

**REGIONAL WATER AUTHORITY
EXECUTIVE COMMITTEE AGENDA**

July 24, 2019; 8:30 a.m.
5620 Birdcage Street, Suite 110
Citrus Heights, CA 95610
(916) 967-7692

AGENDA

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

- 1. CALL TO ORDER AND ROLL CALL**
- 2. PUBLIC COMMENT:** Members of the public who wish to address the committee may do so at this time. Please keep your comments to less than three minutes
- 3. CONSENT CALENDAR**
 - a. Minutes of the June 26, 2019 Executive Committee meeting
Action: Approve the June 26, 2019 Executive Committee meeting minutes
- 4. LEGISLATIVE/REGULATORY UPDATE**
Information Update: Ryan Ojakian, Legislative and Regulatory Affairs Manager
- 5. RWA STRATEGIC PLAN UPDATE**
Information and Discussion: Led by Jim Peifer, Executive Director
- 6. VOLUNTARY AGREEMENT AD HOC COMMITTEE UPDATE**
Information Update and Discussion: Led by Kerry Schmitz, Ad Hoc Committee Chair
- 7. EXECUTIVE DIRECTOR'S REPORT**
- 8. DIRECTORS' COMMENTS**

ADJOURNMENT

Upcoming meetings:

Upcoming Executive Committee Meetings – August 28, 2019 and September 25, 2019 at 8:30 a.m. at the RWA office

Next RWA Board of Directors' Meeting – Thursday, September 12, 2019, at 9:00 a.m. at the RWA office

The RWA Executive Committee Meeting electronic packet is available on the RWA website at <https://rwah2o.org/meetings/board-meetings/> to access and print the RWA Board electronic packet.

July 24, 2019

AGENDA ITEM 3a: CONSENT CALENDAR

Minutes of the June 26, 2019 Executive Committee meeting

Action: Approve the June 26, 2019 Executive Committee meeting

1. CALL TO ORDER

Chair Schubert 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
Sean Bigley, City of Roseville
Michelle Carrey, City of Sacramento
Paul Schubert, Golden State Water Company
Brent Smith, Placer County Water Agency
Kerry Schmitz, Sacramento County Water Agency
Dan York, Sacramento Suburban Water District
Pam Tobin, San Juan Water District

Staff Members

Rob Swartz, Ryan Ojakian, Nancy Marrier, Cecilia Partridge, Monica Garcia and Ryan Bezerra, legal counsel.

Others in Attendance

Jim Peifer and Charles Duncan

1. CALL TO ORDER AND ROLL CALL

2. PUBLIC COMMENT

None.

Ryan Bezerra, Legal Counsel, said that it came to the attention of staff that Senate Bill (SB) 101, which relates to the proposed water tax, was amended at 5:00 p.m. last Friday, after the agenda had been posted. Staff would like to add an action item for SB 101 to the agenda under item 4. The procedure under the Brown Act is that the Executive Committee has to have a 2/3 vote that this matter came up after the agenda was posted and there is a necessity to take immediate action.

Ryan Ojakian, Legislative and Regulatory Affairs Manager, said that this is all related to the water tax and staff recommends communicating opposition to it.

Motion/Second/Carried (M/S/C) Ms. Schmitz moved, with a second by Mr. Greenwood, to approve the addition of SB 101 to the agenda. The motion carried by the unanimous voice vote of all directors present.

3. CONSENT CALENDAR

The minutes from the May 22, 2019 Executive Committee meeting

M/S/C Mr. Greenwood moved, with a second by Mr. Bigley, to approve the consent calendar item. The motion carried by the unanimous voice vote of all directors present.

4. LEGISLATIVE/REGULATORY UPDATE

Ryan Ojakian, Legislative and Regulatory Affairs Manager, reported that the budget conference committee rejected a tax that hinged on funding safe drinking water from greenhouse gas reduction funds. The Senate and the administration never wavered from the deal to use greenhouse gas reduction funds. Based on our position, staff took action to sign onto a coalition letter in support of trailer bill AB 100. The positive action in AB 100 is that greenhouse gas reduction funds are used instead of a tax on drinking water fees. SB 101 would expand the systems that could be eligible for safe drinking water funds to anything that has a contaminant. A contaminant is defined in the bill as any matter in water. SB 101 therefore could be a vehicle for a water tax to be imposed at some point.

