

**REGIONAL WATER AUTHORITY
REGULAR MEETING OF THE BOARD OF DIRECTORS
Thursday, November 14, 2019, 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. The Board of Directors may consider any agenda item at any time during the meeting.

- 1. CALL TO ORDER AND ROLL CALL**
- 2. PUBLIC COMMENT**
- 3. CONSENT CALENDAR**
 - a. Minutes from the September 12, 2019 RWA regular board meeting
Action: Approve September 12, 2019 RWA Board meeting minutes
- 4. EXECUTIVE COMMITTEE REPORT AND RECOMMENDATIONS**
 - a. Information: Final minutes of the August 28, 2019 and September 25, 2019 Executive Committee meetings
- 5. APPOINTMENT OF JOSETTE REINA-LUKEN TO RWA BOARD SECRETARY AND TREASURER**
Action: Appoint Josette Reina-Luken to become the RWA Board Secretary and Treasurer
- 6. LEGISLATIVE/REGULATORY UPDATE**
Information Presentation: Ryan Ojakian, Legislative and Regulatory Affairs Manager
- 7. AGENCY AWARD**
Information and Discussion: Jim Peifer, Executive Director
Action: Recommend adoption of revisions to Policy 100.4 (RWA Awards) by the RWA Board
- 8. PROPOSITION 1 INTEGRATED REGIONAL WATER MANAGEMENT GRANT**
Information and Update: Rob Swartz, Manager of Technical Services
Action: Adopt Resolution 2019-11 authorizing Submittal of a Proposal to the California Department of Water Resources for an Integrated Regional Water Management Implementation Grant and Execution of a Funding Agreement Upon Award

9. WATER MANAGEMENT OPTIONS PILOT

Information Update: Rob Swartz, Manager of Technical Services

Action: Authorize the Executive Director to enter into a Water Management Options Pilot Memorandum of Agreement with the United States Bureau of Reclamation and the Sacramento Groundwater Authority

10. BAY DELTA VOLUNTARY AGREEMENT UPDATE

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

Presentation: Andy Fecko, Placer County Water Agency

11. FEDERAL AFFAIRS AD HOC COMMITTEE UPDATE

Information Update and Discussion: Sean Bigley, Ad Hoc Committee Chair

12. EXECUTIVE DIRECTOR'S REPORT

13. DIRECTORS' COMMENTS

ADJOURNMENT

Upcoming meetings:

Next Executive Committee Meetings – Wednesday, December 11, 2019 at 8:30 a.m. and January 22, 2020 at 8:30 a.m. at the RWA office.

Next RWA Board of Directors' Meetings – January 9, 2020 at 9:00 a.m. and March 12, 2020 at the RWA office.

The RWA Board 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.

AGENDA ITEM 3: CONSENT CALENDAR

Minutes from the September 12, 2019 RWA Regular Board meeting minutes

Action: Approve September 12, 2019 RWA Board meeting minutes

1. CALL TO ORDER

Chair Schubert 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
Steve Nugent, Carmichael Water District
Hilary Straus, Citrus Heights Water District
Marcus Yasutake, City of Folsom
Ray Leftwich, City of Lincoln
Bruce Houdesheldt, City of Roseville
Sean Bigley, City of Roseville
Jeff Harris, City of Sacramento
Michelle Carrey, City of Sacramento
Martha Guerrero, City of West Sacramento
Trish Harrington, Del Paso Manor Water District
Michael Raffety, El Dorado Irrigation District
Tom Nelson, Elk Grove Water District
Mark Madison, Elk Grove Water District
Randy Marx, Fair Oaks Water District
Tom Gray, Fair Oaks Water District
Paul Schubert, Golden State Water Company
Jim Lemley, Orange Vale Water Company
Joe Duran, Orange Vale Water Company
Mark Martin, Rancho Murieta Community Services District
Christopher Gifford, Rio Linda/Elverta Community Water District
Tim Shaw, Rio Linda/Elverta Community Water District
Kerry Schmitz, Sacramento County Water Agency
Dave Jones, Sacramento Suburban Water District
Dan York, Sacramento Suburban Water District
Pam Tobin, San Juan Water District
Paul Helliker, San Juan Water District

RWA Associate Members

Brett Storey, Placer County; Arthur Starkovich, Damien Waples and Ansel Lundberg, SMUD; Jose Ramirez, SRCSD

RWA Affiliate Members

Alan Driscoll, Forsgren Associates, Inc.; John Woodling, GEI Consultants, Vanessa Nishikawa, Stantec; Charles Duncan and Abigail Madrone, West Yost Associates and Ali Taghavi, Woodard & Curran

Staff Members

Jim Peifer, Cecilia Partridge, Monica Garcia and Ryan Bezerra, Legal Counsel

Others in Attendance:

Pauline Roccucci, Rich Plecker, Michael Johnson, Linda Higgins and David Gordon

2. APPOINTMENT OF TEMPORARY SECRETARY

To be in compliance with the RWA Joint Powers Authority agreement, the Executive Director recommended that the Board temporarily appoint Cecilia Partridge, RWA Executive Assistant, as the RWA Secretary for the September 12, 2019 meeting.

Motion/Second/Carried (M/S/C) Ms. Tobin moved, with a second by Ms. Roccucci, to approve appointment of Cecilia Partridge as Secretary for the September 12, 2019 RWA Regular Board meeting. The motion carried by the unanimous voice vote of all directors present.

3. PUBLIC COMMENT

Mr. Peifer announced that long time SGA member and AG representative Jack DeWit has passed away. SGA chair Tobin requested that a sympathy card be sent to the family and that she be notified when a service is scheduled.

4. CONSENT CALENDAR

a. Approve Minutes of the July 11, 2019 RWA regular board meeting.

Motion/Second/Carried (M/S/C) Ms. Tobin moved, with a second by Mr. Nugent, to approve the July 11, 2019 RWA regular board meeting minutes. The motion carried by the unanimous voice vote of all directors present.

5. EXECUTIVE COMMITTEE REPORT AND RECOMMENDATIONS

a. Information: Final minutes of the June 26, 2019 and July 24, 2019 Executive Committee meetings

6. LEGISLATIVE/REGULATORY UPDATE

Ryan Ojakian, Legislative and Regulatory Affairs Manager gave a Legislative update saying that the Legislative session concludes at midnight on September

13th. RWA has taken a position on 19 bills. The legislative issue of primary interest this session was the funding source to address safe drinking water. The issue was addressed through SB 200 which RWA supported because it used Greenhouse Gas Reduction Funds as opposed to a water tax to fund safe drinking water. The RWA continues to be interested in six bills that are still active at this time including four bills that the RWA supports, one bill that the RWA is neutral on, and one bill that the RWA is opposed unless amended.

We still have an oppose unless amended position on SB 1 a bill intended to stop Trump administration rollbacks on various environmental and labor protections. The bill has ramifications for the Voluntary Agreements in particular the provisions on the endangered species act. This bill would not allow Trump administration rollbacks by incorporating into state law federal protections that were in place prior to president Trump being sworn into office. The provisions in the bill could lock in place the 2009 Biological Opinions regulating delta pumping operations and apply the California Endangered Species Act to the Central Valley Project. The latter of which could impact Folsom reservoir operations.

As part of a Water Board meeting August 20 and 21st the Office of Environmental Health Hazard Assessment (OEHHA) released a draft human right to water tool. The tool measures all agencies for affordability access to, and quality of water. The Water Board released a draft administrator policy handbook designed to define requirements for Water Board placed system administrators. At the August Water Board meeting several areas of work were highlighted, but of particular interest is an indication that the Water Board will focus on an analysis of water affordability and workforce development. There has not been an indication of when the December 2018 draft low income water rate assistance report will be finalized, but there is some belief it will occur sometime in the fall.

Mr. Peifer encouraged agency staff to review the OEHHA draft human right to water tool and send any comments to Mr. Ojakian.

7. RESOLUTION SUPPORTING PAM TOBIN FOR ACWA VP

Every two years, the Association of California Water Agencies (ACWA) forms a nominating committee to select and propose a “slate of candidates” for president and vice president. The ACWA members vote for the slate at the ACWA fall conference. In general, the candidate for president is the current vice president. The terms for president and vice president are for two years.

Ms. Pam Tobin would like to be selected by the nominating committee for ACWA Vice President. The purpose of the resolution is to support the nomination of Ms. Tobin. Mr. Peifer said that with the adoption of the resolution Ms. Tobin will be able to present it to the committee that is considering candidates for recommendation for the positions when they meet on Monday.

Ms. Tobin gave a statement saying that she has years of involvement in local and statewide water issues. As both an elected and appointed official she will bring

considerable knowledge and experience to the office of ACWA Vice President including water policy development, organizational governance and collaboration and coalition building. She has a passion for helping agencies and organizations fulfill their mission and support their customers and communities. Currently she serves on the San Juan Water District, the Regional Water Authority Board and has served as past chair, she is current chair of the Sacramento Groundwater Authority and serves on the Joint Powers Authority Board of Directors Liability Committee. She has also served in ACWA leadership as Region 4 Chair and as a member of the Federal Affairs and Local Government Committee.

M/S/C Ms. Carrey moved, with a second by Ms. Schmitz, to adopt Resolution 2019-10 in Support of Pamela Tobin for ACWA Vice President. The motion carried by the unanimous voice vote of all Directors present.

8. TELECOMMUNICATION POLICY

The Executive Committee considered and provided input to a policy that compensates staff for using their personal cell phone for conducting RWA and SGA business. In addition, the policy establishes limits on the cost of a cell phone and accessories that would be issued to an employee.

