTS

Ms. Sedwick said that Del Paso Manor Water District has seven people running for three vacant seats on their board. She attended the National Rural Water Conference and talked with a DC lobbyist about S 302. There will be a change of language in the bill to make it easier to understand and there will be a working group to define what the language will be.

Ms. Tobin reported that San Juan Water District has three seats up with none contested on their board. The Region 4 tour that was held at the Sacramento Suburban Water District Antelope Gardens was very successful. The District's 2019 budget workshop is scheduled for this afternoon.

Mr. Schubert said that he attended the Water Education Foundation Annual Summit where some good panel discussions were presented.

Mr. Greenwood said Carmichael Water District has two seats available on their board, one that was vacated when John Wallace retired.

Mr. York said that Sacramento Suburban Water District is currently performing a full compensation study. The district is also completing a water analysis. The Antelope Gardens facility will be presented to the board with the intention of being repurposed. It would be costly to refurbish the facility and it is an expense each year to maintain.

Chair Yasutake said that City of Folsom has twelve people running for three Council seats. He thanked Mr. Woodling for attending their City Council meeting with a presentation on the SGA twentieth year anniversary. On October 6th, the City of Folsom, Orange Vale Water Company, City Heights Water District and Fair Oaks Water District will join host San Juan Water District for a Customer Appreciation Day Open House.

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 8:30 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
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, Cecilia Partridge, Amy Talbot and Ryan Bezerra, legal counsel

Others in Attendance

Charles Duncan, West Yost Associates, Nicole Krotoski, CPA attended via conference phone

2. PUBLIC COMMENT

None.

3. CONSENT CALENDAR

- a. The minutes from the Executive Committee meeting held September 27, 2018.

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

4. INTRODUCTION OF AUDITORS GILBERT ASSOCIATES, INC.

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 are planning to attend the December 5th Executive Committee meeting to introduce their firm when they present the audit.

5. RETIREE HEALTH BENEFITS

John Woodling, Executive Director, reported that 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. The Executive Committee asked for a breakdown of options including two classes of current retirees. He briefed the Executive Committee on available alternatives and requested direction for moving forward.

Mr. Woodling presented options for reducing future retiree benefit liabilities and CalPERS limitations. In 2007 a different system was adopted by resolution that provided for employees spending 5 years at RWA with a total of between 10 and 20 years of CalPERS service, receiving 50% of the benefit at 10 years and 100% of the benefit at 20 years. Current employees are under the post 2007 plan option.

The objectives are to balance a reduction in long term costs and the ability to recruit and retain staff. There was discussion on the different options presented. There is flexibility in what is determined for benefits for new hires. It was suggested that it would be difficult to recruit and retain employees if benefits are decreased too much or if benefits are not competitive.

Mr. Woodling asked if the Executive Committee wants to begin moving forward to implement a change and how a new benefit from the Tier 3 alternatives will be determined. If a change is determined there is a 60 day time frame between when we make our intentions known to CalPERS and the date the new plan is implemented.

It was suggested that an action be taken to the full board presenting the minimum CalPERS payment with a health reimbursement arrangement that provides what we currently have. The retiree health benefits item will be brought back to the full board for their input before proceeding.

6. SUBCOMMITTEE UPDATES

The Conference Subcommittee is planning a Delta Update workshop event that will follow the November 8th RWA Board meeting. Speakers for the Delta Update include Jennifer Buckman, Jim Peifer, Ryan Bezerra and Tom Gohring. A new topic is under discussion for the focus of a spring event.

At the last Executive Committee meeting Pam Tobin, Membership Subcommittee chair requested Executive Committee members to reach out to contacts they may have with SACOG and report on contacts made to determine their interest in RWA membership. Chair Yasutake said that he will continue to follow up with SACOG and will report back at the next Executive Committee meeting. Mr. York contacted Craig Locke, City of Woodland, who will make contact with the City Council about membership. Mr. Schubert will make contact with Rancho Cordova and Mr. Peifer will make contact with Allison Joe, staff to Councilmember Schenirer. Mr. Greenwood reported that Sacramento County Realtors are very interested in RWA

membership. It was suggested that it would be helpful if someone reached out to SACOG's Darren Suen. After the upcoming elections Mr. Greenwood will reach out to Pat Hume with the City Council for the City of Elk Grove. Nevada Irrigation District will also be contacted after the elections.

7. PROPOSED AQUIFER STORAGE AND RECOVERY FEASIBILITY STUDY CONSULTANT SUPPORT SELECTION

Rob Swartz, Manager of Technical Services, reported that several agencies have expressed an interest in developing a subscription-based project for a high-level feasibility study of employing aquifer storage and recovery (ASR) wells in the region. In order to develop a project agreement for the study, it is first necessary to identify a consultant with expertise in the construction and use of ASR wells to assist in scoping the work required to answer the questions of the potential study participants.

On September 13th, staff released a request for qualifications (RFQ) by posting it on the RWA and SGA websites, sending an e-mail to individuals that subscribe to the RWA interest list for contracting opportunities, and by forwarding to the RWA members that are interested in the ASR study for further distribution. A copy of the RFQ was enclosed in the packet. The RFQs were due to RWA by October 12th. Two responses were received. Staff worked with staff from Citrus Heights Water District and the City of Sacramento to review the responses and have a summary of the results and recommendation for the Executive Committee to approve.

A question to be answered by the study is where in the region are good places to put ASR wells recognizing physical, chemical and contaminant issues. Staff is looking for a high level reconnaissance study by the consultants with a focus of the study to identify the upfront associated costs. Depending on how this develops past the initial study, coordination of the legal aspects will need to be considered including water rights, contracts and settlement contracts in the region. Interested agencies at some point will have to determine if they want to get together to share costs to figure out the issues going forward for a regional bank or if they want to make decisions based on their agency needs.

Staff is requesting only approval of the consultant selection process at this time. Due to the unique nature of ASR, staff does not have a scope of work and budget to approve. However, the budget is not anticipated to be above the Executive Committee approval authority under RWA Policy 300.2. A scope of work and budget, and a subscription project agreement will be brought to the Executive Committee at an upcoming meeting for additional approvals, as applicable.

Mr. Swartz distributed a memorandum documenting the results of the RFQ process. Two responses were received to the RFQ. One response was from a team consisting of staff of GEI, Wood Rodgers, and Stantec. The other response was from West Yost. The responses were evaluated by Rob Swartz of RWA, Brett Ewart of the City of Sacramento, and David Gordon of Citrus Heights Water District. After review of the RFQs, the reviewers reached a consensus that the GEI team had the strongest overall qualifications to perform the tasks identified in the

RFQ. GEI demonstrated a very strong project manager, a very diverse and deep project team, and very good depth of experience in past projects of this nature. In particular, the GEI team possessed the most in-depth experience with local hydrogeology and groundwater quality, which are very important aspects for the high level nature of the proposed study. During the item, Chair Yasutake asked if there was any public comment. Mr. Duncan commented that he did not believe that the rates presented by West Yost were high when considering how staff would be used on the project. Mr. Swartz assured Mr. Duncan that the rates were not the key determinant in deciding on the GEI team selected through the RFQ process.

M/S/C Mr. Peifer moved, with a second by Mr. Schubert, to approve the consultant selection process and recommendation. The motion carried by the unanimous voice vote of all directors present.