Staff signed onto three letters supporting the budget actions that were using a funding source other than a water tax. Mr. Ojakian asked for an action to ratify the letters that were included in the packet, that relate to safe drinking water.

RWA communicated an “oppose unless amended” position to the Legislature on AB 402 (Quirk). This action was taken urgently when it became clear that the bill is intended to allow the State Water Board to impose fees on all water systems. Those fees would be used to help fund work related to counties assuming the regulatory responsibilities of the State Water Board through local programs known as local primacy agencies (LPAs) that regulate small water systems under 199 connections. AB 402 is the only piece of standard legislation included in the packet that is not budget related. The state implements the federal Clean Water Act through the State Water Board who is the regulatory authority. Some counties have turned their responsibilities back over to the state, although the LPAs are generally more efficient than the state. AB 402 seeks to address the issue by creating a fund stabilization program. The challenge is the funding source for the fund stabilization program will come from existing drinking water fees. This constitutes an approximately 45% increase in drinking water fees. A position needed to be registered last week with the bill scheduled to be heard July 3, 2019. Along with ACWA and many water agencies, RWA immediately communicated its position as an urgent matter. RWA’s communication was under RWA Policy 100.5, which allows for such immediate communications with the agreement of RWA legal counsel. Legal counsel concurred that AB 402’s potential grant of fee authority to the State Water Board in relation to all water systems would be inconsistent with RWA’s policy principles concerning public goods charges/water taxes.

Mr. Smith commented that Placer County is the LPA for Placer County Environmental Health (PCEH). A call was received from PCEH reporting that the

agency has reached out to all of the small water systems within Placer County asking for support of AB 402. They have asked Mr. Smith to sign on to a letter, but he has not responded yet. PCEH is very thinly staffed to try and manage over 100 small systems that are experiencing the most problems with providing safe drinking water.

Mr. Ojakian said that everyone benefits from LPAs. The challenge and problem that needs to be resolved with AB 402 is the funding source.

He said that our profile needs to be raised in the Legislature. The groundwater bank story needs to be told along with climate adaptation that produces more water without any negative environmental impacts. Groundwater banking enhances the ability to manage water for the environment.

Four coalition letters were included in the packet, that the Interim Executive Director has taken action on following consultation with RWA legal counsel to support a non-water tax budget solution and to oppose unless amended SB 1 due to impacts on the voluntary agreements. Staff requested Executive Committee ratification in conformance with RWA Policy 100.5 on the enclosed letters along with the “oppose unless amended” position on AB 402.

If SB 1 passes, it could make it impossible for the region to get funding from the Voluntary Agreements.

It was suggested that the RWA Policy Principles be revisited, reviewed and updated by the Executive Committee with new Policy Principles ready to present to the full board no later than the January 2020 RWA Board meeting.

M/S/C Ms. Tobin moved, with a second by Mr. Greenwood, to take an oppose position on SB 101. The motion carried by the unanimous voice vote of all directors present.

M/S/C Ms. Tobin moved, with a second by Ms. Schmitz, to ratify letters related to safe drinking water. The motion carried by the unanimous voice vote of all directors present.

M/S/C Ms. Schmitz moved, with a second by Mr. Bigley, for ratification of the oppose unless amended position on AB 402. The motion carried by the unanimous voice vote of all directors present.

M/S/C Ms. Schmitz moved, with a second by Mr. Greenwood, for ratification of the coalition letter opposing SB 1 unless amended. The motion carried by the unanimous voice vote of all directors present.

M/S/C Mr. Greenwood moved, with a second by Ms. Tobin, to take a support position on the Federal Drought Resiliency and Water Supply Infrastructure Act. The motion carried by the unanimous voice vote of all directors present.