Certain RWA employees need to be accessible via cellular telephone to conduct RWA or SGA related business. Currently, employees may use an RWA issued cell phone to conduct business. Some employees have found having an RWA issued cell phone and their personal cell phone cumbersome to manage, and they would prefer to use their personal cell phone to conduct RWA or SGA business.

Staff has reviewed the policies from ACWA JPIA, Placer County Water Agency and the City of Sacramento. In general, PCWA and ACWA JPIA provide an allowance of up to \$50 per month to employees who use their personal cell phones to conduct agency business. The City of Sacramento provides up to \$100 per month.

Mr. Peifer said that current RWA Policy 500.13 Business Expense Reimbursement states that the principle applied is that the employee will neither lose nor profit by incurring expenses while on Authority business.

There was discussion on how the Public Records Act pertains to the proposed policy 500.17 and if guidance has been given to staff on the use of personal devices. Mr. Bezerra said according to a California Supreme Court decision if you are doing public agency business on your personal phone that phone is subject to the Public Records Act and subject to inspections by RWA and possibly other organizations.

It was suggested that rather than stating that RWA will reimburse up to \$50 monthly for usage that the language be changed to read RWA will reimburse a \$50 allowance for monthly usage. This change is in the second line of the first paragraph under Allowances.

M/S/C Mr. Houdesheldt moved, with a second by Ms. Tobin, to adopt Policy 500.17 with the suggested language change. The motion carried by the unanimous voice vote of all directors present.

9. VOLUNTARY AGREEMENT AD HOC COMMITTEE UPDATE

Chair Paul 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 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 and Jim Abercrombie, El Dorado Water District.

Mr. Peifer said that the region is dealing with how does the American River region fit into the voluntary agreement which is an alternative to the Water Quality Control Plan update. The State Water Resources Control Board is engaged with the Water Quality Control Plan update. There is a staff proposal that calls for the unimpaired inflow of between 45% and 65% within the Sacramento Valley. This is particularly difficult for water users and it could disrupt our agencies access to surface water making it less reliable. The VA is a process where a number of water agencies in the state are coming together to offer an alternative.

Ms. Schmitz discussed the work of the committee and the goal of the Ad Hoc Committee to determine resources and potentially what is RWAs involvement in the VA process. The committee has had conversations including the immediate needs of the VA process, is there a role for RWA and what is that role long term. Many members and agencies who do not take surface water have the potential to be impacted by this. When the committee met it was decided that it would be helpful to have consultant assistance that would be paid for by the participating agencies. Placer County Water Agency is working with ICF to bring them in under contract to serve as a coordinator and map out the future of the VA for the region and how the implementation would progress. ICF could consider if there is an RWA program that works on the VA long term. Documents have been assembled that the committee is currently considering for a subscription program. If this is the approach of the ad hoc committee it will be presented to the Executive Committee and then to the full board for consideration.

There was discussion on the amount of constant coordination that is involved. Mr. Bezerra has assisted the ad hoc committee with the proposed draft agreement. Before taking the position as RWA Executive director Mr. Peifer arranged and

attended the meetings and served as the sharer of information coordinating the region. The consultant will be performing these tasks. The ad hoc committee envisions that RWA will have a long-term role in the VA with long term implementation. The VA ties in with the groundwater bank because a large part is groundwater substitution transfers. Working with Reclamation would be a part of both advancing the VA and the success level of implementation.

10. FEDERAL AFFAIRS AD HOC COMMITTEE UPDATE

Chair Schubert appointed an ad hoc committee to address the RWA's role in Federal Affairs. The new ad hoc committee's charge is to make recommendations to the RWA Board on the role of the RWA on federal matters and provide direction to the Executive Director on federal matters. The committee will terminate upon completion of the updated strategic plan.

The members of the Ad Hoc Committee include Sean Bigley, Chair, Anne Sanger, Vice Chair, Hilary Straus, Marcus Yasutake, Dan York, Andy Fecko and Evan Jacobs. Counsel for the committee is Jennifer Buckman.

Mr. Peifer said that in the next year the RWA Strategic Plan will be updated. It needs to be determined if RWA has a federal role. The RWA is interested in federal issues to the extent that it provides funding for the groundwater bank and other future projects that we have planned out.

Mr. Bigley gave a report from the committee saying that every RWA member has different circumstances, politics and resource levels. The committee will be developing a member survey with specific questions to each member agency. The survey will give a good sense of what the varying perspectives are and incorporate them into the discussion. The survey will also provide results to see if there are any consensus areas that the discussion can be based on. One of the committee's obligation at the end of the process is to provide recommendations to the executive committee and the board with respect to the board recommendations. The committee is determining what elements need to be covered. The committee wants to provide recommendations as relates to the current RWA Strategic Plan update and what should be reflected in that update. The committee is providing a venue to share information of what is occurring in the federal realm. An update was provided on what was going on in Washington DC and also on regional activities. The committee is looking for well-informed recommendations. He invited anyone to attend the next committee meeting that is scheduled for September 20th at 9:00 a.m. at the RWA offices. The survey results will determine the future direction of the committee.

11. EXECUTIVE DIRECTOR'S REPORT

Finance and Administrative Services Manager Recruitment – Staff is in the process of interviewing a candidate for this position. Ideally there will be an overlap with a candidate on board prior to Ms. Marrier's retirement December 2, 2019.

Grants Update – Staff submitted a Proposition 1 Integrated Regional Water Management Grant preliminary application to the Department of Water Resources (DWR) seeking \$8.75M from DWR. The next step in the process will be to participate in a DWR workshop on the proposal on September 20th. DWR will confirm which projects can proceed with a full application in early October and the final proposal due in November 2019.

RWA Outreach – Jim Peifer and Rob Swartz briefed the Water Forum Environmental Caucus on progress towards developing the Sacramento Regional Water Bank (Water Bank) on August 26th.

Rob Swartz presented to the California Water Commission (CWC) on the Water Bank and was invited to sit on a panel for the CWC's listening session on the Water Resilience Portfolio Initiative on August 27th.

Jim Peifer presented on the Water Bank and regional initiatives to Senator Harris's staff on September 3rd.

Jim Peifer presented on RWA activities to the Northern California Water Association on September 4th.

Jim Peifer has continued meeting with RWA members to introduce himself as the new Executive Director and to ask questions about the RWA Strategic Plan. Hearing the vision of the members for the RWA will be valuable as we enter into the planning process for the Strategic Plan and will help define if we need to hire a consultant to facilitate the process.

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.

Jim Peifer and Ryan Ojakian met with Nancy Vogel, Director of the Governor's Water Portfolio Program along with Kerry Schmitz, Sacramento County Water Agency, Tom Gohring, Water Forum, Gary Bardini, SAFCA and Ron Stork, Friends of the River. The purpose of the meeting was to discuss the Water Resilience Portfolio Initiative. Ms. Vogel requested comments on specific actions that the State could take. The letter from the RWA, SGA and Water Forum sent to Ms. Vogel with recommendations on the initiative was included in the packet. RWA would like the state to take a more supportive role, breaking down silos within state government and help to leverage federal government in some of the projects and initiatives that we need for water supply reliability. The City of Sacramento will prepare a draft report to the Governor sometime in October with a final report in December. This issue will lay out what the Governor's spending priorities will be for future projects

and set up a legislative proposal for 2020. We want to see proposals that are helpful for the region and not proposals that will be costly for the region.

12. DIRECTORS' COMMENTS

Mr. Helliker thanked the RWA for their comments on the resilience portfolio. He attended a State Water Board organized workshop where there was discussion about the electronic annual reports. The number of questions contained in the report continues to increase which is time consuming.

Mr. Madison said that he, Sarah Jones and Ryan Ojakian will be meeting with Assemblymember Cooper's staff to talk about amending Government Code Section 36900. If the amendments are advanced it will hopefully give agencies more authority to hit thieves with higher fines. At this time agencies are restricted at \$100 for a first offence under that Government Code Section. The goal is to give agencies the authority to set their own limits up to a certain cap. He said that the theft problem doesn't happen frequently, however the real problem is the threat to public health by contaminating the public water supply.

Ms. Harrington said that she was looking forward to meeting with Mr. Peifer.

Mr. Greenwood reported that the search continues for a General Manager to replace Mr. Nugent upon his retirement. Carmichael Water District is currently involved in a project to replace one of their large water tanks.

Mr. Straus gave an update on the meter replacement consortium work. The advanced planning study is in progress with the first phase that includes defining existing inventory of participating agencies.

Mr. York gave an update on Sacramento Suburban Water District's service water supply. They currently have an agreement with PCWA to take water when it is available. Their other surface water supply is with the City of Sacramento. When the agreement with the City was first signed the cost was \$116 per acre foot, this year the cost has increased to over \$500 per acre foot. Due to the increased cost water has not been taken from the City of Sacramento this year. The Sacramento City council has approved a reduction in water supply for one year giving Sacramento Suburban Water District an opportunity to rest their groundwater wells in their south service area. Sacramento Suburban Water District will begin taking that water October 1st through September 30th with the plan to take approximately 10,000 acre-feet.

Mr. Ramirez said that the State Water Board Division of Water Rights approved the South Cuddy Agriculture program. This program allows Sacramento Regional County Sanitation District (Regional San) to use up to 50,000 acre-feet of recycled water per year and put it to beneficial use in the south agriculture portion of the county. This is a huge milestone for Regional San.

Mr. Gray said that with the passing of Mr. DeWit it occurred to him that former RWA members could give insight for the RWA Strategic Plan update by giving information on what their vision was for RWA when they were members.

Ms. Roccucci announced that the new Assistant Director of Environmental Utilities for the City of Roseville is Sean Bigley.