8. LANDSCAPE IMAGERY ANALYSIS PROPOSAL

The Sacramento region collectively purchased high resolution aerial imagery (delivery expected in Nov. 2018) to assist with local and regional planning efforts, including those associated with the recently passed SB 606 and AB 1668 legislation. Part of these new laws will require the calculation of water efficiency targets that are based in part on the amount of irrigable landscaping in a water supplier's service area. These landscape targets will be rolled up at the water agency level (not assigned to any one customer/account) as one component of an agency's overall water use objective or target. Water use targets are enforceable at the water agency level by the state beginning in 2023.

To better understand the development of landscape budgets for water agencies, the region has shown interest in conducting further analysis of the aerial imagery to estimate the area of relevant irrigable and irrigated land. The resulting irrigable and irrigated land for each water agency can then be used to determine landscape water budgets prior to the state's 2022 required deadline to adopt a similar landscape water budget methodology.

Amy Talbot, Water Efficiency Program Manager, said that Land IQ performed a high level landscape analysis of irrigated urban areas for RWA in August 2016. At RWAs request Land IQ provided a successive scope of work on September 4, 2018 to perform an analysis of irrigated and irrigable landscape area for the urbanized areas within the RWA member service areas of Sutter, Placer, Sacramento, Yolo, and El Dorado counties.

Mr. Woodling said he has heard from an RWA member and another vendor that provides this type of service. He proposes staff send out an RFQ or RFP to let additional vendors tell us how they could help us use the imagery we have to get to the next step to see what our irrigable landscape area in the region is to meet our future targets. In light of the interest level an RFP would be appropriate for a competitive process. Staff recommended pulling the action item at this time. Staff will come back with a selection for a consultant at a later date. Staff will get an RFP out by early November and should have the imagery

results by then. Once the data is received it will give staff an understanding of our region that will inform us as regulations are developed.

9. NOVEMBER 8, 2018 RWA BOARD MEETING AGENDA

Introduction of Auditors Gilbert Associates, Inc. will be added as agenda item 5, the Regional Reliability Update agenda item will be deleted and an action item will be added to the Retiree Health Benefits item.

M/S/C Ms. Sedwick moved, with a second by Mr. York, 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.

10. EXECUTIVE DIRECTOR'S REPORT

John Woodling said that we recently had our actuarial report for GASB 75. We talked about OPEB in a different report a few months ago, when we talked about the funding level. This report uses the same information but makes different assumptions. The purpose of this report is to identify what the liability is for the purpose of financial statements. It combines the explicit and implicit subsidy amount. The amortization of the liability is different in the funding report. He asked if the EC wants a presentation or if we treat this as work towards the development of the financial statements and not bring this report to the full board. Ms. Krotoski said that the actuarial report is essentially to create the necessary accounting information for GASB 75 and for compliance with GASB 75. An explanation will be prepared when the financial statements are presented.

Mr. Woodling announced that we will have a new hire for the Legislative and Regulatory Affairs Manager position effective November 1st. A formal announcement will be made at the November board meeting.

Mr. Bezerra said that President Trump issued an order related to California water. One thing that is clear is that there is direction for the involved federal agencies to speed up the development of new biological opinions for the operation of state wide projects.

11. DIRECTORS' COMMENTS

Mr. Greenwood it was a pleasure to attend the SGA anniversary celebration and that it was a very nice event.

Ms. Tobin said that she enjoyed the SGA 20th anniversary event.

Mr. York reported that Sacramento Suburban Water District's regional transfer is completed. He thanked Mr. Swartz and the rest of the team that put everything together for a successful project. The district held their first annual open house with over 100 customers attending. The event showcased what each division does. The

infrastructure booth showed new replacement pipes and the old pipes that required replacement.

Mr. Peifer said that City of Sacramento receives their chemicals from China. There are not domestic manufacturers for the chemicals being used for purifying water. These chemicals will be subject to tariffs and the vendors are saying this is a problem from a manufacturing point of view.

ADJOURNMENT

With no further business to come before the Executive Committee, Chair Yasutake adjourned the meeting at 10:14 a.m.

By:

Chairperson

Attest:

Nancy Marrier, Board Secretary / Treasurer

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 due to the requirements of the Public Employees Medical and Health Care Act (PEMHCA). Staff briefed the Executive Committee in September and October on the issue and the Executive Committee voted to recommend that the Board direct staff to move forward with a CalPERS resolution and associated actions.

EXECUTIVE COMMITTEE RECOMMENDATION:

Information Presentation: John Woodling, Executive Director

Action: Direct staff to work with counsel to prepare a resolution to comply with the “minimum payment” option under PEMHCA.

AGENDA ITEM 6: EXECUTIVE DIRECTOR'S REPORT

NOVEMBER 8, 2018

TO: REGIONAL WATER AUTHORITY BOARD OF DIRECTORS

FROM: JOHN WOODLING

RE: EXECUTIVE DIRECTOR'S REPORT

- a. Legislative and Regulatory Update** – RWA is pleased to welcome our newest staff member to the role of Legislative and Regulatory Affairs Manager. Ryan Ojakian comes to us from the State Legislature, where he served as Senior Consultant to the Assembly Water, Parks, and Wildlife Committee, and also as staff to Assemblymember Marc Levine and Senator Joseph Simitian.

A useful summary of the 2018 Legislative Session is attached for your information. SB 998 (Dodd) delaying water shutoffs was signed into law by the Governor and will take effect January 1, 2019. The ACWA State Legislative Committee voted on October 26, 2018 to sponsor two bills in 2019, one as a funding proposal for safe drinking water for disadvantaged communities, and the other to establish a grace period for compliance with new water quality standards. By the time of the Board meeting, the 2018 elections will have occurred, with likely significant implications for water policy. In addition, the SWRCB is scheduled to consider Phase I of the Bay-Delta Water Quality Control Plan on November 7, 2018.

- b. Landscape Imagery Project Update** – The Sacramento region collectively purchased high resolution aerial imagery in early 2018 to assist with local and regional planning efforts, including those associated with the recently passed SB 606 and AB 1668 legislation. Part of these new laws will require the calculation of water use targets that are based, in part, on the amount of irrigable landscape in a water supplier's service area (primarily for residential accounts) and local climate. These landscape budgets based on irrigable land will be rolled up at the water agency level (not assigned to any one customer/account) as one component of an agency's overall water use objective or target. Water use targets are enforceable at the water agency level by the state beginning in 2023.

To better understand the development of landscape budgets and the impacts (in terms of potential water savings needed) for water agencies, the region has shown interest in conducting further analysis of the aerial imagery to estimate the area of relevant irrigable and irrigated land. The resulting irrigable and irrigated land for each water agency can then be used to determine landscape water budgets prior to the state's 2022 required deadline to adopt a similar landscape water budget methodology. This additional information will assist in helping to guide the state's methodology. RWA staff will conduct a competitive process to select a firm to perform the analysis. Staff will release a Request for Proposals (RFP) or Request for Qualifications (RFQ) by the end

of November, with selection of a firm expected in December or early January. There are several firms that have expressed interest in performing the analysis.

The imagery is expected to be delivered to RWA in late November. Once received, RWA will disseminate the imagery to each agency. Staff is planning a workshop for the first quarter of 2019 to showcase potential uses of the imagery. This workshop could also include a water agency staff technical training for interested agencies.