5. BAY-DELTA WATER QUALITY CONTROL PLAN VOLUNTARY SETTLEMENT AGREEMENTS

Jim Peifer, Incoming Executive Director, gave a presentation update how the State Water Board is updating the Bay-Delta Water Quality Control Plan (the Bay-Delta Plan). The State Water Board intends for that update to address not only conditions in the Sacramento-San Joaquin Bay-Delta, but also in the Delta's tributaries like the American River. The State Water Board's general proposed approach would require roughly 45%-65% of a watershed's unimpaired runoff be allowed to flow down the river and out of the Delta. This approach, if implemented, could significantly impact water supplies and reservoir storage. Such an approach even could impact the American River's fish because reduced Folsom Reservoir storage could lead to higher river temperatures.

With technical support from RWA, several American River water agencies and the Water Forum have been engaged in settlement discussions with state agencies for over two years. The goal is a 15-year voluntary settlement agreement (VA). In December 2018, those agencies, along with agencies in other watersheds, reached principles of agreement with the state Department of Fish and Wildlife and Department of Water Resources. The federal Bureau of Reclamation also agreed to the American River principles.

As Mr. Peifer transitions to the RWA Executive Director position and leaves the City of Sacramento, there will be a gap left with the VA process. Andy Fecko with Placer County Water Agency has expressed a desire to decrease his presence in the VA process.

The VAs have the potential to impact every water agency that is a member of the RWA. The Water Quality Control Plan is impactful, but it is unknown how the Water Quality Control Plan will eventually manifest itself in terms of changes to water rights, entitlements or future groundwater operations. There is an opportunity for RWA to continue in the VA process for the benefit of the region. There is a process that RWA affords to make sure that regional input is provided into the direction of the VAs. Mr. Peifer suggested hiring a consultant through a subscription program to help facilitate the VA was one option. He would like to spend a minimum of time in the process, while exploring other avenues to offload the activities and assignments that he had previously been involved in. Funding resources are needed to invest in future elements of the VAs.

Ryan Bezerra, RWA legal counsel, said that an opportunity is presented for the region to get better protection for Folsom Reservoir written into the Water Quality Control Plan. This is a resource that is common to the whole region. The water supply and reliability from Folsom effects agencies in the regions directly and indirectly.

Chair Schubert suggested forming an Ad Hoc Committee of RWA members to determine the best way to move the VA process forward to make certain that everything in the process is adequately covered.

There was discussion about how important it is that RWA continue to be engaged in what implementation may look like. The Ad Hoc Committee could be charged with recommending next steps for RWA's role and possible funding options, if additional support is needed. Chair Schubert will appoint the Ad Hoc Committee of RWA Board members and member agencies to include four or less Executive Committee members. No formal actions will be taken by the Ad Hoc Committee.

Mr. Peifer indicated that he would attend the VA plenary meetings whenever possible and assist in guiding the process as time permits with his new position as Executive Director. Mr. Swartz said that he will remain involved on the technical side of the VA process including with pursuing possible grant funding options to help build facilities for implementing the VA.

6. RWA STRATEGIC PLAN UPDATE

Rob Swartz, Interim Executive Director, said that, with the completion of the RWA Regional Water Reliability Plan (RWRP), Chair Schubert requested that we revisit the July 13, 2017 Amendments to the RWA Strategic Plan. In particular, Chair Schubert wanted the RWRP moved from a planning activity to an implementation. As the Strategic Plan amendments were adopted nearly two years ago, this is an appropriate time to more comprehensively consider an updated set of proposed amendments.

At the May 2, 2019 RWA Board meeting, staff provided a draft edited version of the Strategic Plan amendments and requested comments by June 19, 2019 that the Executive Committee could further consider on June 26, 2019. One set of comments was received from Greg Zlotnik of San Juan Water District. Mr. Zlotnik accepted the proposed changes from the May 2nd version of the amendments before adding his own suggested edits. Both versions of the document were enclosed in the packet. The intent is to update the Strategic Plan and reflect that we have completed the Regional Reliability Plan and we are moving into the implementation portion of those activities. Mr. Swartz went through the changes that were made by Mr. Zlotnik.

Staff requested that the Executive Committee review the proposed amendments and make a recommendation to the full RWA Board for consideration of adoption on July 11, 2019. The primary intent of the limited update to the Strategic Plan was to reflect completion of the RWRP planning effort and commencement of the RWRP implementation effort, while allowing time for the transition to a new RWA Executive Director before embarking on a more comprehensive Strategic Plan update for the organization.