Mr. Shaw introduced Christopher Gifford as the newly appointed Rio Linda/Elverta Community Water District RWA Representative.

Mr. Harris said on behalf of the City of Sacramento the report from Regional San is a really big deal and will lead to groundwater recharge and other benefits. He congratulated Mr. Dobson and the entire team who worked on the project.

Ms. Carey said that the City of Sacramento Council approved the City to begin phase 1 of their expansion project for water supply. They will begin some environmental work and expect this to be a 15-year project.

Ms. Tobin thanked everyone for their support with her bid as ACWA Vice President. If she is successful in this endeavor she will be accessible to everyone for any issues, problems or possible solutions. ACWA Federal Affairs will be meeting this afternoon with a number of bills to be discussed.

Mr. Waples is a new representative on one of SMUD's Strategic Account Advisory teams. All water districts and cities have a dedicated account representative who has been assigned to them to answer any questions they may have. Water districts and cities may contact Mr. Waples for information on their dedicated account representative.

Mr. Yasutake said that Tuesday night Folsom City Council approved a resolution authorizing staff to issue a Prop 218 notice for solid waste water and waste water rates. The notice will be out around the second week of October with a public hearing on December 10th.

Adjournment

With no further business to come before the RWA Board of Directors, Vice Chair Schmitz adjourned the meeting at 10:04 a.m.

By:

Chairperson

Attest:

Cecilia Partridge, Executive Assistant

**AGENDA ITEM 4: EXECUTIVE COMMITTEE REPORT AND
RECOMMENDATIONS**

Information: Final minutes of the August 28, 2019 and September 25, 2019
Executive Committee meetings

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
Pam Tobin, San Juan Water District

Staff Members

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

Others in Attendance

José Ramirez, Tom Gray, Bruce Kamilos, Ken Payne and Dave Ocenosak

2. PUBLIC COMMENT

None.

3. CONSENT CALENDAR

The minutes from the July 24, 2019 Executive Committee meeting

Motion/Second Carried (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, said that the Legislative session concludes at midnight on September 13th. There are a number of bills that RWA has taken a support/oppose unless amended position on earlier in the session and it is now appropriate to look at moving to a more definitive position as the session comes to a conclusion. Mr. Ojakian outlined the content of several bills and gave his current position recommendations on each.

AB 402 (Quirk) would establish a funding stabilization program, supported by drinking water fees, for Local Primacy Agencies (LPA). The author has submitted amendments that would limit access to the program, provide greater oversight over those participating in the program, and require LPAs participating in the program to identify water systems that are candidates for consolidation. RWAs current position on this bill is oppose unless amended, the recommendation is a watch and neutral position.

AB 658 (Arambula) would create a new groundwater recharge permit. Recent amendments would require the Water Board to make a finding of consistency that a permit is consistent with a GSP. RWAs current position on this bill is support if amended, the recommendation is to take a neutral position.

Ms. Tobin entered the meeting.

Mr. Ojakian will send a letter on AB 658 explaining our arguments supporting why we are changing our position from support if amended to a neutral position. The letter will include suggestions on how the groundwater recharge project process should look going forward and how to improve groundwater recharge.

AB 933 (Petrie-Norris) would allow the Department of Conservation (DOC) to establish and administer the ecosystem resilience program to fund watershed coordinator positions throughout the state. Recent amendments would require the DOC to comply with the administrative procedure act (APA) in adopting guidelines for the ecosystem resilience program. RWA does not currently have a position on this bill. The recommendation is to take a support position as ACWA has done.

There was discussion on what qualifications constitute a watershed coordinator. Mr. Ojakian said that watershed coordinators are meant to bring together environmental water supply community interests and to develop plans and projects that improve watershed health.

AB 1414 (Freidman) would make technical changes to the time requirements when various water management reports are due. Recent amendments address timing issues with reports due based on the calendar year. RWAs current position on this bill is support if amended and the recommendation is to move to a support position.

AB 1415 (Friedman) would make it a civil penalty for failure to submit various water management reports. If it will remove opposition the author will submit amendments to require notice of failure to submit a report to be in writing and that penalties may be reduced or waived if "good cause" can be shown as the reason for the failure to report. RWAs current position on this bill is oppose unless amended and the recommendation is to take a neutral position.

SB 134 (Hertzberg) is intended to address double jeopardy of water loss in water conservation requirements. The bill has not been amended, and has passed the legislature so it cannot be amended. RWAs current position on this bill is support if amended and the recommendation is to take a neutral position.

SB 414 (Caballero) would establish a process for regional consolidation of failing public water systems. Pending amendments would among other things make the Water Board the ultimate approver of these consolidations in doing so this would supplant local agency formation commissions (LAFCOs) in the approving role. RWAs current position on this bill is support if amended and the recommendation is to take a neutral position. The State Water Board put out a workbook with guidelines stating requirements for someone to qualify as an administrator.

Mr. Smith noted that there are several small systems within Placer County. Placer County Water Agency has been supportive of consolidation efforts. Consolidation is the result of extreme conditions where a water district has gotten into a bad situation. Anything that assists in consolidating these water districts is moving in a positive direction. Mr. Payne commented that El Dorado County is facing two to three dozen small systems that need to be addressed.

M/S/C Mr. Yasutake moved, with a second by Mr. Greenwood, to take new positions on recently amended legislation. The motion carried by the unanimous voice vote of all directors present.

The Water Board held a two-day board meeting on August 20th and 21st to take action on and describe the approach they are taking to achieve safe drinking water. As part of that board meeting the Office of Environmental Health Hazard Assessment (OEHHA) released a draft human right to water tool. The tool is an interactive map that looks at water quality, accessibility, and affordability, and uses different components to give a composite score in each distinct category. The goal of OEHHA is to have a tool to evaluate progress towards achieving a human right to water. Additionally, the Water Board released a draft administrator policy handbook designed to define requirements for water board placed system administrators. The water board highlighted several areas of work at the two-day board meeting, but of particular interest is an indication that they will focus on an analysis of water affordability and workforce development. There has not been an indication of when the December 2018 draft low income water rate assistance report will be finalized, but there is some belief it will occur sometime this fall.

Mr. Peifer commented that at this time we do not know how the model is constructed. We need to confirm that the model has good information. There is a concern that the measures being used to judge the issues have supporting background behind it. Mr. Ojakian expects to have conversations with OEHHA and staffers who are developing the tool. He will bring information back to the Executive Committee with examples of how the tool is evaluating affordability.

The State Water Board lowered notification levels on PFOS and PFOA down to detection levels. There will be future required testing for the contaminants. A scientific based process for establishing standards was initiated. Mr. Peifer noted that speaking points were emailed to members to assist in responding to any media inquiries regarding the new guidelines issued by the State Water Resources Control Board for testing and reporting PFOA and PFOS contaminants.

AB 756 is going to become law January 1, 2020 requiring that if you have a detection of PFOA or PFOS at the notification level you have to put it in your Consumer Confidence Report (CCR) and if you are over the response level that you have to notify your customers or take that water supply out of service.

Mr. Ojakian said that SB 1 is a bill intended to stop Trump administration rollbacks on various environmental and labor protections. The bill has ramifications for the Voluntary Agreements in particular the provisions on the endangered species act. This bill would not allow Trump administration rollbacks by incorporating into state law federal protections that were in place prior to president Trump being sworn into office. The provisions in the bill could lock in place the 2009 Biological Opinions regulating delta pumping operations and apply the California Endangered Species Act to the Central Valley Project. The latter of which could impact Folsom reservoir operations.

5. RESOLUTION SUPPORTING PAM TOBIN FOR ACWA VP

Every two years, the Association of California Water Agencies (ACWA) forms a nominating committee to select and propose a "slate of candidates" for president and vice president. The ACWA members vote for the slate at the ACWA fall conference. In general, the candidate for president is the current vice president. The terms for president and vice president are for two years.

Ms. Pam Tobin would like to be selected by the nominating committee for ACWA vice president. The purpose of the resolution is to support the nomination of Ms. Tobin.

Mr. Peifer proposed that a resolution be recommended for adoption to the RWA Board supporting Ms. Tobin as a Vice President nominee. Ms. Tobin said that she mailed her introduction letter, statement of qualifications and resume to all board member presidents and general managers. She read her statement of qualifications to the Executive Committee. She gave an overview of the nomination and election process with the final voting to take place at the ACWA Fall Conference.

M/S/C Mr. Greenwood moved, with a second by Mr. Smith, to recommend submission of the resolution for consideration and adoption by the RWA Board. The motion carried by the unanimous voice vote of all directors present.

6. RWA STRATEGIC PLAN UPDATE

Mr. Peifer gave an update on the RWA Strategic Plan saying that the current strategic plan was adopted in 2013 with minor plan updates in 2017. An update of the Strategic Plan is recommended by the Executive Director and Executive Committee input is requested. 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. He continues his listening tour with a list of questions that he will organize to incorporate into the Strategic Plan. He wants to know if members are happy with the Strategic Plan, what changes are needed, how they see the future of RWA and the member's visions for the RWA.

Mr. Peifer is interested in identifying ways to increase efficiency in services that members need or identifying opportunities to reduce costs for the members.

Mr. Peifer asked the committee if a consultant should be hired to facilitate the Strategic Plan update. Mr. Peifer received feedback that he should conclude his listening tour before hiring a consultant.

After the Executive Director's listening tour he will assemble the agencies answers and look at governance and staffing structure, explore potential opportunities for RWA, SGA and potentially the SCGA and the financial and operational impacts. It was reported by Mr. Schubert that there is a chance for aligning and sharing for additional support and unifying the purpose between the three organizations. SCGA is reviewing PERS to see if there would be any possible financial impact.