- c. **RWA Outreach** – The Sacramento Groundwater Authority held a well-attended 20th Anniversary Event on October 18, 2018 at the North Ridge Country Club. Former Assemblymember Roger Dickinson, co-author of the Sustainable Groundwater Management Act, was the keynote speaker. Resolutions recognizing the work of SGA were presented by Assemblymember Ken Cooley and by Matthew Ceccato, staff to Congresswoman Ami Bera. Mr. Woodling chaired a meeting of the ACWA Groundwater Committee on September 20th in Bakersfield. He will Chair the ACWA Groundwater Committee on November 28th in San Diego and speak on a panel at the ACWA Conference as well.
- d. **Grants Update** – Staff is currently managing five grant awards totaling just over \$28.5 million (see enclosed Grant Award table). During the previous quarter, more than \$1.2 million in reimbursements were received. Also during the previous quarter, staff fully closed out the \$2.5 million Water Energy Grant Project with the California Department of Water Resources (DWR). Staff also assisted in completing a funding agreement with the United States Bureau of Reclamation (USBR) for a \$750,000 award to Sacramento Suburban Water District for meter retrofits. The City of Sacramento and Sacramento County Water Agency are sub-recipients of the grant. The grant will be managed by RWA staff under a subscription project agreement.

During the upcoming quarter, staff will be working with USBR to execute a funding agreement for a \$300,000 grant awarded to San Juan Water District, with Sacramento County Water Agency as a sub-recipient. The award is from the WaterSMART drought contingency implementation program and will be used to fund two agency interties. RWA staff will manage the grant under a subscription project agreement.

DWR has released a draft application and guidelines for the Proposition 1 Integrated Regional Water Management (IRWM) Grant Program. A final application is expected by early 2019, and applications are expected to be due in mid-2019. In response to the release of the draft application, staff has communicated with American River Basin IRWM stakeholders to canvas for projects that are ready to proceed and that wish to be considered to pursue the current opportunity as part of a regional application. An additional round of funding from the IRWM Grant Program is expected in 2020.

- e. **Holiday Social** – The RWA/SGA Holiday Social is scheduled for December 6, 2018 at 6:00 p.m. at the North Ridge Country Club (flier attached).

State Legislative Committee Update – Supplemental

Meeting Date: September 28, 2018	Item No.: V.C.3.
Board Action Required: NO	Chairperson: Brian Poulsen
Fiscal/Budgetary Impact: NO	Prepared By: Wendy Ridderbusch, Adam Quiñonez, Cindy Tuck, Melissa Sparks, Emily Reeb, and Richard Filgas

SECOND YEAR OF 2017 – 18 LEGISLATIVE SESSION - REPORT ON POLICY BILLS

August 31, 2018 was the last day of the 2017–18 Legislative Session. Below is an update on: 1) State legislation that ACWA successfully opposed, secured amendments to, or supported; and 2) other bills of interest.

PLAYING DEFENSE – STOPPING BAD BILLS

Your State Legislative Committee worked on numerous bills that were problematic. ACWA staff marshalled their forces to help prevent the following bills from becoming law this year.

Statewide Water Tax Budget Trailer Bill

In 2018, the Brown Administration proposed a budget trailer bill (BTB) based on the SB 623 (Monning) framework from 2017. The BTB proposed to create a Safe and Affordable Drinking Water Fund that would primarily be funded by: 1) taxes on the sale of fertilizers and confined animal operations such as dairies; and 2) a statewide water tax on retail residential and business customers. ACWA led a coalition of over two hundred organizations that recommended funding alternatives but opposed the proposed statewide water tax. One of the funding alternatives that ACWA suggested was the use of a limited amount of General Fund dollars in combination with federal funds, general obligation bond funds, and the proposed agricultural taxes. After extensive advocacy by an ACWA-led lobbying team, communications and outreach, the Legislature’s Budget Conference Committee **rejected** the budget trailer and instead set aside \$23.5 million in General Fund funding for allocation to safe drinking water actions later in the Legislative Session.

The Legislature took these positive actions on June 8, 2018 – three days after the voters approved ACWA-supported Proposition 68, which included \$250 million for safe and clean water. This Proposition 68 funding must be prioritized for disadvantaged communities. The Legislature was also aware that ACWA-supported Proposition 3 would be on the November ballot with \$500 million for safe drinking water that, if approved, would also have to be prioritized for disadvantaged communities. Ultimately the

Legislature passed and the Governor signed SB 862 (Committee on Budget and Fiscal Review), which amended the State Budget Act of 2018 to make various appropriations for Fiscal Year 2018-19. SB 862 provides more of the detail for how the \$23.5 General Fund set-aside will be spent, including providing \$3,000,000 to the State Water Board for a **needs analysis of drinking water systems**. Despite these positive actions taken in 2018 by the voters and the Legislature, and with eleven days left in the Legislative Session, Senator Monning on August 16 gutted and amended SB 845 with a last-minute twist on the water tax proposal. Please see the SB 845 section of this report for information regarding SB 845.

AB 1529 (Thurmond) – Drinking Water: Backflow Prevention Devices

AB 1529 would have deleted the requirement in existing law that backflow prevention and cross-connection inspection testers must demonstrate their competency to the satisfaction of the water supplier or local health agency. ACWA took a “Not Favor” position on the bill and ultimately requested that the Governor veto the bill. Governor Brown vetoed AB 1529 on September 19, 2018.

AB 3045 (Gallagher) – Natural Resources Agency: State Water Project Commission

Assembly Member Gallagher introduced this bill to address to the emergency response management efforts made by the Department of Water Resources (DWR) at Oroville Dam after the February 7, 2017 Lake Oroville spillway incident that threatened the lives of over 200,000 of Assembly Gallagher’s constituents and evacuees in Butte County. AB 3045 would have transferred the authority and oversight of the State Water Project (SWP) from DWR to a newly-proposed, third-party SWP Commission under the California Natural Resources Agency. The water community continues to remain invested in fixing the damage and learning lessons from Oroville Dam, however, this bill would have reversed the historic legal structure set forth by the Burns-Porter Act in 1960, including over 50 years of oversight, planning, and management of the SWP, which could have significantly impacted the operation of water throughout California. In addition to Oroville, this bill would have affected every dam and reservoir that is currently regulated by DWR in the state. ACWA took a strong ‘Oppose’ position on this bill and communicated the water community’s concerns to the Author’s office and the fiscal policy committee members. This bill was heard in the Assembly Water, Parks and Wildlife Committee and ultimately died in May 2018 on the Assembly Appropriations Committee Suspense File. Assembly Member Gallagher was invited to and participated in ACWA’s Spring Conference Oroville Dam program panel where he shared his concerns with ACWA members.

AB 327 (Gipson) – South Coast Air Quality Management District: Fleets

This bill was gutted-and-amended on June 4, 2018 to be similar to Assembly Member Gipson’s AB 302, which died in the Assembly Transportation and Housing Committee on May 2017. Devised in response to air quality issues in Los Angeles County, AB 327 would have significantly expanded the South Coast Air Quality Management District’s (SCAQMD) authority by allowing the SCAQMD to require public agencies with fleets of fifteen or more to replace existing vehicles with the cleanest commercially available vehicles. The bill would have also allowed SCAQMD to require an agency to replace fifteen percent of its fleet on an annual basis. The core concern of ACWA members was the issue of the cost associated with granting the SCAQMD the ability to require that any agency replace vehicles irrespective of price. ACWA

took a 'Not Favor Unless Amended' position on the bill, which died in the Transportation and Housing Committee.