It was decided that further discussion needs to take place to determine any changes to the Strategic Plan and future impacts of implementation of line items. Chair Schubert recommended that the Executive Director bring this item back to the Executive Committee for further discussion on the proposed changes. No action was taken on this item at this time.

M/S/C Ms. Tobin moved, with a second by Mr. Greenwood, to take no action on this item at this time. The motion carried by the unanimous voice vote of all directors present.

7. REGIONAL WATER RELIABILITY PLAN

Mr. Swartz reported that the RWA Regional Water Reliability Plan (RWRP) was completed in May 2019, and has been posted to the RWA web site (www.rwah2o.org). As a means of expressing strong support for the RWRP's recommendations and the overall significance of the multi-year planning effort, RWA Chair Schubert recommended that staff prepare a resolution to have the RWA Board take action to adopt the RWRP upon its completion. The resolution was enclosed for consideration.

M/S/C Mr. Bigley moved, with a second by Ms. Tobin, to recommend RWA Board approval of Resolution 2019-09 to adopt the RWA RWRP. The motion carried by the unanimous voice vote of all directors present.

8. RWA JULY 11, 2019 BOARD OF DIRECTORS MEETING AGENDA

After discussion it was decided to add an Executive Director Introductory Comments agenda item and a Bay-Delta Voluntary Settlement Ad Hoc Committee Plan agenda item. There will not be an RWA Strategic Plan Update on the agenda. A legislative update will be given under the Executive Director's report.

M/S/C Ms. Tobin moved, with a second by Mr. York, to approve the July 11, 2019 Board of Directors meeting agenda with the mentioned changes. The motion carried by the unanimous voice vote of all directors present.

9. EXECUTIVE DIRECTOR'S REPORT

Mr. Swartz said that it has been an extreme pleasure to serve RWA in the capacity of Interim Executive Director since March 1, 2019. During this time, he has had an opportunity to interact with many member agencies, and is more convinced than ever about the value of our regional collaboration. He looks forward to resuming his role as Manager of Technical Services and to supporting Mr. Peifer on a very successful transition for the organization. The support he has received from the Board, legal counsel and RWA staff during this time has been appreciated.

Chair Schubert thanked Mr. Swartz for accepting the role of Interim Executive Director.

Grants Update – Staff is continuing development of a Proposition 1 Integrated Regional Water Management Implementation Grant. While final numbers are still be determined, the grant will support an estimated 10 projects with in excess of \$8 million in grant funds. Final information on the projects is due to the Department of Water Resources (DWR) by August 23rd, and DWR will hold a workshop to review the submitted projects on September 20th. DWR will have four weeks to notify us that we can move forward with the projects.

10. DIRECTORS' COMMENTS

Mr. York said that, since Debra Sedwick and other employees resigned from Del Paso Manor Water District, the Sacramento Suburban Water District is assisting Del Paso under a mutual aid agreement. Derrick Whitehead has been hired as Interim General Manager by Del Paso, with an accountant brought on board. With some CalPERS issues coming up, Mr. Whitehead may be leaving. The water rate analysis was approved by the Sacramento Suburban Water District Board.

Ms. Tobin, Mr. Bigley and Mr. Greenwood thanked Mr. Swartz for serving as the RWA Interim Executive Director. They are looking forward to working with Jim Peifer as the new Executive Director.

Mr. Smith said that, in support of small system consolidation, Placer County Water Agency has secured a \$1.8 million grant for a mobile home park, a disadvantaged community, in the Newcastle area. This grant was a process over five years. He also thanked Mr. Swartz for serving as Interim Executive Director.

Ms. Schmitz welcomed Mr. Bigley to his first meeting as an Executive Committee member.

Chair Schubert thanked Mr. Swartz for serving in the capacity of Interim Executive Director. He welcomed Sean Bigley as an Executive Committee member. Golden State Water Company will begin fluoridation in their Arden System the end of July or first of August.

ADJOURNMENT

Chair Schubert adjourned the meeting at 10:33 a.m.