7. AGENCY AWARD

Mr. Peifer proposed that an agency award be added along with the established Water Statesperson of the Year and Distinguished Service awards that are presented at the RWA annual holiday social in December. He asked for input from the Executive Committee on creating a new award that would be received by an agency and would be granted for an agency's efforts to work collaboratively with others within the region on initiatives that are innovative and improve the management of water resources or improve the reliability of water resources.

After discussion there was concession that an agency award would have merit, would be given for an outstanding agency achievement and may not be an annual award. The awards committee would handle the nomination process. The award would recognize an agency for a collective effort that makes a project stand out above the rest.

8. TELECOMMUNICATION POLICY

Mr. Peifer proposed that the Executive Committee consider and provide input to a policy that compensates staff for using their personal cell phone for conducting RWA and SGA business. In addition, the policy establishes limits on the cost of a cell phone and accessories that would be issued to an employee.

Certain RWA employees need to be accessible via cellular telephone to conduct RWA or SGA related business. Currently employees may use an RWA issued cell phone to conduct business. Some employees have found having an RWA issued cell phone and their personal cell phone cumbersome to manage, and they would prefer to use their personal cell phone to conduct RWA or SGA business.

Staff has reviewed the policies from ACWA JPIA, Placer County Water Agency and the City of Sacramento. In general, PCWA and ACWA JPIA provide an allowance of up to \$50 per month to employees who use their personal cell phones to conduct agency business. The City of Sacramento provides up to \$100 per month.

A version of Policy 500.17 was provided with edits made by Ryan Bezerra, legal counsel. Mr. Bezerra explained how an employee would respond to a public records act request by disclosing calls and texts. For IRS reporting they want the charges explained at a level of detail that is not possible. A basis for what the allowance amount will be is required. The Executive Director has the discretion to adjust the current not to exceed amount.

M/S/C Ms. Tobin moved, with a second by Mr. Smith, to recommend RWA Board approval of Telecommunication Policy 500.17. The motion carried by the unanimous voice vote of all directors present.

9. VOLUNTARY AGREEMENT AD HOC COMMITTEE UPDATE

Chair Paul 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 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, Marcus Yasutake, Anne Sanger, Sean Bigley, Dan York, Paul Helliker, Steve Nugent, Andy Fecko and Jim Abercrombie.

Mr. Peifer noted that he would give the update in the absence of Ms. Schmitz. The ad hoc committee has met twice. There is consensus by the members that work to define the scope and a program will be drafted to identify what the cost share is for the members. This information will be brought back to the Executive Committee and eventually the RWA Board for adoption.

10. FEDERAL AFFAIRS AD HOC COMMITTEE UPDATE

Mr. Bigley said that Chair Schubert has appointed an ad hoc committee to address the RWA's role in Federal Affairs. The new ad hoc committee's charge is to make recommendations to the RWA Board on the role of the RWA on federal matters and provide direction to the Executive Director on federal matters. The committee will terminate upon completion of the updated strategic plan.

The members of the ad hoc committee include Sean Bigley, Chair, Anne Sanger, Vice Chair, Hilary Straus, Marcus Yasutake, Dan York, Andy Fecko, Evan Jacobs and Jennifer Buckman is committee counsel.

The ad hoc committee will make recommendations to the RWA board that addresses 1) what the RWA's role should be in federal affairs; 2) the limit of involvement with federal agencies/regulations; 3) if the RWA gets involved in federal affairs what resources would the RWA need; 4) should a program be structured as an RWA subscription or core program; and 5) what are the immediate needs and priorities of the

effort. The ad hoc committee will meet on Friday at RWA to begin discussions. The committee is requesting member feedback. Updates will be presented to the Executive Committee at future meetings.

11. SACRAMENTO REGIONAL WATER BANK UPDATE

The Sacramento Regional Water Bank, Phase 1 effort is underway. Phase 1 consists primarily of developing a model to assess operations for future environmental analysis of the Water Bank. Modeling is expected to be complete in mid-2020. To keep the Water Bank development effort on track for completion in early 2022, staff is beginning to focus on development of the scope, budget, and funding strategies for Phase 2.

Rob Swartz, Manager of Technical Services, gave an update and handed out a graphic on the water bank development phases showing the development of two phases. Phase 1 includes pre-feasibility activities and phase 2 includes final feasibility and program acceptance. He will be meeting with the consultant next week to begin discussions. It is a significant effort to put this model together. Last week some of the agencies convened that participated in last year's regional groundwater substitution transfer along with those who are most likely to be participants in the Water Bank to get input on proceeding with a plan to get phase 2 ready. Part of the discussion was about bringing in a strategic advisor who would assist in helping to develop a strategy around getting phase 2 going.

Mr. Yasutake exited the meeting.

12. RWA SEPTEMBER 12, 2019 BOARD OF DIRECTORS MEETING AGENDA

Appointment of a temporary Secretary was added as agenda item 2. Mr. Swartz said that it may not be necessary to have the Regional Integrated Water Flow Model Update agenda item on the agenda and it may be pulled from the agenda for the September 12th RWA Board meeting. It was noted that the Executive Director has the authority to modify the agenda.

M/S/C Ms. Tobin moved, with a second by Mr. Bigley, to approve the September 12, 2019 Board of Directors meeting agenda with the mentioned changes. The motion carried by the unanimous voice vote of all directors present.

13. EXECUTIVE DIRECTOR'S REPORT

Finance and Administrative Services Manager Recruitment – Staff is in the process of interviewing candidates for the position. Nine resumes were received with four first round interviews held. A second interview with one of the possible candidates is scheduled for this afternoon.

Grants update – Staff submitted a Proposition 1 Integrated Regional Water Management Grant preliminary application to the Department of Water Resources (DWR) seeking \$8.75M from DWR. The next step in the process will be to participate in

a DWR workshop on the proposal on September 20th. DWR will confirm which projects can proceed with a full application in early October, with the final proposal due in November 2019.

RWA Outreach – Mr. Swartz presented to the California Water Commission (CWC) on the water bank and was invited to sit on a panel for the CWC’s listening session on the Water Resilience Portfolio Initiative on August 27th. Mr. Peifer will share the link to view the presentation when it becomes available.

Mr. Peifer has been meeting with members to introduce himself as the new Executive Director and to ask questions about the strategic plan. Member agencies that Mr. Peifer has met with since the last Executive Committee meeting include:

- Elk Grove Water District
- Carmichael Water District
- Citrus Heights Water District
- City of Yuba City
- City of Roseville
- Rancho Murieta Community Services District
- Sacramento Suburban Water District
- California American Water
- San Juan Water District
- El Dorado Irrigation District
- Placer County Water Agency
- City of Lincoln
- Rio Linda/Elverta Community Water District

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.

Mr. Peifer and Mr. Ojakian met with Nancy Vogel, Director of the Governor’s Water Portfolio Program; along with Kerry Schmitz, Sacramento County Water Agency; Tom Gohring, Water Forum; Gary Bardini, SAFCA and Ron Stork, Friends of the River. The purpose of the meeting was to discuss the Water Resilience Portfolio Initiative. Ms. Vogel requested comments on specific actions that the State could take. A comment letter from the RWA, SGA and Water Forum is being prepared to send to Ms. Vogel.

14. DIRECTORS’ COMMENTS

Ms. Tobin thanked the Executive Committee for their support of her nomination as the Vice President of ACWA.

Mr. Greenwood said that Carmichael Water District continues their search for general manager to replace Steve Nugent when he retires in December.

Mr. Bigley reported that progress is being made in the repayment contract with reclamation. Executed contracts are expected later this year. Work continues on the SMUD and City of Roseville proposed transfer to refine and perfect the groundwater program in Roseville.

Mr. Smith said that there has been a lot of concern with customers in rural communities through Placer County with the loss of their fire insurance. There is a town hall meeting scheduled for tonight to address the problem. Ms. Tobin is on the JPIA Liability Committee and she suggested that there may be a possibility of coverage under the JPIA for those who have lost their fire insurance coverage. Mr. Smith is looking for insurance experts who can address these issues and assist in finding a solution.

Ms. Carrey said that the City of Sacramento has a quarterly water committee meeting scheduled next month where Mr. Swartz will give a presentation on the Water Bank. A Resolution supporting Ms. Tobin for ACWA Vice President will also be taken up at that meeting.

Mr. Peifer reported that RWA Policy 500.13 requires that the Executive Director report to the Executive Committee on future conferences that RWA will reimburse employee expenses. Upcoming conferences include the Water Smart Conference, ACWA Conferences and Groundwater Resources Association of California Western Water Conference.

ADJOURNMENT

Chair Schubert adjourned the meeting at 11:21 a.m.

By:

Chairperson

Attest:

Nancy Marrier, Board Secretary / Treasurer

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
Pam Tobin, San Juan Water District

Staff Members

Jim Peifer, Rob Swartz, Ryan Ojakian, Amy Talbot, Nancy Marrier, Cecilia Partridge, Monica Garcia and Andrew Ramos, legal counsel

Others in Attendance

Bruce Kamilos, Todd Eising, Kelye McKinney, John Woodling and Charles Duncan

2. PUBLIC COMMENT

None.