AB 2065 (Ting) – Local Agencies: Surplus Land

AB 2065 would have revised and expanded provisions in the Surplus Land Act, which would have placed onerous new requirements on public agencies disposing of surplus land. The definition of "local agency" would have included sewer, water, utility, and local and regional park districts, joint power authorities, successor agencies to former redevelopment agencies, housing authorities, and other political subdivisions that are empowered to acquire and hold real property. Additionally, the bill would have defined the term "dispose of" as the sale, lease, transfer, or other conveyance of any interest in real property owned by a local agency. The definition of "disposal" would have been problematic for public agencies intending to lease land they own, as it would have triggered the requirements for the disposal of surplus land. Additionally, AB 2065 would have required public agencies to offer buffer properties next to wastewater, solid waste facilities, or power plants, as specified. ACWA took a position of 'Not Favor Unless Amended' to seek amendments that would narrow the definition of "disposal" and specify that only land suitable for school facilities and affordable housing should be considered as potential surplus property. The bill was placed on suspense and died in Assembly Appropriations Committee on May 25, 2018.

AB 3206 (Friedman) – Water Conservation: Water Meters: Accuracy and Performance Standards

As introduced, AB 3206 would have required the California Energy Commission (CEC) to adopt regulations setting standards for the accuracy of water meters purchased, repaired, or reconditioned on and after the effective date of those regulations, including, water meters installed under the Water Measurement Law. The bill would have allowed a water purveyor to install a water meter before the effective date of the regulations for a period deemed appropriate by the CEC. The most significant issue raised by ACWA members was the costs associated with the new accuracy requirements and the technical feasibility of testing and replacing water meters. Additionally, this bill would have imposed an entirely new standard, outside of industry standards and practice manuals that suppliers currently use developed by American Water Works Association (AWWA). ACWA adopted an 'Oppose Unless Amended' position on this bill and worked extensively with stakeholders and the Author's office to obtain amendments. While the bill was significantly amended, the amendments did not address ACWA's concerns regarding the cost this bill would have imposed on public water agencies and feasibility of implementation. As a result of the costs identified and opposition by ACWA and others, AB 3206 was held in the Senate Appropriations Committee and died on the Suspense File.

SB 831 (Wieckowski), SB 1469 (Skinner), AB 2890 (Ting) – Accessory Dwelling Units

ACWA previously worked with Senator Wieckowski's office on two bills related to accessory dwelling units (ADUs) and connection fees, SB 1069 (Chapter 720, Statutes of 2016) and its follow-up measure, SB 229 (Chapter 594, Statutes of 2017). In 2016, ACWA negotiated with Senator Wieckowski to continue to allow local water agencies to assess proportionate ADU fees to appropriately account for and manage water or sewer connections within their system. In 2018, SB 1469 (Skinner) and SB 831 (Wieckowski)

proposed to remove the language that ACWA previously negotiated on SB 1069. ACWA adopted an 'Oppose Unless Amended' position on both bills, conveying to the Authors and policy committee staff how the proposed removal of authority would significantly impact local water agencies that constitutionally must ensure fees do not exceed the reasonable costs of providing these services to their rate-paying customers. A third bill, AB 2890, was introduced this session that was similar to these ADU bills. ACWA actively advocated on these bills to remove the prohibition of charging connection fees. As a result of ACWA's efforts, in partnership with a broad coalition of local government organizations, all three bills were held in policy committees.

SB 845 (Monning) – Safe and Affordable Drinking Water Fund

Despite the fact that Budget Conference Committee rejected the statewide water tax budget trailer bill and instead set aside \$23.5 million in General Fund money for safe drinking water, and with eleven days left in the Legislative Session, Senator Monning on August 16 gutted and amended SB 845 with a last-minute twist on the water tax proposal. This majority-vote bill would have required **over 3,000 community water systems** to add a **voluntary remittance with an opt-out feature** to local water bills in order to generate funding for the proposed Safe and Affordable Drinking Water Fund. Local water customers would have had the option to pay the voluntary remittance, opt out, or pay a different amount. Refunds would have been allowed in some cases. ACWA led the large coalition that opposed this measure because it would have been highly inefficient and expensive to have over three thousand water systems change their billing systems and hire staff to implement very different billing practices.

Senator Monning also on August 16 gutted and amended SB 844 to propose an updated version of the agricultural taxes proposal. Senator Monning double-joined this two-thirds-vote bill to SB 845. So neither bill would go into effect unless they both were chaptered into law.

After two weeks of intensive advocacy by the ACWA-led lobbying team, communications and outreach, SB 845 died the last day of Session (August 31) without a hearing at the Assembly Appropriations Committee.

SB 944 met the same fate at the Assembly Appropriations Committee.

On August 31, Assembly Speaker Anthony Rendon issued a statement noting that the Legislature had put Proposition 68 on the ballot and approved funding for safe drinking water. He noted that more work needed to be done, and Assembly Members Eduardo Garcia (D-Coachella) and Heath Flora (R-Ripon) had agreed to lead the Assembly's safe drinking water efforts going forward.

PLAYING DEFENSE – SECURING IMPORTANT AMENDMENTS

For some bills, ACWA's "Oppose" position and lobbying efforts resulted in positive changes to legislation that removed many concerns. ACWA also adopted 'Oppose-Unless-Amended' positions on bills that, while problematic as introduced, could be made reasonable through the successful negotiation of amendments. ACWA typically opposes bills until amendments are incorporated that protect ACWA

members' interests. In some instances, ACWA takes a 'Support-If-Amended' position. The following bills are examples:

AB 1270 – Dams and Reservoirs: Inspections and Reporting

This bill would require the Department of Water Resources (DWR) to inspect dams, reservoirs, and appurtenant structures once per fiscal year with the exception of low hazard potential dams, which the bill would require inspections at least every two fiscal years. ACWA took a 'Not Favor Unless Amended' position to ensure that sensitive information identified during an inspection not be released publicly to prevent a dam's vulnerability or security threat. The bill was later amended to allow dam inspection reports to be public records subject to the California Public Records Act, however, it would authorize DWR to withhold from public release sensitive data, images or other information, if DWR includes in the public release a statement of findings that the withheld information would disclose a dam's vulnerability or pose a security threat. The bill would require the Division of Safety of Dams within DWR, in consultation with independent, national dam safety and dam safety risk management organizations, to on or before January 1, 2019, and every 10 years thereafter, propose amendments to its dam safety inspection and re-evaluation protocols to incorporate updated best practices, including risk management, to ensure public safety. ACWA moved to a 'Watch' position following these amendments being incorporated into the bill. AB 1270 was chaptered into law on February 26, 2018.