By:

Chairperson

Attest:

Nancy Marrier, Board Secretary / Treasurer

July 24, 2019

AGENDA ITEM 4: LEGISLATIVE/REGULATORY UPDATE

BACKGROUND:

Funding for safe drinking water was resolved. The solution provides for \$130 million annually and comes primarily from Greenhouse Gas Reduction Funds (GGRF), it is backstopped by General Funds if the GGRF funds do not produce \$130 million. The legislation for the solution was SB 200 (Monning). RWA had a support position on SB 200 based on its passage being a requirement of an early version of the Senate's proposed Budget. RWA submitted a letter of support for SB 200 and joined a coalition letter in support of SB 200. Both of those letters are included in the packet.

With the passage of SB 200 much of the work on implementation will shift over to the State Water Board and the regulatory realm. The State Water Board has previously begun work on a safe drinking water needs assessment and water affordability. RWA staff has been engaged in those processes and has submitted comment letters into both of those proceedings and will remain engaged as they and other work on safe drinking water continues.

The Legislature went on recess July 12th and reconvenes August 12th. The regular session ends September 13th. RWA has a position on 9 bills that will be acted on over the final month of session, and staff will be monitoring legislative developments for any additional bills that could require RWA taking a position.

STAFF RECOMMENDATION:

Information Update: Ryan Ojakian, Legislative and Regulatory Affairs Manager

No Action Items.

June 28, 2019



Paul Schubert, Chair
Kerry Schmitz, Vice
Chair

The Honorable Bill Monning
State Capitol, Room 4040
Sacramento, CA 95814

Members

Re: SB 200 Drinking Water.

Position: Support

Dear Senator Monning:

On behalf of the Regional Water Authority (“RWA”), I am writing to express RWA’s position of Support on SB 200, as amended June, 27, 2019, your measure related to the provision of safe drinking water.

RWA is a joint powers agency representing 21 public water suppliers in Sacramento, Placer, El Dorado, Yolo, and Sutter Counties. RWA’s mission is to protect and enhance the reliability, availability, affordability and quality of water resources for our members. To meet our mission, adapting to climate change and advancing the human right to water in our service areas are our top priorities.

SB 200 would, provide for a durable funding solution, primarily out of Greenhouse Gas Reduction Funds, to ensure all Californians have access to safe drinking water.

When SB 200 becomes law the hard work of implementation will begin. RWA stands ready to assist in ensuring that implementation allows for RWA to continue to meet its mission while proving all Californians access to a basic human need.

For these reasons, RWA supports SB 200. If you or your staff have any questions, please contact Ryan Ojakian of RWA’s Staff at (916) 967-7692 or rojakian@rwah2o.org.

Sincerely,

A handwritten signature in black ink, appearing to read 'James Peifer', followed by a horizontal line.

James Peifer
Executive Director

Associates

County of Placer
El Dorado County Water
Agency
Sacramento Area Flood
Control Agency
Sacramento Municipal Utility
District
Sacramento Regional County
Sanitation District



July 3, 2019

FLOOR ALERT

SB 200 Safe Drinking Water Funding Solution SUPPORT

The organizations listed below support the overall safe drinking water funding solution contained in SB 200. Pairing with the funding in the approved State Budget for Fiscal Year 2019-'20, SB 200 would continuously appropriate \$130 million per year from July 1, 2020 until June 30, 2030.

SB 200 would also establish the Safe and Affordable Drinking Water Fund and set forth the scope of eligible entities, the allowed uses of the funding, and the process for the development of the State Water Resources Control Board's Fund Expenditure Plan.

The listed organizations applaud the leadership of Governor Newsom, Senate President pro Tempore Atkins, Assembly Speaker Rendon and the work of the SB 200 Authors and the Conference Committee on the Budget. We recognize that many Legislators and staff in both houses and on both sides of the aisle have played key roles in bringing this durable solution together.

We urge your "AYE" vote on SB 200.

