

## 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  
Marcus Yasutake, City of Folsom  
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

Jim Peifer, Rob Swartz, Ryan Ojakian, Nancy Marrier, Cecilia Partridge and Ryan Bezerra, legal counsel.

### Others in Attendance

Nicole Krotoski and José Ramirez

After the agenda was posted, it came to the attention of staff that the Executive Committee will not meet again before a deadline for a signed letter agreement to establish funding allocations among the San Joaquin River Funding Area for the Proposition 1 Integrated Regional Water Management Grant Program. Staff asked to add an action item to the agenda to follow the Consent Calendar item. Under the Brown Act the Executive Committee has to have a 2/3 vote to take immediate action.

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

## 2. PUBLIC COMMENT

None.

### **3. CONSENT CALENDAR**

The minutes from the June 26, 2019 Executive Committee meeting

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

### **4. PROPOSITION 1 IMPLEMENTATION GRANT PROGRAM**

Rob Swartz, Manager of Technical Services, said that staff has been reporting over the past few months that the Department of Water Resources (DWR) has released the first round of the Proposition 1 (Prop 1) Integrated Regional Water Management (IRWM) Implementation Grant Program. On behalf of the IRWM stakeholders in the American River Basin (ARB), RWA will pursue funding from two distinct funding areas identified in Prop 1 – the Sacramento River Funding Area (SRFA) and the San Joaquin River Funding Area (SJRFA).

In the past many of the regional water management groups (RWMGs) have not received funding and have expressed dissatisfaction of the state process. Mr. Swartz provided a map showing the funding areas that the state encouraged to work together. The current focus is in the SJRFA; specifically, in the Galt area.

RWA staff has been coordinating with other RWMGs in both funding areas over the past couple of years. This was necessary because DWR is administering the IRWM grant program by funding area. In the SJRFA, there are seven RWMGs and the coordination has been challenging. After several proposed funding allocations for the SJRFA, an agreeable proposed allocation has been reached. RWA's portion of the allocation is approximately \$1 million in the SJRFA and is based on the request for funding from the ARB IRWM stakeholders in that area. To document this allocation, the RWMGs propose to enter into a letter agreement. There is no fiscal impact to RWA as a result of the agreement. Staff is requesting that the Executive Committee authorize the Executive Director to sign the agreement following legal counsel acceptance of the final draft of the agreement.

M/S/C Ms. Tobin moved, with a second by Mr. Bigley, to Authorize the Executive Director to Sign a Letter Agreement to establish the funding allocations among the San Joaquin River Funding Area for the Proposition 1 Integrated Regional Water Management Grant Program. The motion carried by the unanimous voice vote of all directors present.

### **5. LEGISLATIVE/REGULATORY UPDATE**

Ryan Ojakian, Legislative and Regulatory Affairs Manager, reported that 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 Senate Bill (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 and joined a coalition letter in support of SB 200. Both letters were 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 the work on safe drinking water continues.

The Legislature went on recess July 12<sup>th</sup> and reconvenes August 12<sup>th</sup>. The regular session ends September 13<sup>th</sup>. RWA has a position on nine 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.

SB 1 is intended to prevent President Trump from rolling back, in California, protections for clean water, clear air and workers' rights. That bill is now in the Assembly Appropriations Committee. The bill also deals with endangered species provisions. Depending on how it is constructed it may lock in 2008-2009 Biological Opinions, which is a concern.

PFAS are emerging contaminants with a family of compounds that contain chemicals including Teflon and firefighting foam that do not break down in the environment and bio accumulate. There is a notification and response level depending on the level of PFAS compounds found. Mr. Swartz commented that there will be agencies who are affected by the notification levels. Some agencies have been required to do additional testing. A meeting is scheduled tomorrow with the Regional Contaminations Issues Committee to discuss the issue.

Mr. Peifer said that it important for agencies to be aware and understand any requested media response. There remains a lot to be developed and science needs to be more fully formed to make an actionable level on contaminants. Conversations need to take place emphasizing that the companies who manufacture the chemicals are responsible for the contaminants, not water agencies.