AB 2258 (Caballero) – Local Agency Formation Commissions: Grant Program

AB 2258 would require the Strategic Growth Council (Council), after consulting with the California Association of Local Agency Formation Commissions (CALAFCO), to develop and adopt guidelines, timelines, an application, and reporting criteria for development and implementation of a grant program. This bill would exempt these guidelines, timelines, and reporting criteria from the rulemaking provisions of the Administrative Procedure Act (APA) and would provide additional resources to LAFCOs for the purposes of dissolution and consolidation of districts. In its early version, ACWA members expressed concern over the source of funding to be used for the proposed grant program and adopted a 'Favor If Amended' position. The Author identified a source of funding in early April, addressing ACWA's concerns. ACWA moved to a 'Favor' position and later in June moved to a 'Watch' position. The Governor vetoed the bill on September 18, 2018.

AB 2370 (Holden) – Lead Exposure: Licensed Child Day Care Facility

AB 2370 would set requirements for the testing of drinking water in licensed child day care centers. ACWA agreed with the intent of this bill, which is to protect the health of infants and children. The State Legislative Committee took a "Favor-If-Amended" position. Working with the Author and bill sponsor (the Environmental Working Group), ACWA secured amendments that: 1) deleted the proposed requirement that community water systems conduct the testing; 2) limited the testing to building constructed before January 1, 2010; and 3) deleted a proposed and infeasible "lead free" standard. The enrolled version of the bill would have the day care center have its drinking water tested for lead contamination levels on or after January 1, 2020 but no later than January 1, 2023. If the testing shows "elevated lead levels," the day care facility would be required to immediately make inoperable and

cease using fountains and faucets where elevated levels might exist. The bill would not impose mandates on community water systems. The Governor signed AB 2370 into law on September 22, 2018.

AB 2447 (Reyes) – California Environmental Quality Act: Land Use: Environmental Justice

This bill would require a lead agency that is preparing an environmental impact report (EIR) or a negative declaration to provide certain notices required by CEQA to owners and occupants of property located within one-half mile of any parcel(s) of a disadvantaged community (DAC). The bill would also require that notice be given to any schools located within one mile of any parcel(s) on which is located a project involving an industrial or equivalent land use within a DAC or within one-half mile of a DAC. ACWA took an 'Oppose Unless Amended' position in March 2018 to seek an exemption for water and wastewater agencies. After working extensively with the Author's office, ACWA was able to secure an exemption that would exclude most water and wastewater projects. While ACWA has not removed opposition, the bill is certainly much improved from early in the Session. The Governor vetoed AB 2447 on September 30, 2018.

AB 2501 (Chu) – Drinking Water: State Administrators: Consolidation and Extension of Service

AB 2501 was one of many consolidation bills considered by the Legislature this year. This bill, as well as SB 1215 (Hertzberg), related to sewage system consolidation, was sponsored by the Leadership Counsel for Justice and Accountability and proposed a State Water Board approach to consolidation. Several other consolidation-related bills, such as AB 2050 (Caballero) and AB 2179 (Gipson), proposed to strengthen local control, have communities decide whether consolidation is the best approach for water or wastewater services, and not prohibit recovery costs as a result of consolidation. ACWA took an 'Oppose Unless Amended' position in February on AB 2501 and sought amendments that allow for receiving water systems to continue to recover the costs associated with mandated consolidation. By June, the Author had taken amendments to allow water agencies to charge customers of a subsumed water system for the cost of the consolidation. ACWA moved to a 'Watch' position, although questions remained regarding where the funding source would come from for larger water systems to consolidate with smaller water systems. AB 2501 was signed into law by the Governor on September 28, 2018.

AB 2649 (Arambula) – Water Rights: Water Management

AB 2649 (Arambula) was introduced with the legislative intent that California increase its groundwater recharge. This bill was similar to AB 1427 (Eggman) which died in 2017. AB 2649 was amended to include State Water Board language that would allow for a temporary permit process for groundwater recharge projects and would have declared groundwater recharge as a beneficial use. ACWA took a 'Watch' position on AB 2649 due to the different perspectives of ACWA's upstream and downstream member agencies related to increasing groundwater recharge while legally protecting existing water rights holders. Despite these different viewpoints, ACWA members agreed that diverting surplus surface water for groundwater recharge is a necessary tool for successful Sustainable Groundwater Management Act implementation and developed a work group to address this issue. ACWA members for upstream and downstream interests came to a consensus on proposed amendments, and the State Legislative Committee moved to a 'Support if Amended' position on AB 2649 at its June 29, 2018 meeting. The

Committee produced a mock-up of amendments focused on changes to the State Water Board language regarding the temporary permit process. Though much progress was made and general consensus was reached with the State Water Board, late in the Session the Author decided to hold the bill and potentially revisit the issue in 2019. As a result, AB 2649 was gutted and amended to address another issue.

AB 2975 (Friedman) – Wild and Scenic Rivers

AB 2975 is a reintroduction of AB 975 from 2017. That year ACWA joined a broad coalition of over thirty agricultural associations, water agencies, and business groups to oppose AB 975. The bill would have expanded the State Wild and Scenic River law to mirror current federal law. This was problematic for ACWA members as it would have expanded the physical land areas included in wild and scenic designations and added non-descript terms such as “extraordinary value” in describing what must be preserved in designated rivers. AB 975 was sent to the inactive file in June 2017. The Author returned this year with AB 2975, and the coalition again opposed the bill. The Author and the opposition worked through the identified concerns and deleted the problematic language described above from the bill. The Author included several additional safety clauses to ensure that the state would have protections if the current President or Congress chooses to roll back existing wild and scenic river designations in the future. ACWA moved from an ‘Oppose’ to a ‘Watch’ position after these amendments were included in the bill. The Governor signed AB 2975 into law on August 27, 2018.

SB 606 (Hertzberg) and AB 1668 (Friedman) – Water Management Planning

These bills were introduced as a package in early 2017 to create a framework to strengthen the state’s water resiliency. In preparation for future droughts, the bills establish standards and guidelines for efficient water use. AB 1668 and SB 606 were intended to implement the Brown Administration’s water conservation policy framework, “Making Water Conservation a California Way of Life.” AB 1668 requires the State Water Board and DWR to adopt water-use efficiency regulations, outlines requirements for water suppliers, and specifies penalties for violations. SB 606 sets forth distinct provisions on water shortage planning and water loss reporting for urban water suppliers. In combination, the two bills would require urban water providers throughout California to establish new, permanent water-use objectives for their service areas by November 1, 2023. ACWA adopted an ‘Oppose Unless Amended’ position on the bills in 2017 because the bills proposed an extreme and burdensome response to increasing drought conditions. This year, after extensive advocacy by ACWA and its member agencies, both bills were amended and greatly improved. While not all of ACWA’s amendments were included in the final language, the bills were amended to establish significantly less onerous shortage planning and reporting requirements for water agencies. On May 31, 2018, the Governor signed both bills into law.

SB 998 (Dodd) – Discontinuation of Residential Water Service: Urban and Community Water Systems

SB 998 would change the practice for water purveyors who currently undertake multiple protocols to ensure that water service is discontinued for non-payment only when a customer fails to follow-through with multiple safeguards that are built into the operations and management of water systems. This new one-size-fits-all statewide program would prevent service shut-offs for at least sixty days for delinquent

customers and create a cap on reconnection fees for some customers that may or may not cover the actual cost of these physical reconnections, triggering Proposition 218 concerns for public water agencies. The bill would expand the authority of both the State Water Resources Control Board and the Attorney General to enforce the provisions of this bill.