3. CONSENT CALENDAR

The minutes from the August 28, 2019 Executive Committee meeting

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

4. SACRAMENTO CENTRAL GROUNDWATER AUTHORITY REQUEST FOR INFORMATION ON STAFFING SERVICES

RWA has received a letter from the Sacramento Central Groundwater Authority (SCGA) requesting the RWA brief the SCGA board on the RWA staffing relationship with SGA and the feasibility of providing staff to SCGA in a similar manner. Chair Schubert invited Todd Eising, SCGA Chair, to provide additional information. SCGA went through a strategic plan process to define their mission, vision, core values and

goals. Two objectives associated with this goal include: "...model SCGA after the Sacramento Groundwater Authority (SGA), or other measures to most effectively and efficiently govern" and "create new governance to foster independence, transparency, accountability, and cost efficiency as it relates to the long-term management of the basin."

Some representatives of SCGA like the model used by SGA and their relationship with RWA and would like to explore the possibilities of having their own structure that would give them independence, but would also provide regional benefits. The chairs and vice-chairs of SCGA, SGA and RWA met to determine if there were any potential fatal flaws and what the potential benefits would be.

Ms. Tobin asked if SCGA has consulted legal counsel. Mr. Eising said that the only item that came up was PERS membership, which is a long-term obligation. It was determined that this would be an administrative issue and would not be a roadblock. There was discussion about making a distinction between SCGA and Sacramento County. SCGA was agreeable to pay for additional future staff if needed.

SCGA has requested the RWA staff review the details and feasibility of providing staff to SCGA and present the findings to the SCGA at a future board meeting. This item will be brought back to the RWA Executive Committee for further discussion after the presentation to SCGA. A copy of the letter making the request was provided.

It was suggested that there be further discussion on how the RWA and SGA relationship works together and how SCGA could be incorporated into that relationship. The RWA Executive Director will brief the SCGA Board.

M/S/C Ms. Tobin moved, with a second by Ms. Schmitz, for the Executive Director to further investigate per the direction of the request from RWA on the feasibility of moving forward. The motion carried by the unanimous voice vote of all directors present.

5. RWA STRATEGIC PLAN UPDATE

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 used to solicit input from members and stakeholders, and other considerations. The Executive Director has three additional agencies to meet with on his listening tour.

Three questions that Mr. Peifer is asking include: 1) what are RWA members greatest challenges, 2) what is the vision for the RWA and 3) what is the greatest value of RWA. A survey will be sent out in the future requesting additional information from the member agencies.

6. CAPITOL REGION CLIMATE READINESS COLLABORATIVE

Ryan Ojakian, Legislative and Regulatory Affairs Manager, said that the Capitol Region Climate Readiness Collaborative (CRC) is a 501(c)(3) organization that encompasses a 6-county Sacramento region focused on finding regional solutions to address shared challenges – drought, extreme heat, extreme weather events, wildfires and more. CRC is a member networking organization of 36 state, public, non-profit, academic and private members working together to advance climate resiliency efforts in our region. Benefits include annual members' forum, membership to CRC's steering committee, staff support, CRC directory and participants list, regular webinars on a variety of climate related topics and resident education on climate related issues. RWA is considered a local and regional agency with annual dues of \$3,000.

The CRC focuses on climate challenges with the main topic changing year to year. The CRC came to the RWA's attention due to their focus on water supply issues last year. By joining CRC, it would show that we employ progressive water solutions and we would be involved with issues that we are interested in including the Sacramento Region and getting funding for disadvantaged communities and potential water efficiency issues. It would be beneficial for RWA to be involved with CRC.

M/S/C Ms. Schmitz moved, with a second by Mr. Bigley, to direct the Executive Director to have the RWA join the Capitol Regional Climate Readiness Collaborative. The motion carried by the unanimous voice vote of all directors present.

7. AGENCY AWARD

RWA Policy 100.4 establishes the criteria for Water Statesperson of the Year Award and Distinguished Service Award. The awards are presented at the RWA annual holiday social in December.

Mr. Peifer asked for input from the Executive Committee on creating a new award that would be received by an agency. The award would be granted for an agency's efforts to work collaboratively with others within the Region on initiatives that are innovative and improve the management of water resources or improve the reliability of water resources. It was suggested that the new award would not be presented annually, but would be awarded for exceptional special programs or projects.

Included in the packet was proposed additional language to RWA Policy 100.4, RWA Awards detailing the awards criteria.

After discussion, it was suggested that agencies other than RWA be considered for the agency award. Mr. Peifer will refine the proposed additional language and add it to the next RWA Board meeting agenda.

M/S/C Mr. Yasutake moved, with a second by Ms. Schmitz, to recommend adoption of revision to RWA Policy 100.4 RWA Awards by the RWA Board with the suggested amendments. The motion carried by the unanimous voice vote of all directors present.

8. 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 (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, Marcus Yasutake, Anne Sanger, Sean Bigley, Dan York, Paul Helliker, Steve Nugent, Andy Fecko and Jim Abercrombie.

Kerry Schmitz, Ad Hoc Committee Chair, reported that the committee has met and produced a draft description of the VA subscription program and a draft VA program agreement. At the next committee meeting the documents will be refined and brought back to the Executive Committee for review. Placer County Water Agency is moving forward with a contract with the consultant.

9. FEDERAL AFFAIRS AD HOC COMMITTEE UPDATE

Chair Paul Schubert appointed an ad hoc committee to address the RWA's role in Federal Affairs. The new ad hoc committee's charge is 1) to make recommendations to the RWA Board on the role of the RWA on federal matters and 2) to provide direction to the Executive Director on federal matters. The committee will terminate upon completion of the updated strategic plan.

The members of the Ad Hoc Committee include Sean Bigley, Chair, Anne Sanger, Vice Chair, Hilary Straus, Marcus Yasutake, Dan York, Andy Fecko and Evan Jacobs. Counsel for the committee is Jennifer Buckman.

Mr. Bigley said the committee focused on developing a member survey directed to the general managers and directions in the region. The survey results will be presented to the EC as the agency's perspectives. It is expected that each agency will have a different input and perspectives. The survey results will be reviewed for common specific themes and the results will be presented to the Executive Committee and the RWA Board.

The next committee meeting is scheduled for October 24th, from noon to 2:00 p.m. in the RWA conference room. Everyone is invited to participate in the discussion. Mr. Bigley asked that anyone who wants to attend please RSVP as lunch will be provided.

10. SACRAMENTO REGIONAL WATER BANK UPDATE

Mr. Swartz gave an update on efforts to develop the Sacramento Regional Water Bank. An application has been successful through the Water Management Options Pilot (WMOP) Program with funding assistance from the Bureau of Reclamation for \$650,000. This will help fund some of the second phase of Water Bank development. Recent presentations have been given on the Water Bank at the Groundwater Resources Association and to the City of Sacramento Water Committee.

Brent Smith said that PCWA also received funding from the WMOP Program in the amount of \$504,000.

11. 2018 RECLAMATION WATERSMART DROUGHT INTERTIES GRANT PROGRAM UPDATE

Mr. Swartz reported that because of RWA's extensive experience with Reclamation grants, SJWD and SCWA want RWA to assist in managing the various grant requirements. Staff has prepared an RWA Program Agreement, included in the packet, as authorized by the RWA Joint Powers Agreement. The participating agencies will directly fund the program management expenses to ensure there is no fiscal impact to RWA or its member agencies that are not participating in the program. Staff is requested that the Executive Committee approve the Program Agreement, with the addition of Item 13 to ensure environmental compliance.

M/S/C Mr. Yasutake moved, with a second by Mr. Bigley, to approve the 2018 Reclamation WaterSMART Drought Interties Program Agreement with the noted amendments. The motion carried by the unanimous voice vote of all directors present.

12. EXECUTIVE DIRECTOR'S REPORT

Finance and Administrative Services Manager Recruitment – An offer of employment has been presented to Ms. Josette Reina-Luken for the position of Finance and Administrative Manager and she has accepted. Ms. Reina-Luken will begin on October 8th.

RWA Outreach – Jim Peifer participated on a panel on Urban, Rural and Agricultural Supplies at the State Water Resources Control Board on September 23rd. The Panel discussion was part of a larger Drought Panel discussion to inform the Water Resilience Portfolio Initiative.

Rob Swartz presented on the Sacramento Regional Water Bank to the Groundwater Resources of California's Western Groundwater Congress on September 19th and to the City of Sacramento Water Committee on September 24th.

Jim Peifer, Rob Swartz, Amy Talbot, and Ryan Ojakian are meeting with members of the Water Forum Environmental Caucus on September 26th to brief them on a variety of RWA activities.

Jim Peifer has continued to meet with member agencies to introduce himself as the new Executive Director and to ask questions about the strategic plan.

Jim Peifer participated on a regional advocacy trip with a number of RWA member agencies to Washington, DC to discuss funding needs for the Sacramento Regional Water Bank. The trip occurred during the period of September 15th to September 18th.

13. DIRECTORS' COMMENTS

Mr. Smith said that PCWA has been in Public Safety Power Shutoff (PSPS) preparation mode. At this time the community of Forest Hill is without power. PCWA has been assuring customers that even if they lose power, they will still have water. On September 11th they took staff to Hell Hole for a planning retreat. There was positive discussion on planning matters, the meter consortium and assisting small struggling systems within Placer County.

Ms. Carrey thanked Rob Swartz for his presentation to the City of Sacramento and reported Councilmember Harris was supportive of Ms. Tobin's candidacy for ACWA Vice President.

Ms. Tobin thanked the Executive Committee for their support of her ACWA candidacy.

ADJOURNMENT

Chair Schubert adjourned the meeting at 9:39 a.m.