## **6. RWA STRATEGIC PLAN UPDATE**

Jim Peifer, Executive Director, gave an update on the RWA Strategic Plan. 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 with Executive Committee input requested. Similar to the 2013 update, the Executive Committee will guide development of the process to update the plan, including schedules, the process used to solicit input from members and stakeholders, and other considerations. The Strategic Plan is the foundation for what RWA does. Modifications need to be made to the Strategic Plan for future growth.

Mr. Peifer is conducting 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. A consultant could be hired to assist in the preparation of the strategic plan update while the listening tour is occurring. Additional assessments of the Strategic Plan could be performed through a web-based survey. A workshop or a series of workshops would be conducted to educate the members on 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. A final workshop would be conducted with the members to develop the content of the draft Strategic Plan. A draft Strategic Plan will be submitted to the Executive Committee for consideration and modification. After the Executive Committee completes the Strategic Plan, it will be sent to the RWA Board for consideration and adoption.

The goal of the workshops is to identify issues and educate members for a better understanding of those issues to ultimately solidify what the vision is for the RWA for several future years. A survey tool can uncover ideas and food for thought for discussion and consideration. SGA will also be involved in the RWA Strategic Plan process. Ideally, there will be an update to the Strategic Plan going into the first quarter of 2020.

Mr. Peifer said that prior to the workshops a list of questions should be formed focusing on what the workshop is about, any new functions or additions and any associated costs. There is interest among the members to expand RWA services.

Mr. Bezerra suggested that the policy principles that we use as a basis for taking positions on legislation be refreshed before the next legislative session begins in January. He suggested that in addition to elections at the January 2020 RWA Board meeting that we include adoption of policy principles on the agenda.

## **7. VOLUNTARY AGREEMENT AD HOC COMMITTEE UPDATE**

Chair Schubert 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 State Water Resources Control Board 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 (chair), Marcus Yasutake, Anne Sanger, Sean Bigley, Dan York, Paul Helliker, Steve Nugent, Andy Fecko and Jim Abercrombie.

Ms. Schmitz reported that the first meeting of the Ad Hoc Committee was very productive. There is a substantial time commitment for the VA process and with Mr. Peifer's new duties as Executive Director, he will no longer have the time required to

be involved with the process. To fill the gap in the interim San Juan Water District volunteered Mr. Zlotnick to assist with the VA process.

After discussion there was consensus that RWA should look into a subscription program for the VA process as it evolves and perhaps hiring a consultant through the PCWA joint defense agreement. Ms. Schmitz handed out a draft scope of proposed work that a consultant could do while the VA development process is ongoing. The VA process will require an organized, facilitated process that portrays the region with one voice.

Mr. Bezerra suggested that the Ad Hoc Committee continue to meet as needed. A proposal for the subscription program needs to be developed to present to the Executive Committee for approval.

To keep the Executive Director engaged in the process, it would be helpful if he attended the plenary meetings that will provide him with updates from the various VA committees. Mr. Swartz has been meeting and working with the member agencies as part of the VA defining the groundwater substitution transfer and will continue in a technical support role.

## **8. EXECUTIVE DIRECTOR'S REPORT**

**Finance and Administrative Services Manager Recruitment** – Staff is advertising for a Finance and Administrative Services Manager to fill the vacancy when Nancy Marrier retires. A copy of the advertisement was included in the packet. Ms. Marrier will be retiring from public service on December 3, 2019.

**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.

**RWA Outreach** – Mr. Peifer has met with four RWA member agencies to introduce himself as the new Executive Director and to ask questions about the strategic plan.

**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.

Mr. Peifer said that he has been asked to participate on the ACWA Water Resilient Portfolio workgroup, and he was assigned to the sub-workgroup on Delta Conveyance. He asked the Executive Committee if it was appropriate for him to continue to be on the subcommittee. It was suggested that it might be problematic for Mr. Peifer's name to be on documents that come out of that workgroup, and he was asked to seek another ACWA sub-workgroup to be a part of.

