

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