(See reverse)

Tricia Geringer
Vice President of Government Affairs
Agricultural Council of California

Rob Nash
Director, Government Relations
American Pistachio Growers

Cindy Tuck
Deputy Executive Director, Government Relations
Association of California Water Agencies

Casey Creamer
President
California Citrus Mutual

Darrin Monteiro
Director, Member and Government Relations
California Dairies, Inc

Danny Merkley
Director of Water Resources
California Farm Bureau Federation

Ian LeMay
President
California Fresh Fruit Association

Danielle Blacet-Hyden
Director for Water
California Municipal Utilities Association

Tim Johnson
President
California Rice Commission

Rick Tomlinson
President
California Strawberry Commission

Joani Woelfel
Executive Director
Far West Equipment Dealer Association

Abby Taylor-Silva
V.P. of Policy & Communications
Grower-Shipper Association of Central California

Claire Wineman
President
Grower-Shipper Association of
Santa Barbara & San Luis Obispo Counties

Derek Dolfie
Legislative Representative
League of California Cities

Adam W. Robin
Legislative Affairs Director
Northern California Water Association

James Peifer
Executive Director
Regional Water Authority

Gail Delihant
Director, CA Government Affairs
Western Growers Association

Renee Pinel
President
Western Plant Health Association

cc: Nick Hardeman, Chief of Staff, Office of Senate President pro Tempore Toni Atkins
Chris Woods, Budget Director, Office of Senate President pro Tempore Toni Atkins
Kimberly Rodriguez, Policy Director, Office of Senate President pro Tempore Toni Atkins
Kip Lipper, Chief Policy Advisor, Energy and the Environment, Office of Senate President pro
Tempore Toni Atkins
Carrie Cornwell, Chief of Staff, Office of Assembly Speaker Anthony Rendon
Alf Brandt, Senior Counsel, Office of Assembly Speaker Anthony Rendon
Lindsey Dietz, Chief of Staff, Office of Senate Republican Leader Shannon Grove
Jayme Chick, Chief of Staff, Office of Assembly Republican Leader Marie Waldron

July 24, 2019

AGENDA ITEM 5: RWA STRATEGIC PLAN UPDATE

BACKGROUND:

The RWA prepared a strategic plan in 2013 and adopted minor plan updates in 2017. An update of the Strategic Plan is recommended by the Executive Director and Executive Committee input is requested. Similar to the 2013 update, the Executive Committee will guide the development of the process to update the plan, including schedule, the process(es) used to solicit input from members and stakeholders, and other considerations.

The Executive Director proposes the following steps to update the strategic plan:

1. The Executive Director will conduct a listening tour to introduce himself to the membership and ask questions about how the RWA is serving the needs of the membership. In addition, questions will be asked about the current strategic plan and what changes, if any, are necessary. This feedback will be brought back to the Executive Committee.
2. A consultant would be hired to assist in the preparation of the strategic plan update while the listening tour is occurring.
3. Additional assessments of the strategic plan could be performed through a web-based survey.
4. A workshop or a series of workshops would be conducted to educate the members of topics that the Region may need to address in the next five years. The number of workshops and topics will be determined by the Executive Committee.
5. A final workshop would be conducted with the members to develop the content of the draft strategic plan.
6. A draft strategic plan will be submitted to the Executive Committee for consideration and modification.
7. After the Executive Committee completes the strategic plan, it will be sent to the RWA board for consideration and adoption.

STAFF RECOMMENDATION:

Information and Discussion: Led by Jim Peifer, Executive Director

July 24, 2019

AGENDA ITEM 6: VA AD HOC COMMITTEE UPDATE

BACKGROUND:

Chair Paul Schubert has appointed an ad hoc committee to address the RWA's role in the Bay Delta Water Quality Control Plan (WQCP) and the Voluntary Agreements (VA). The new ad hoc committee's charge is to oversee the participation of RWA and its Executive Director in the ongoing negotiations and proceedings concerning the SWRCB proposal to amend the WQCP. The ad hoc committee will make recommendations to the RWA Board and Executive Committee for defining the RWA role and commitments of resources.

The members of the Ad Hoc Committee include:

- Kerry Schmitz, Sacramento County Water Agency (Chair)
- Marcus Yasutake, City of Folsom
- Anne Sanger, City of Sacramento
- Sean Bigley, City of Roseville
- Dan York, Sacramento Suburban Water District
- Paul Helliker, San Juan Water District
- Steve Nugent, Carmichael Water District
- Andy Fecko, Placer County Water Agency
- Jim Abercrombie, El Dorado Water District

The Ad Hoc Committee had its first meeting on July 16, 2019. A report from the meeting will be made.