By:

Chairperson

Attest:

Nancy Marrier, Board Secretary / Treasurer

**AGENDA ITEM 5: APPOINTMENT OF JOSETTE REINA-LUKEN TO RWA
BOARD SECRETARY AND TREASURER**

**Action: Appoint Josette Reina-Luken to become the RWA Board Secretary
and Treasurer**

AGENDA ITEM 6: LEGISLATIVE/REGULATORY UPDATE

BACKGROUND:

The Legislative session concluded on September 13th. There were 2,625 bills introduced, 1,037 passed the legislature and the Governor ultimately signed 870 of those bills. RWA took positions on 19 bills, 3 bills that RWA supported will become law and only 1 bill that RWA opposed will become law.

The Legislature is out of session, on interim, and will reconvene Monday January 6th. The year will start off quickly with two-year bills needing to pass out of their house of origin by January 31st and new bill introduced by February 21st. The session ends August 31st. While it is not known at this time the likelihood is there will be 2,500 new bills introduced. The speculation is that there will be legislation related to water resiliency, bond funds to implement resiliency, and water affordability.

The Office of Environmental Health Hazard Assessment (OEHHA) released a draft human right to water tool in August and took comments through November 8th. The tool attempts to look at the quality, accessibility, and affordability. RWA submitted comments on the tool that largely make three points, first an effective tool is necessary and can be beneficial, second the tool has significant flaws, and third that working with the water community is critical to correcting those flaws and developing an effective tool. It appears that the tool will be used as a foundation for an affordability policy debate.

A draft of the Administrations water resilience portfolio report is expected to be released sometime in November. It is not known exactly what will be in the portfolio. It is however expected to drive policy discussions on water resiliency and have impacts on bond discussions occurring in the early part of next year.

EXECUTIVE COMMITTEE RECOMMENDATION:

Information Presentation: Ryan Ojakian, Legislative and Regulatory Affairs Manager

November 8, 2019



Paul Schubert, Chair
Kerry Schmitz, Vice
Chair

Members

- California American Water
- Carmichael Water District
- Citrus Heights Water District
- Del Paso Manor Water District
- El Dorado Irrigation District
- Elk Grove Water District
- Fair Oaks Water District
- Folsom, City of
- Golden State Water Company
- Lincoln, City of
- Orange Vale Water Company
- Placer County Water Agency
- Rancho Murieta Community Services District
- Roseville, City of
- Rio Linda / Elverta Community Water District
- Sacramento, City of
- Sacramento County Water Agency
- Sacramento Suburban Water District
- San Juan Water District
- West Sacramento, City of
- Yuba City, City of

Associates

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

Submitted via email: hr2w@oehha.ca.gov
Carolina Balazs, Ph. D.
Research Scientist, OEHHA
Office of Environmental Health Hazard Assessment
1515 Clay Street, 6th Floor
Oakland, CA 94612

Subject: Comment Letter- Public Review Draft: Achieving the Human Right to Water in California- an assessment of the state's community water systems

Dear Dr. Balazs,

The Regional Water Authority (RWA) appreciates the opportunity to comment on the Office of Environmental Health Hazard Assessment (OEHHA) Public Review Draft "Achieving the Human Right to Water In California- An Assessment of the State's Community Water Systems" (report and tool). RWA is a joint powers agency representing 21 public water suppliers in Sacramento, Placer, El Dorado, Yolo, and Sutter Counties that combined serve drinking water to 2 million people. Our mission is to protect and enhance the reliability, availability, affordability and quality of water resources for our members. To accomplish our mission our highest priority is to adapt to climate change in a way that allows our members to achieve the human right to water.

RWA supports the concept of a tool to evaluate the achievement of the human right to water. There can be great benefit from an accurate characterization and tracking of systems that are and are not meeting the human right to water. Identifying systems that are not meeting the human right to water can allow for appropriate resources to move toward improving those systems. However, it is no easy task to develop a tool that accurately assess 7,000 community water systems, as operations across those systems are unique and what it takes for each system to best meet the human right to water will also be unique.

RWA echoes the sentiment expressed by academic experts at the OEHHA hosted academic experts workshop on October 11th that OEHHA should work with water suppliers in the development of the tool. RWA would very much like to partner with OEHHA to ensure the most appropriate and accurate data is being used to score quality, accessibility, and affordability. RWA envisions this partnership allowing for the identification and refinement of data to improve the accuracy of the tool. RWA believes that only through further revision of the tool with those who are tasked with providing access to quality, affordable water can the tool reach its full capability.

Letter to Carolina Balazs, Ph. D.
Office of Environmental Health Hazard Assessment
Re: Comment Letter – Achieving Human Right to Water in California
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A careful balance and thoughtful priorities are necessary for water suppliers to use their limited rate payer resources to comprehensively meet water quality, accessibility, and affordability on an on-going basis. While the report acknowledges the need for this careful balance, it is not clear how the overall component scores produced in the tool can be interpreted with this careful balance in mind. Additionally, the quality of the assessment the tool provides to evaluate how a water supplier is maintaining a careful balance is constrained by the quality of the underlying data used for each indicator in the tool. Unfortunately, our review of the current report and tool leaves several questions, detailed below, about the efficacy of the underlying data used to produce the quality, accessibility, and affordability scores.

RWA believes that the effort to put together the tool is necessary. RWA further believes that the tool will carry great weight in future policy discussions. RWA appreciates that the tool is intended to evolve over time but believes that policy discussions will begin with the finalization of this first iteration of the report and tool. In RWA's view this underscores the need for the first iteration to be as precise as reasonably possible. In that spirit we offer the following comments.

Water suppliers must have access to the data that is being used to produce their individual indicator and component scores.

To RWA's knowledge OEHHA has not provided access to the data that was used to provide affordability scores. The report defines the formula used and the tool presents a systems composite affordability score, but a water system is not provided with the inputs that are being used to determine that score. This leaves a water system with no ability to verify the accuracy of its affordability score.

RWA having access to this data is fundamental to our ability to engage on this component. This is particularly necessary because of questions we have holistically on the affordability component.

Overall the tool would benefit from greater access to the data that is being used to assess community water systems.

Water systems must be able to correct errors in data inputs used in the tool.

RWA is aware of the tool incorrectly evaluating the number of sources in the physical vulnerability indicator in the water accessibility component and the data availability indicator in the water quality component for some water suppliers. The SDWIS data system appears to be incomplete for some water systems, and does not account for all sources of water. The data availability indicator does not account for the fact water systems are not required to collect data

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on particular contaminants if they demonstrate that there are no potential sources of that particular contaminant. It is not clear how a water system is to correct errors in these data inputs or others data sets in the tool. OEHHA should make clear how water systems can provide information to correct any errors detected in the data.

Clarity on what the affordability composite score is measuring and how the scoring scale is being set is necessary.

It is estimated that in California the average income needed to make ends meet for a family of four is \$6,329 a month (California Budget and Policy Center: making ends meet) and the average cost of water for 6 CCF identified in the report is \$41.39. According to census data the median family income in California is \$6,834 a month. This would mean that on average for Californian's who are making ends meet water for basic needs is largely affordable. The statewide challenge of course is that too many Californian's are not able to make ends meet. The report and tool should more clearly explain that water systems are being analyzed against this backdrop and that a holistic approach to affordability is necessary to address the larger challenges with affordability in the state.

It was stated by Dr. Pierce at the Academic Workshop that water affordability has very little to do with water rates and that water systems cannot account for overall affordability challenges. This is a critically important point that should be highlighted in the presentation of the tool.

It is important to note that the tool and report read as if they are measuring the cost of water rates, implying that the cost of water is what drives affordability. However, the formula laid out in the report is measuring the ability of an individual to pay for water. The cost of water and the ability of an individual to pay for water are not one in the same, and the terms should not be used interchangeably.

There is an implication in the report that 6 CCF of water should be less expensive than it currently is. "By almost any measure of affordability, water is unaffordable for the majority of people living in deep poverty." (Pg. 82 of the report). At the Academic Workshop, Dr. Beecher stated that a right isn't necessarily free, but that the first block of water should be accessible. In the development of the United Nations (UN) human right to water policy this was a significant point of debate, and ultimately the UN rested in a similar place to Dr. Beecher's comments, where water has a price, but that people are not excluded access due to that price.

The statewide view of composite affordability in the tool would seem to indicate that most of the state has a challenge with affordability. This suggests that the report and tool have set affordability at levels that produce low affordability scores. The report notes that "there is no

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single agreed-upon affordability threshold” (Pg. 71 of the report) and that water systems have been assigned scores based on OEHHAs assessment of the data. The report and tool do not explain why affordability thresholds are lower than those used by the UN or United States Environmental Protection Agency. Nor does the report explain how the distribution of data leads to the assigned score ranges that cover different percentage ranges of income i.e. a score of 4 covers a 0.75% range, a score of 3 covers a 0.25% range, a score of 2 covers a 0.5% range, and a score of 1 covers a 1.0% range, etc.

The language in the report and tool does not make clear what is being measured in the affordability component, and that the scoring scale has been set by OEHHA based on outcomes. The tool would benefit from expressly stating that it is measuring an individual’s ability to pay for water that OEHHA has designed an affordability score without a consensus affordability threshold, and that OEHHA has assigned scores based on its assessment of the data.

RWA acknowledges that a multi-part scale can be more informative than a binary scale. However, given the lack of consensus over what is affordable, on even a binary scale, RWA strongly encourages OEHHA to both attempt to build greater consensus over a definition of affordability and more thoroughly explain the basis of the affordability threshold it ultimately uses. Without that level of transparency, the tool does not appear to be an impartial evaluation of affordability.

Reliability of a water source should be accounted for.

Currently the tool does not distinguish between a well in a critically overdraft groundwater basin and a pre 1914 water right from a surface water source that has been available in all water year conditions. In short the physical vulnerability indicator does not have any way to measure the value of a water source. RWA understands that looking at reliability value may be more challenging than simply counting water supply sources, but not all sources are created equal, and the tool cannot be an effective evaluation without account for the reliability of a source.