ACWA adopted an 'Oppose Unless Amended' position early in the year and worked extensively with stakeholders and the Author's office to develop and obtain amendments that would remove ACWA's opposition. The ACWA-led coalition obtained several amendments that removed the most onerous provisions from the bill. This included a provision that would have prohibited water agencies from discontinuing residential service due to nonpayment if a local health department determined that the discontinuation posed a grave threat to occupants of the residence. Although the bill has been amended several times since its introduction in February, the Author has still refused to address ACWA's concerns relating to items such as the amount of time before service will be shut off as well as caps on reconnection fees. ACWA moved to a full 'Oppose' position and remained dedicated to lobbying against this bill through the end of the Legislative Session. The Governor signed SB 998 into law on September 28, 2018.

SB 1215 (Hertzberg) – Provision of Sewer Service: Disadvantaged Communities

SB 1215 would build upon SB 88 (Chapter 27, Statutes of 2015), which granted the State Water Board authority to mandate consolidation of small drinking water systems to provide a tool to address the state's drinking water issues. This bill would extend that authority to noncompliant wastewater systems. ACWA adopted a 'Not Favor' position on SB 1215. In 2015, ACWA opposed SB 88 in part due to concerns over the impact that any subsumed, non-compliant wastewater system would have on the receiving system. The Brown Administration attempted to address this issue in SB 88 by including liability protections for the receiving water system. SB 1215 did not include these same protections for wastewater consolidation. Further, SB 1215 triggered Proposition 218 concerns by proposing to allow a usage fee to be charged only to those who use the goods or services. Under the bill, a ratepayer in a compliant system would have been subsidizing infrastructure improvements in a noncompliant system, and it was unclear how mandated consolidation would comport with the law. In April, SB 1215 was amended to address these concerns, and ACWA adopted a 'Watch' position. The bill no longer proposed to provide the State Water Board with authority to mandate sewage system consolidation. Instead, for cities and counties, the State Water Board would be able to order an extension of service and for special districts, an annexation of the failing sewage system. The bill was amended to clearly state the intent that local agencies be able to recover the costs associated with this process through appropriate fees. The Governor signed SB 1215 into law on September 30, 2018.

SB 1244 (Wieckowski) – Public Records: Disclosure

SB 1244 would have changed the Public Records Act (PRA) by providing that if a public agency accidentally discloses a record that is otherwise exempt from a PRA request, the record is no longer deemed exempt from a PRA. SB 1244 attempted to reverse the California Supreme Court's decision in *Ardon v. City of Los Angeles* (2016), which held that inadvertent disclosure of documents in response to

a public records request does not waive the exemption privilege. ACWA moved to an 'Oppose' position due to concerns that the bill would leave public water agencies without recourse in the event of an inadvertent disclosure of documents currently exempted from the Act.

The May 15 amendments removed language that stated the waiver of the exemption privilege applies whether the state or local agency intentionally or inadvertently disclosed the information. As amended, the bill would solely clarify terminology to reflect that only a requester can recover attorney fees and court costs as a prevailing plaintiff and that the requester would be required to pay attorney fees and court costs if the requester's case is found to be frivolous. As a result of these amendments, the bill would have no impact on public water agencies, and ACWA moved to a 'Watch' position on the bill. The Governor signed SB 1244 into law on September 17, 2017.

SB 1422 (Portantino) – California Safe Drinking Water Act: Testing for Microplastics

ACWA worked on SB 1422 as part of a coalition with the California Municipal Utilities Association and the California Water Association. An early version of the bill proposed a broad requirement for the testing for microplastics in drinking water and the reporting of the results to the public. The coalition believed that the bill was premature and originally suggested amendments for research in this area. The Author wanted to move forward with a testing requirement, and the coalition offered amendments to add safeguards to the bill. Based on ACWA's and the coalition's advocacy, the Author did accept amendments that would require the State Water Board to: 1) adopt a definition of "microplastics in drinking water"; 2) adopt a standard testing methodology; 3) limit the testing to four years of testing instead of testing into perpetuity; and 4) accredit qualified laboratories to analyze the test results. SB 1422 was signed into law by the Governor on September 28, 2018.

PLAYING OFFENSE – HELPING GOOD BILLS MOVE

ACWA's support for good legislation improves the chances of passage for the bills.

AB 2050 (Caballero) – Small System Water Authority Act of 2018

AB 2050 passed out of both houses of the legislature and is on the Governor's desk. This bill would provide additional authority to the State Water Board to order the consolidation of water systems that consistently fail to provide safe and affordable drinking water. While AB 2050 would not remove the State Water Board's current authority to mandate consolidation as provided by SB 88 (Chapter 27, Statutes of 2015), it would create an alternative procedure for the State Water Board to prescribe consolidation that would be locally driven, would issue no mandates for compliant water systems, and would create economies of scale by merging under-performing water systems.

Early in the year, ACWA adopted a "Support" position on AB 2050 and has worked with the sponsors, Eastern Municipal Water District and the California Municipal Utilities Association, throughout the legislative process. AB 2050 would provide a real solution to addressing the very serious water issues facing many Californians and allocate over \$50 million from the General Fund for this effort. ACWA has requested that the Governor sign the bill. The Governor vetoed AB 2050 on September 28, 2018.

AB 2060 (E. Garcia) – Water Grants: Advanced Payments

AB 2060 would require the State Water Board, within sixty days of awarding a grant from the Small Community Grant Fund Wastewater Program, to provide an advanced payment of grant awards upon request where the project proponent is a nonprofit organization or a disadvantaged community (DAC), or the project benefits a DAC. AB 2060 is similar to this year’s AB 2064 (Gloria), which also addresses improvements to the advanced payment processes for state grant awards. ACWA took a “Favor and Amend” position on the bill and suggested removing the duplicative language related to AB 2064 (Gloria), which addresses advancement of funds in the Department of Water Resources’ Integrated Regional Water Management (IRWM) Program. The Author removed the IRWM Program advanced payment processes from the bill and aligned the bill text to AB 2064 for the State Water Board’s Small Community Grant Fund Wastewater Program. ACWA moved to a ‘Favor’ position and continued to support both bills. This bill would alleviate cashflow-related concerns for nonprofits and DACs while maintaining accountability for project completion. Similarly the bill would align the advanced payment processes between DWR and the State Water Board, which is beneficial in providing consistency across state departments for local water agencies and future applicants. The bill was vetoed by the Governor on September 28, 2018.

AB 2064 (Gloria) – Integrated Regional Water Management Plans Grants: Advanced Payment

In 2015, SB 208 (Chapter 675, Statutes of 2015) was chaptered into law to establish the current advanced payment process for the IRWM Program. Under this program, a DAC or non-profit organization may receive advanced payment for the first half of a grant award. AB 2064, sponsored by San Diego County Water Authority (SDCWA), would provide a statutory structure for the advanced grant award for the second half of funding for eligible projects. ACWA took a “Favor and Amend” position on the bill. Once AB 2064 and AB 2060 were amended to ensure consistency between the two bills, ACWA moved to a ‘Favor’ position to reduce cashflow burdens on DACs and nonprofits and to encourage DAC involvement in the IRWM Program, consistent with the Proposition 1 IRWM funding program. The Governor vetoed this bill on September 28, 2018.