STAFF RECOMMENDATION:

Information Update and Discussion: Led by Kerry Schmitz, Ad Hoc Committee Chair

July 24, 2019

AGENDA ITEM 7: EXECUTIVE DIRECTOR’S REPORT

JULY 24, 2019

TO: REGIONAL WATER AUTHORITY EXECUTIVE COMMITTEE

FROM: JIM PEIFER

RE: EXECUTIVE DIRECTOR'S REPORT

- a. Finance and Administrative Services Manager Recruitment** – Staff is advertising for a Finance and Administrative Services Manager to fill the vacancy when Nancy Marrier retires (see attached copy). Ms. Marrier will be retiring from public service on December 3, 2019.

- b. Sacramento Regional Water Bank, Phase 1 Update** – The project is officially authorized to proceed, with 15 of the 21 expected agreements now being fully executed; the remainder are in progress. The focus of Phase 1 is development of the Integrated Water Flow Model (IWFM) to assess Water Bank operations. Staff recently met with representatives of the South American Subbasin to begin discussing the IWFM development in that part of the region. Development of an IWFM model grid is the first task, with an expected completion by August. The IWFM application is expected to be completed by mid-2020.

- d. RWA Outreach** – Jim Peifer met with Mayor Kerri Howell and Marcus Yasutake from the City of Folsom to introduce himself as the new Executive Director and to ask questions about the strategic plan.

- e. Water Resilience Portfolio Initiative** – On April 29, 2019, Governor Newsom signed an executive order directing his administration to develop a comprehensive strategy to build a climate-resilient water system. The order directs the secretaries of the California Natural Resources Agency, California Environmental Protection Agency and the California Department of Food and Agriculture to identify and assess a suite of complementary actions to ensure safe and resilient water supplies, flood protection and healthy waterways for the state's communities, economy and environment.

The RWA will be developing a set of recommendations to inform the Governor's Water Resilience Portfolio initiative.

- f. California Employer's Retirement Benefit Trust (CERBT) Managed by CalPERS** – Since May of 2009, RWA has invested funds into the CERBT to pay for health care retirement benefits.

From time to time, CalPERS reviews the investment strategies and makes modifications. Effective October 1, 2018, CalPERS modified CERBT's investment strategy mix and revised the long-term expected earnings for the different investment strategies. RWA is currently invested in Strategy 1 which is considered the most aggressive of the three strategies offered. The time-weighted expected rate for strategy 1 is now 7.59% compared to a prior expected long-term rate of 7.28%. RWA had used a

7.0% rate¹ for the July 1, 2017 funding report that details the cash required for the trust for FY2019 and FY2020. This same 7.0% rate will be used to calculate the accounting liability for the June 30, 2019 financial statements using June 30, 2018 data².

The comparative long-term expected earnings for the Strategy 1 portfolio are reflected as follows:

	2018 Capital Market Assumptions Strategy 1 ³ - New	2014 Capital Market Assumptions Strategy 1 - Old
Expected Compound Returns 1-10 years	5.85%	6.71%
Expected Compound Returns 11 to 60 years	8.07%	8.20%
Expected Time-Weighted Return 1 to 60 years	7.59% ⁴	7.28% ⁵

When RWA's actuary prepares the bi-annual funding report to determine cash requirements to pay the retiree health benefits, RWA will need to consider the new rate changes implemented by CERBT. Since CalPERS now has provided additional data on how they calculate the expected time-weighted rate, it will allow the actuary to provide a more precise time-weighted rate that applies to RWA specifically based upon expected cash flow requirements for these health benefits. Until the actuary prepares a preliminary analysis of cash flows and incorporates the recently adopted retiree health benefit changes, it is unknown what will be the new investment rate.

From time to time, RWA can expect to review the long-term time weighted rate that will be used in calculating cash requirements to fund the retiree health benefits. RWA plans to start this funding report analysis in this fiscal year and will seek EC input for the investment assumption.

g. Executive Director Activities

The Executive Director is participating in a number of near term external activities including (but not limited to):

1. The ACWA Water Resilience Portfolio Working Group.
2. Support of federal advocacy efforts in pursuit of the Sacramento Regional Water Bank.
3. A presentation to the Northern California Water Association Board in September.
4. The ACWA Federal Affairs and Water Management Committees.
5. The Voluntary Agreement process as directed by the VA Ad Hoc Committee.