OEHHA should consider additional data points on evaluating physical vulnerability.

RWA members have developed robust plans to ensure continued accessibility of water under prolonged drought conditions and changing hydrology expected to occur under climate change. These plans are reflected in urban water management plans and other required planning and reporting documents. OEHHA can build out additional data points to have a more complete picture of what water systems are or are not vulnerable to water outages. RWA would welcome the opportunity to discuss those statewide data sources in greater detail.

Letter to Carolina Balazs, Ph. D.
Office of Environmental Health Hazard Assessment
Re: Comment Letter – Achieving Human Right to Water in California
Page five of five
November 8, 2019

The tool has statistical bias from using the same data to evaluate different indicators.

For example, median household income is used to measure both the affordability component and institutional constraints indicator. How this statistical bias is being corrected for is not clear. Without a correction the effect of median household income would be overstated across the component scores. OEHHA should explain how this statistical bias is being accounted for and corrected.

Conclusion

RWA appreciates the opportunity to comment on the report and tool. We continue to believe that the effort to assess the achievement of the human right to water is necessary and can be beneficial. Though we also believe that there is more work to be done on the report and tool to ensure that the data inputs are as accurate as reasonably possible and that the tool is clearly representing what it is illustrating. Only with that further refinement will the report and tool achieve the goal of providing baseline information on the status of the human right to water in the state and accurately inform decision-makers in future policy efforts to improve the delivery of clean, safe, affordable, and accessible water for all Californians.

If you or your staff have any questions about these comments, 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', with a long horizontal line extending to the right.

James Peifer
Executive Director

AGENDA ITEM 7: AGENCY AWARD

BACKGROUND:

RWA Policy 100.4 establishes the criteria for Water Statesperson of the Year Award and Distinguished Service Award. The awards are presented at the RWA annual holiday social in December.

The Executive Director has proposed a new award that could be received by an agency at the annual Holiday Social. The proposed award would be granted for an agency's efforts to work collaboratively with others within the Region on initiatives that are innovative and improve the management of water resources or improve the reliability of water resources. The Executive Committee provided input into the proposed policy revision at the September 25 Executive Committee meeting.

EXECUTIVE COMMITTEE RECOMMENDATION:

Information and Discussion: Jim Peifer, Executive Director

Action: Recommend adoption of revisions to Policy 100.4 (RWA Awards) by the RWA Board

REGIONAL WATER AUTHORITY POLICIES AND PROCEDURES MANUAL

Policy Type : General
Policy Title : RWA Awards
Policy Number : 100.4
Date Adopted : -March 9, 2005
Date Amended : [November 14, 2019](#)

RWA AWARDS

The Regional Water Authority (RWA) presents ~~two~~ awards each year. ~~The awards are presented~~ at the RWA annual holiday social in December. Distinctive perpetual trophies are displayed in the RWA office and are inscribed with the recipient's names. Each honoree receives an ~~individual~~ trophy as well.

Water Statesperson of the Year

The Water Statesperson of the Year award recipient is selected for outstanding achievements in building alliances in the RWA service area. The awardee(s) can be from any profession or employment, and need not be an RWA member/participant. This award is intended to recognize specific "timely achievements" during the award year. This award was established in 2001.

Distinguished Service Award

The Distinguished Service Award is awarded for services and/or leadership rendered to the region's water community over a period of years. The award recipient(s) can be from any profession or employment, and not necessarily but preferably, from an RWA member agency. This award was established in 2002.

Regional Water Management Award

The Regional Water Management Award is awarded to one or more organizations or agencies that implement a program or project which creatively addresses a water management need. The organizations' or agencies' program or project must benefit the region and do one or more of the following:

- Improve water supply reliability or the management of water resources
- Improve water use efficiency or sustainability
- Reduce costs and/or improve operational efficiency
- Improve water utility services to ratepayers or customers

DRAFT

- Improve the environment
- Improve water quality

Eligible projects or programs must demonstrate a commitment to excellence, and show creativity in addressing a water resource or management issue on a regional scale. It is the intent of this award to be awarded for exceptionally special programs or projects, and will likely not be awarded every year.

This award was established in 2019.

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DRAFT

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This award was established in 2019.

AGENDA ITEM 8: PROPOSITION 1 INTEGRATED REGIONAL WATER MANAGEMENT GRANT

BACKGROUND:

In April 2019, the Department of Water Resources released an application for the Round 1 Integrated Regional Water Management (IRWM) Grant Program. Following a call for projects to stakeholders in the American River Basin (ARB) IRWM region, RWA staff developed a recommended suite of projects to pursue the funding opportunity. RWA is the designated Regional Water Management Group by DWR, so it is the eligible applicant to pursue funding on behalf of the ARB. Because the ARB overlies portions of two Proposition 1 Funding Areas (the Sacramento River and the San Joaquin River), RWA is submitting two applications to DWR. The first application for a single project in the San Joaquin River Funding Area is due on November 15, 2019. The second application is for ten projects in the Sacramento River Funding Area, with a due date of December 6, 2019. The enclosed table lists the combined projects of the two proposals.

One of the requirements of the application process is a resolution authorizing a designated representative to apply for funding and enter into a funding agreement if awarded. The enclosed Resolution 2019-11 seeks this authorization for the Executive Director to act of RWA's behalf. Staff will provide an overview of the application and request the Board to consider adoption of Resolution 2019-11.

EXECUTIVE COMMITTEE RECOMMENDATION:

Information and Update: Rob Swartz, Manager of Technical Services

Action: Adopt Resolution 2019-11 authorizing Submittal of a Proposal to the California Department of Water Resources for an Integrated Regional Water Management Implementation Grant and Execution of a Funding Agreement Upon Award

DRAFT - PROPOSITION 1 ARB IRWM PROPOSED GRANT PROJECTS

Stakeholder	Project Name	Deliverables	Total Cost	Requested	
				Grant	Local Share
Citrus Heights Water District	Highland Avenue Groundwater Production Well	New groundwater well for conjunctive use operations.	\$ 3,082,700	\$ 1,030,000	\$ 2,052,700
City of Lincoln	Joiner Park Conversion to Reclaimed Water Project	Conversion of existing park from potable irrigation water to recycled water.	\$ 1,007,299	\$ 460,000	\$ 547,299
Regional Water Authority	Regional Leak Detection and Repair	Surveys to find leaks and repairs of leaks.	\$ 2,015,000	\$ 1,015,000	\$ 1,000,000
Sacramento Area Creeks Council	American River Basin Stewardship and Citizen Science Program	Expansion of Creek Week annual cleanup program. Comprehensive stakeholder education program.	\$ 595,000	\$ 230,000	\$ 365,000
Fair Oaks Water District	New York Groundwater Well	New groundwater well for conjunctive use operations.	\$ 1,715,000	\$ 780,000	\$ 935,000
City of Sacramento	Groundwater Well Recharge Improvements	Modify 7 existing groundwater well sites (owned and operated by the City of Sacramento) with new drainage piping, motor actuated valves and SCADA controls, and water quality monitoring equipment to allow the wells to be flexibly operated.	\$ 2,255,000	\$ 1,030,000	\$ 1,225,000
Regional Water Authority	Advancing Water Efficiency in the Sacramento Region	Saturation study to determine priorities for indoor customer improvement for water efficiency, rebates as incentives for indoor and outdoor residential and commercial customer water efficiency improvements.	\$ 1,715,000	\$ 1,415,000	\$ 300,000
Sacramento County Water Agency	Power Inn Road Transmission Main - Calvine Road to Geneva Pointe Drive	New pipeline to allow for delivery of surface water during wet years into an area currently served by groundwater .	\$ 1,455,000	\$ 750,000	\$ 705,000
Sacramento Suburban Water District	Well 79 Verner/Panorama - Pumping Station	New groundwater well for conjunctive use operations.	\$ 3,458,725	\$ 1,030,000	\$ 2,428,725
SAFCA	Groundwater Recharge and Swainson's Hawk Habitat Preservation Project	The project preserves Swainson's Hawk habitat and extends and existing adjacent property groundwater recharge project to the subject 129 acre parcel. A Swainson's Hawk conservation easement has been implemented at this property with a management plan that allows winter recharge when the hawks have migrated and are not present on the property.	\$ 1,136,450	\$ 1,009,750	\$ 126,700
Totals			\$ 18,435,174	\$ 8,749,750	\$ 9,685,424

RESOLUTION 2019-11

A Resolution of the Regional Water Authority to Authorize the Executive Director to Submit a Proposal to the California Department of Water Resources for an Integrated Regional Water Management Implementation Grant and to Execute a Funding Agreement Upon Award

WHEREAS, the Regional Water Authority (“Authority”) was formed to serve and represent regional water supply interests and to assist in protecting and enhancing the reliability, availability, affordability and quality of water resources; and

WHEREAS, the Authority adopted an update to its Integrated Regional Water Management (“IRWM”) Plan in July, 2018 to ensure maintaining water supplies for all uses in a sustainable environment; and

WHEREAS, the Authority is a public agency that serves as the Regional Water Management Group representing numerous stakeholders and interests throughout the region; and

WHEREAS, the Authority worked with IRWM stakeholders to identify a priority suite of projects that are ready to pursue IRWM grant funding through the California Department of Water Resources.

THEREFORE, BE IT RESOLVED, that the Board of Directors of the Authority direct that proposal be made to the California Department of Water Resources to obtain a Round 1 Integrated Regional Water Management Implementation Grant pursuant to the Water Quality, Supply, and Infrastructure Improvement Act of 2014 (Water Code § 79700 *et seq.*), and to enter into an agreement to receive a grant for the American River Basin Integrated Water Management Program. The Executive Director of the Authority, or designee, is hereby authorized and directed to prepare the necessary data, conduct investigations, file such proposal, and execute a grant agreement with California Department of Water Resources.