AB 1889 (Caballero) – Santa Clara Valley Water District

AB 1889 was a district-specific bill, sponsored by the Santa Clara Valley Water District (SCVWD), and introduced to make changes to the Santa Clara Valley Water District Act (Act). The bill would revise the current process for filling vacancies on the Board of Directors (BOD) from an at-large basis, to a geographic district-specific basis, consistent with the 2009 changes for BOD elections. The bill would also reform the parcel tax exemption process for low-income seniors and disabled persons and increase the current cap on the number of BOD remuneration meeting days from ten to twenty days per month. ACWA took a ‘Favor’ position on this bill early in the legislative session, as the measure would help strengthen the diversity of its BODs and allow an enhanced opportunity for underrepresented community members, such as low-income retirees or individuals, to run for the BOD position. The Governor signed AB 1889 into law on September 5, 2018.

AB 1944 (E. Garcia) – Sustainable Groundwater Management: San Luis Rey Valley Groundwater Basin

AB 1944 would divide the San Luis Rey Valley Groundwater Basin into an upper and lower subbasin and would designate the subbasins as medium priority until the Department of Water Resources (DWR) reassesses basin prioritization. The bill would require water beneath the surface of the ground within the Upper San Luis Rey Valley Groundwater Subbasin to be included within the definition of groundwater by any groundwater sustainability agency (GSA) developing or implementing a groundwater sustainability plan (GSP). ACWA members from the region conveyed that due to the terms of the tribal settlement agreements in the San Luis Rey Valley Groundwater Basin, none of the tribes are willing to participate voluntarily in SGMA unless the Pauma and Pala subareas are managed as a single hydrologic unit, which would be included in the upper subbasin as described in the bill. The tribes in the area would like to work cooperatively with the local water agencies to manage their water resources sustainably under one GSP. Due to the regional efforts to collectively collaborate, ACWA took a 'Favor' position on AB 1944. The bill was signed by the Governor on September 5, 2018.

AB 2179 (Gipson) – Municipal Corporations: Public Utility Service: Water and Sewer Service

AB 2179 would reduce the voter threshold for cities to sell, lease, or transfer sewer service infrastructure to another provider from a super majority (two-thirds) vote to a majority vote of its legislative body and the voters. In the case of drinking water systems, current law provides an alternative process to authorize the sale of the service by a majority of both the legislative body and the electorate.

This bill would bring parity with water utilities that can already sell, lease, or transfer utilities through a much less burdensome process. While this bill would propose to lower the threshold for the sale of a sewer utility, it would continue to maintain local control and allow cities and counties to determine if its inhabitants would be provided with equal or better service by the acquiring entity. This bill is contingent upon the enactment of AB 2339 (Gipson). Since the introduction of AB 2179, ACWA has maintained a 'Favor' position. AB 2179 was signed into law by the Governor on September 28, 2018.

AB 2339 (Gipson) – Water Utility Service: Sale of Water Utility Property by a City

AB 2339 was one of several consolidation bills this legislative year. This bill would allow consolidated water systems of the City of El Monte, the City of Montebello, and the City of Willows and would eliminate the requirement for a majority vote in a citywide election to authorize the sale. AB 2339 is a reintroduction of AB 272 (Gipson, 2017) for which ACWA adopted a 'Watch' position and which was held on the Suspense File in Assembly Appropriations Committee. When AB 2339 was introduced, ACWA adopted a 'Favor if Amended' position due to concerns that the bill would only require a majority vote for a city council, which is a lower threshold to sell a community asset than existing law. The Author addressed ACWA's concern by raising the voting threshold of the legislative body to require a four-fifths vote. Additionally, the original language of the bill did not require a city to provide the public with information on how or where to submit a protest. After ACWA communicated this concern to the Author, the bill was amended to provide notice of sale in an agency's regular billing statement. Further, ACWA requested minor amendments to improve the local stakeholder input process and maintained the 'Favor if Amended' because these minor amendments were not included. However, the Author did

address ACWA's substantive concerns on this bill. AB 2339 was signed into law by the Governor on September 28, 2018.

AB 2371 (Carrillo) – Water Use Efficiency: Landscape Irrigation

AB 2371, sponsored by ACWA member San Diego County Water Authority, would advance several recommendations from the Independent Technical Panel's (ITP) Final Report to the Legislature, to increase efficiency and sustainability of landscape water use in California. ACWA adopted a "Support" position early in the year and remained supportive throughout several revised iterations of the bill. AB 2371 would provide water managers with several manageable actions to help their communities meet new and likely more stringent standards in the future. This bill was signed into law by the Governor on September 28, 2018.

AB 2538 (Rubio) – Municipal Separate Storm Sewer Systems: Financial Capability Analysis

AB 2538 is a reintroduction of SB 589 (Hernandez). In 2015, the Los Angeles County Municipal Stormwater 4 (MS4) permit was estimated to cost as much as \$20 billion. As a response, Senator Hernandez introduced SB 589 in 2017, on which ACWA took a 'Favor' position. The bill would have required the State Water Board to establish financial capability analysis (FCA) guidelines for assessing the capability of municipalities to implement MS4 compliance projects. SB 589 would have also required the Los Angeles Regional Water Board to conduct a pilot project. Due to concerns about the cost of implementing such FCA, SB 589 died in Senate Appropriations. ACWA also adopted a 'Support' position on AB 2538 as it would attempt to remedy the exorbitant costs associated with MS4 compliance by developing FCA guidance for the state which would be helpful in improving implementation of MS4 permits for local agencies. The Governor vetoed this bill on September 28, 2018.

AB 2770 (Irwin) – Privileged Communications by Former Employer: Sexual Harassment

Assembly Member Irwin introduced AB 2770 in response to the recent events of sexual harassment claims in the workplace. ACWA adopted a 'Favor' position on this measure early in the year. This bill would protect employers when disclosing information regarding a current or former employee to a potential new employer so long as it is done based on credible evidence and without malice. The bill would clarify current law to ensure that employers are able to disclose instances of sexual harassment. AB 2770 would specify that an employer may answer whether or not they would rehire a current or former employee and whether or not the decision to not rehire is based on a determination that the former employee engaged in sexual harassment. AB 2770 would also amend the definition of "malice" to conform to other sections of the Civil Code and Penal Code. AB 2770 would provide additional protection for employers by clarifying that disclosure of sexual harassment claims against an employee is considered privileged communication. This bill was signed by the Governor on June 9, 2018.

SB 881 (Wieckowski) – Flood Control: County of Santa Clara: South San Francisco Bay Shoreline Project

SB 881 would add the South San Francisco Bay Shoreline Project to the list of flood control projects authorized to receive state flood control subvention reimbursements. As amended on April 3, 2018, this

bill would specify that this is a district-specific bill, and Santa Clara Valley Water District would only receive the subvention funds if it enters into an agreement with the Department of Water Resources (DWR) consenting to protect entities from liability for damages that may result from the project, except for liability for damages resulting from activities the State Coastal Conservancy undertakes or manages, in whole or in part, for the project. The Shoreline Project is a multi-benefit project that not only restores thousands of acres of wetlands, but expands the tidal and flood protection area for the coast. State costs will include items such as right-of-way access, development of recreational area, fish and wildlife enhancements, and temporary work area easements. It is estimated this project will save the Silicon Valley \$6.14 billion in damages should a 100-year coastal flood event occur. ACWA maintained a 'Favor' position on SB 881 since its introduction. The Governor signed SB 881 into law on September 22, 2018.