¹ The lower rate was to help mitigate market deviation.

² This one year lag is allowed by GASB 75 and is a common industry practice due to availability of data.

³ CERBT also revised the expected compound returns for Strategy 2 and 3

⁴ Assumes inflation rate of 2.50%

⁵ Assumes inflation rate of 2.75%



Finance and Administrative Services Manager

Regional Water Authority / Sacramento Groundwater Authority
Citrus Heights and Sacramento, CA

The Regional Water Authority (RWA) and the Sacramento Groundwater Authority (SGA) are seeking a knowledgeable and highly motivated individual to become a key member of our small, but effective team. RWA and SGA are seeking a Finance and Administrative Services Manager with exceptional organizational and interpersonal skills to provide financial and administrative support including: to plan, organize, and manage the financial and accounting operations of the of the RWA and SGA; to administer human resource functions; to ensure that general office administrative support is provided; and to serve as Board Secretary and Treasurer to the two Boards.

This confidential position fulfills the accounting, finance and human resource functions of both organizations. Salary is dependent on qualifications and experience, with a range from \$92,988 to \$111,588 per year. RWA offers CalPERS retirement and other comprehensive benefits.

The Authorities

The RWA is a joint powers agency formed in 2001 that includes 21 municipal water suppliers serving two million people in Sacramento, Placer, El Dorado, Yolo, and Sutter counties. RWA's mission is to serve and represent regional water supply interests and assist members with protecting and enhancing the reliability, availability, affordability, and quality of water resources. The SGA is a joint powers agency formed in 1998 to sustainably manage the groundwater basin underlying the Sacramento County north of the American River. The RWA and SGA share a combined staff of seven personnel. The RWA/SGA office is in Citrus Heights, about 15 miles east of downtown Sacramento.



The Position

The principal responsibilities of the Finance and Administrative Services Manager include:

- Preparation of special district annual budgets,
- Maintains awareness of costs and future projections for escalating costs associated with CalPERS Retirement and other Post-Employment Benefits,
- Maintains general ledger, supporting records, and prepares closing and adjusting entries for processing reports and financial records as necessary, and reconciling all accounts,
- Develops and issues Requests for Proposals, and participates in the selection and oversight of consulting firms related to office administration, finance and human resources,
- Supports the monthly Board meetings, including preparing staff reports, preparing and/or reviewing minutes, and presentations,
- Schedule and coordinates annual audit, including providing supporting work papers for external auditors.

The position requires the following skills and knowledge:

- Knowledge of special revenue funds, governmental fund and enterprise fund accounting and financial statements and generally accepted accounting practices,
- Experience with accounts payable, including processing payments to vendors,
- Experience with accounts receivables, including collections,
- Experience with processing payroll, related federal and state tax compliance, and other payroll deductions,
- Knowledge of human resources administration, including benefit administration, personnel on-boarding, training, supervision, and regulatory compliance,
- Experience with grant funding and administration,
- Familiarity with development of a Comprehensive Annual Financial Report that complies with the accounting requirements promulgated by the Governmental Accounting Standards Board (GASB),
- Strong organizational skills, including an ability to meet diverse accounting, regulatory, board, and human resource deadlines,
- Excellent writing and verbal communication skills,
- Willingness to cover other duties involving office administration, as needed,
- Proficient ability to use Microsoft Excel, Word, and PowerPoint,
- Experience with using accounting software, preferably Sage Business Works.

Qualifications

Five years of increasingly responsible experience performing accounting and financial duties, including two years of supervisory and human resources responsibility. Work experience equivalent to a Bachelor's degree from an accredited college with major course work in accounting, finance, business administration, public administration or related field.

To Apply

Submit cover letter and resume to Nancy Marrier at nancy@rwah2o.org. Resumes must be received on or before August 2, 2019. For more information, visit rwah2o.org or contact Nancy Marrier at (916) 967-7692.

July 24, 2019

AGENDA ITEM 8: DIRECTORS' COMMENTS