### **California Employer's Retirement Benefit Trust (CERBT) Managed by CalPERS –**

Ms. Krotoski gave some background saying that since 2009 RWA has been investing funds into the California Employer's Retirement Benefit Trust Fund through CalPERS for health benefits for future retirees and 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% rate 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 data.

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.

There are different concepts, a funding rate that actually pays into the trust fund and an accounting liability. The same rate will be used for the funding rate and the accounting liability. In the future it will be presented to the Executive Committee to consider a different discount rate.

**Executive Director Activities** – The Executive Director is participating in a number of near-term external activities including the ACWA Water Resilience Portfolio Working Group, support of federal advocacy efforts in pursuit of the Sacramento Regional

Water Bank, a presentation to the Northern California Water Association Board in September, the ACWA Federal Affairs and Water Management Committees and the VA process as directed by the VA Ad Hoc Committee.

Mr. Peifer asked the Executive Committee if they supported his continued participation in these activities and if it was beneficial to RWA. There is a need for the RWA to become engaged on a federal level for obtaining grants for the groundwater bank and other initiatives. There may be a future need to engage with ACWA on groundwater. He plans to deliver a requested presentation to NCWA at their board meeting.

Ms. Tobin said the it would be beneficial to RWA and SGA for Mr. Peifer to participate on the committees. He would provide knowledge and representation for the organizations to strengthen the entire region. Ms. Schmitz commented that all of the activities and committees provide value however we must be mindful of the time commitment for the Executive Director.

Mr. Peifer noted that Mr. Ojakian is on the ACWA State Legislative Committee and he would like to see that role continue.

## **9. DIRECTORS' COMMENTS**

Mr. Yasutake said that the City of Folsom is hosting a public workshop on August 27<sup>th</sup> for discussion on water, waste water and solid waste rates. The City of Folsom received approval from the Bureau of Reclamation for their application for an inclusion request for their Central Valley Project for contract water. They can now use the CVP water within their entire service area.

Mr. Bigley said that the City of Roseville has been working on a proposed water transfer with SMUD. The City of Roseville continues to work with Reclamation on the transfer. He is attempting to take documentation to the Roseville City Council in August. The transfer will allow them to test their infrastructure recovery. Roseville is wrapping up their groundwater strategic plan looking at their long-term strategy with respect to infrastructure. The plan is working on solutions to be prepared for worst case scenarios if Folsom Reservoir supplies were cut off for some unknown reason.

Ms. Carrey said that having the Ad Hoc Committee for the VA has been very good. The City of Sacramento has had a shift in workloads and staff who have been working on the VA. Some of the things that the committee has been working on have been very helpful. The city is working on identifying projects that will need to be implemented in anticipation of the VA moving forward. The city is working with a consultant on their wholesale rate structure study.

Mr. Greenwood said that Carmichael Water District was recruiting to fill the vacancy left with Mr. Nugent's retirement. They are in negotiations for the position with the current Assistant General Manager. The district is working

with neighboring water agencies to make sure they have water stability and security prior to the next drought.

Ms. Tobin said that San Juan Water District provided a resolution and she will be running for the ACWA Vice President position. She would appreciate letters of support.

Mr. Smith mentioned that Placer County Water Agency (PCWA) was selected to submit a proposal for the Water Management Operations Pilot along with RWA. The proposal was submitted to the Bureau of Reclamation. This is a \$1 million effort with the Bureau of Reclamation covering about half of the funding. PCWA has been working on a series of improvements at the Newcastle Water Treatment Plant. On August 7<sup>th</sup> they will move forward with testing with an expectation to run it at 63 million gallons per day (mgd).

Ms. Schmitz said that the Sacramento Central Groundwater Authority Alternative Groundwater Sustainability Plan has been recommended to be denied by the California Department of Water Resources.

Chair Schubert thanked Vice Chair Schmitz for chairing the July 11, 2019 RWA Board meeting in his absence. The Sutter Pointe development in Sutter County has drilled their first test well. Golden State Water Company will serve the development.

## **ADJOURNMENT**

Chair Schubert adjourned the meeting at 10:27 a.m.

By:

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Chairperson

Attest:

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Nancy Marrier, Board Secretary / Treasurer