SB 929 (McGuire) – Special Districts: Internet Websites

Senator McGuire introduced SB 929 as a transparency bill, requiring every independent special district to create and maintain a website with specific information by January 1, 2020. The bill arose as a recommendation from the recent Little Hoover Commission Report. There is currently no requirement that special districts must create and maintain a website, leaving many Californians without easily accessible information for essential services. Last year, AB 1728 (Committee on Local Government), Chapter 265, Statutes of 2017), required all health care special districts to adopt an annual budget, adopt a grant funding policy, and establish and maintain a website that includes the district's contact information, among other requirements. This bill would exempt a special district that, with a majority vote of its governing body, adopts a resolution that contains a determination that a hardship exists preventing the district from establishing and maintaining a website. Most, if not all, of ACWA's members have created and operate their own websites on the internet. In this day and age with increasing focus on all forms of government, this bill is a reasonable step to take to ensure communication via the internet with special districts and their constituencies. ACWA has held a 'Favor' position since the bill's introduction and worked to support its passage. This bill was signed by the Governor on September 14, 2018.

SB 963 (Allen) – Water Replenishment Districts

This bill was a district-specific bill that was sponsored by the Water Replenishment District of Southern California (District), an ACWA member agency. The bill would repeal the District's statutory reserve fund cap of \$10,000,000. The bill identified that the cap was established in the year 2000 in response to a report from the Bureau of State Audits that identified excess reserve levels at the District and inadequate spending on the purchasing of water. However, the District has made significant efforts to correct these issues and has been able to maintain healthy reserve levels for many years. In addition, the District has made sizeable investments to move away from imported water and toward self-sufficiency using recycled water. ACWA took a "Favor" position on this measure as existing law does not provide the District with adequate flexibility to manage its finances and fulfill its goal of self-sufficiency. The Governor signed SB 963 into law on September 11, 2018.

SB 1343 (Mitchell) – Employers: Sexual Harassment Training

SB 1343 would expand sexual harassment training requirements to employers with five or more employees. The bill would also mandate that training be provided to all employees, not just supervisors. An employer would have to provide this training to each employee within six months of hire. This bill would also direct the Department of Fair Employment and Housing (Department) to develop, and make available to employers, a two-hour video training course on sexual harassment prevention that fulfills the training requirements. The video would be made available in three languages and would not preclude employers from developing their own training programs. ACWA Adopted a 'Favor' position on SB 1343 because it proposed a more sensible approach to dealing with the serious issue of sexual harassment prevention. This bill was signed into law by the Governor on September 30, 2018.

OTHER LEGISLATION

Some bills do not fit in the above-covered categories. Following is information for one such bill that will be of interest to the board.

SB 100 (León) – California Renewables Portfolio Standard Program: Emission of Greenhouse Gases Emissions

SB 100 (León) contains two primary provisions. The first is a mandate that would increase the current Renewable Portfolio Standard (RPS) requirements from 50% renewable energy by 2030 to 60% renewables by 2030. The second provision is a planning goal to be used by state agencies for achieving 100% renewable and zero-carbon energy sources for the state by 2046. It is this second provision that causes concern for ACWA members. Under the current RPS program, large hydroelectric generation (over 30MW) is not considered an eligible renewable. SB 100 does not define "zero-carbon" so there is an issue of whether it includes hydroelectric generation.

ACWA adopted an "Oppose Unless Amended" position on SB 100 requesting amendments to define "zero-carbon" to include all hydroelectric generation. Though the bill passed both houses without including this definition, a significant portion of the floor debate focused on securing a future for hydroelectric generation; owing to the fact that ACWA and others have been meeting with legislative members throughout the year to express this concern. In addition, the Author's office has given assurances that hydroelectric generation of all sizes would be considered "zero-carbon." Despite this, ACWA continued to "Oppose" SB 100. The Governor signed SB 100 into law.

Regional Water Authority Status of Grant Awards

October, 2018

	Prop 84 2011 Implementation Grant	Prop 84 Drought Grant	Prop 84 2015 Implementation Grant	USBR CalFed 2018 Meter Grant (1)	Prop 1 Planning Grant	Total
Awarding Agency	DWR	DWR	DWR	USBR	DWR	
Award/Effective Date	8/16/2011	1/17/2014	1/13/2016	9/21/2018	8/8/2017	
Completion Date	6/30/2019	2/28/2019	12/31/2019	3/31/2020	12/31/2018	
Grant Award Amount	\$16,030,766	\$9,765,000	\$1,757,000	\$750,000	\$250,000	\$28,552,766
Reimbursement Requests Currently Being Reviewed	\$245,392	\$130,053	\$0	\$0	\$0	\$375,444
Reimbursements Received During Previous Quarter	\$557,644	\$566,189	\$0	\$0	\$106,769	\$1,230,602
Reimbursements Paid to Date	\$10,502,732	\$7,430,284	\$508,761	\$0	\$0	\$18,441,777
Grant Award Outstanding	\$5,282,642	\$2,204,664	\$1,241,989	\$750,000	\$143,231	\$9,622,526

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

Please complete and return
with payment to:
Regional Water Authority
by Monday, December 3, 2018

Name(s): _____

Organization: _____

Cost:
\$70 per person

Please Indicate Choice(s) Below:
_____ Oven Roasted Prime Rib
_____ Charbroiled Chicken Piccata

Mail to:
Regional Water Authority
5620 Birdcage Street, Suite 180
Citrus Heights, CA 95610
(916) 967-7692

Regional Water Authority
5620 Birdcage Street, STE. 180
Citrus Heights, CA 95610

*You Are Cordially
Invited to Attend*

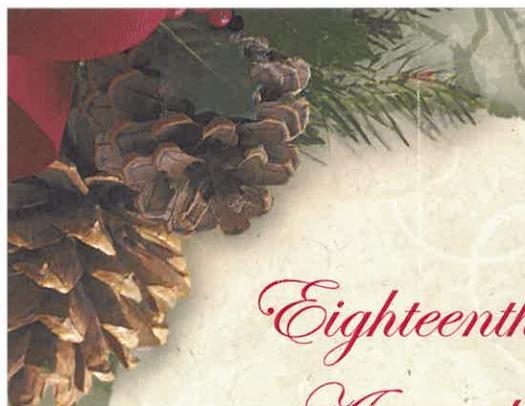
the
Regional Water Authority
and

Sacramento Groundwater
Authority

*Eighteenth
Annual Holiday
Social*

Thursday, December 6, 2018





*Eighteenth
Annual
Holiday Social*

Thursday
December 6, 2018

at the

*North Ridge
Country Club*

7600 Madison Avenue
Fair Oaks, California

6:00 p.m. Cocktails
(No Host Bar)
7:00 p.m. Dinner

Spouses & Guests Welcome



Presentation of the
Regional Water Authority
Distinguished Service
and
Water Statesperson of
the Year Awards



Musical Entertainment
by Jeff Marcelo

***Final Deadline to
Respond:***

Monday, December 3, 2018

No Exceptions

***Return this portion
with payment to:***

Regional Water Authority
5620 Birdcage Street, Suite 180
Citrus Heights, CA 95610
(916) 967-7692



SGA
20th Anniversary

AGENDA ITEM 7: DIRECTORS' COMMENTS