PASSED AND ADOPTED at a meeting of the Regional Water Authority held on November 14, 2019.

By: _____
Chair, Regional Water Authority

Attest: _____
Secretary, Regional Water Authority

AGENDA ITEM 9: WATER MANAGEMENT OPTIONS PILOT

BACKGROUND:

RWA successfully applied for funding assistance through the United States Bureau of Reclamation's Basin Study – Water Management Options Pilot Program. RWA has been awarded \$650,400 that will be used to conduct operations modeling with Reclamation to ensure that the Water Bank does not impact Central Valley Project operations. The operations model is of surface water operations related to reservoirs and rivers, and it would need to be linked to the regional integrated water flow model (IWFM) currently being developed in the region to evaluate the Water Bank. The IWFM model development is being used to meet the local cost share requirement for the Reclamation funding support. Because SGA is managing the development of the IWFM model for the North American Subbasin (NASb), SGA would need to be a part of the Memorandum of Agreement (MOA) currently being developed between RWA and Reclamation. This would allow the funds being used for the NASb IWFM to be counted as local cost share. Staff is requesting that the Board authorize the Executive Director to enter into the MOA with SGA and Reclamation upon its completion. A copy of the MOA template is included in the packet.

Information Update: Rob Swartz, Manager of Technical Services

Action: Authorize the Executive Director to enter into a Water Management Options Pilot Memorandum of Agreement with the United States Bureau of Reclamation and the Sacramento Groundwater Authority

Department of Interior Bureau of Reclamation

INSERT Pilot NAME

MEMORANDUM OF AGREEMENT

The United States Department of Interior, Bureau of Reclamation (Reclamation) and **Insert non-Federal partner Name(s)** agree to work collaboratively to perform the **Insert Pilot Name** as part of the WaterSMART Basin Study Program. This Memorandum of Agreement establishes the terms that will guide the performance of the Pilot.

ARTICLES

I. Definitions

- A. Reclamation means the United States Department of the Interior, Bureau of Reclamation.
- B. Non-Federal Partner(s) means **[xyz]**.
- C. Parties means Reclamation and Non-Federal Partner(s).
- D. Agreement means this Memorandum of Agreement.
- E. Contributed Funds Agreement means a legal agreement used to receive “all moneys ... from any State, municipality, corporation, association, firm, district, or individual for investigations, surveys, construction work, or any other development work incident thereto involving operations similar to those provided for by the reclamation law, are covered into the reclamation fund and shall be available for expenditure for the purposes for which contributed in like manner as if said sums had been specifically appropriated for said purposes,” 43 USC 395.
- F. Cost-Share means a specific percentage (%) of identified charges that are allocated to specific entities or Non-Federal Partner(s).
- G. In-kind Services means services provided by a non-Federal entity that substantially contribute to the completion of the work task or task identified.
- H. Confidential Information means trade secrets or commercial or financial information that is privileged or confidential under the meaning of 5 USC 552(b)(4).
- I. Intellectual Property means any invention that is legally protected through patents, copyrights, trademarks, and trade secrets or otherwise protectable under Title 35 of the United States Code, under 7 USC 2321, et seq., or under the patent laws of a foreign country.
- J. Key personnel means **identify the key team members involved in the administration, management, or performance of the study.**

- K. Subject Invention means any invention or other intellectual property conceived or first reduced to practice under this Agreement which is patentable or otherwise protectable under Title 35 of the United States Code, under 7 USC 2321, et seq., or under the patent laws of a foreign country.
- L. Scope of Agreement means those activities set forth in Appendix 1.
- M. Term of Agreement means that period set forth under the Section IV, Article 9, Term of this Agreement.

II. Authorities and Financial Obligations

1. Authorities: Nothing in this Agreement alters the statutory authorities or any other authorities of the Non-Federal Partner(s) or Reclamation. This Agreement is intended to facilitate cooperative efforts for mutual provision of services and support, and technical assistance by both Parties in the conduct of meeting the objectives and scope of this Agreement. This Agreement does not supersede or void existing agreements between the Non-Federal Partner(s) and Reclamation.

Reclamation's authority to enter into this Agreement:

1. Reclamation Act of June 17, 1902 (ch. 1093, 32 Stat. 388; 43 U.S.C. 372, et seq.) and acts amendatory thereof and supplementary thereto.
2. Title IX of the Omnibus Public Land Management Act of 2009 (P.L. 111-11, 123 Stat. 991).

Non-Federal Partner's authority to enter into this Agreement:

2. Cost Sharing: The costs of the Pilot will be shared between Reclamation and the Non-Federal Partner(s), with Reclamation providing \$___ and the Non-Federal Partner(s) providing \$___. The Non-Federal Partner(s) financial contribution will be in the form of _____ (identify in-kind or cash and identify specific amounts if both). Reclamation's financial contribution to the Pilot shall not exceed 50% of the total cost. All or part of the Non-Federal Partner's's share may be provided as in-kind services. Valuation of in-kind services shall be in accordance with 2 CFR Part 225, Cost Principles for State, Local, and Indian Tribal Governments (OMB Circular A-87).

3. Financial Obligations: This Agreement is not a funding document and does not authorize the obligation or transfer of funds. If a subsequently identified activity or project is identified that may require Reclamation to receive or expend funds received from the Non-Federal Partner(s) for investigations, surveys, construction work, or any other development work incident thereto involving operations similar to those provided for by the Reclamation law, a supplemental Contributed Funds Agreement, pursuant to the Sundry Civil Expenses Appropriations Act for 1922 (43 USC 395), will be executed. Funds contributed by Non-Federal Partner(s) will only be used to pay for costs incurred by Reclamation associated with completing the tasks described in this Agreement or modifications to this Agreement.

4. Anti-Deficiency Act: All activities, responsibilities, and commitments made under or pursuant to this Agreement (including any Contributed Funds Agreement under this Agreement) are subject to

the availability of appropriated funds and each Agency's budget priorities, as determined by each Agency, and neither the Non-Federal Partner(s) nor Reclamation are obligated in any way under this Agreement to expend appropriations or to enter into any contract, assistance agreement, Contributed Funds agreement, or other financial obligation. No provision herein shall be interpreted to require obligation or payment of funds in violation of the Anti-Deficiency Act, 31 U.S.C. 1341.

III. Publications, Reports, and Confidentiality

5. Publications: The parties understand and agree that this Agreement may be disclosed to the public in accordance with the Freedom of Information Act. Subject to the requirements of confidentiality and preservation of rights in Subject Inventions, either party may publish the results of this Agreement, PROVIDED:

- a. The other party is allowed to review the manuscript at least sixty (60) days prior to submission for publication by submission to the Authorized Agent.
- b. The publication shall acknowledge this Agreement and the contributions of each party's personnel.
- c. The final decision as to the publication content rests with the party that writes the publication.

6. Reports: The results of this Agreement and science, engineering, and technology data that are collected, compiled, and evaluated under this Agreement shall be shared and mutually interchanged by Non-Federal Partner(s) and Reclamation. A final report summarizing all data shall be submitted to Reclamation and the Non-Federal Partner(s) through the key contacts identified in Sections V.15.A and B within the performance period of this Agreement, as defined in Section IV.10. The final report will be in the public domain, and will be published on Reclamation's website.

7. Confidentiality: Any confidential information used in this Agreement shall be clearly marked confidential or proprietary by the submitter and shall not be disclosed by the Recipient without permission of the owner. To the extent either party orally submits its Confidential Information to the other party, the submitting party will prepare a document marked "CONFIDENTIAL" embodying or identifying in reasonable detail such orally submitted Confidential Information and provide the document to the other party within thirty (30) days of disclosure.

Neither party shall be bound by confidentiality if the Confidential Information received from the other party:

- a. Already is available to the public or known to the recipient;
- b. Becomes available to the public through no fault of the recipient; or
- c. Is nonconfidentially received from another party legally entitled to it.

It shall not be a breach of this Agreement if the Non-Federal Partner(a) are required to disclose the Confidential Information by a valid order of a court or other government body, or as otherwise

required by law, or as necessary to establish the rights of either party under this Agreement; PROVIDED THAT the Non-Federal Partner(s) shall provide prompt prior notice thereof to Reclamation to enable Reclamation to seek a protective order or otherwise prevent such disclosure, and PROVIDED FURTHER THAT the Confidential Information otherwise shall continue to be confidential.

8. Intellectual Property: Unless otherwise agreed by the Agencies, custody and administration of inventions made as a consequence of, or in direct relation to, the performance of activities under this Agreement shall remain with the respective inventing Party. In the event that an invention is made jointly by employees of the Parties or an employee of an Agency's contractor, the Parties shall consult and agree as to future actions toward establishment of patent protection for the invention.

IV. Term and Termination

9. Term: This Agreement shall take effect upon the approval of the Parties and, unless terminated per Section IV, Article 11, Termination, will expire three years from the date of the last signature to this Agreement. All Contributed Funds Agreement under this Agreement will be limited to an initial period of performance not to exceed the term of this Agreement, although they may be renewed for additional periods of performance not to exceed the term of this Agreement for any renewal period.

10. Amendment: If either party desires a modification in this Agreement, the parties shall confer in good faith to determine the desirability of such modification. Such modification shall not be effective until a written amendment is signed, and dated by the undersigned representative(s) of both parties.

11. Termination: Either Party may terminate this Agreement prior to its expiration at any time, with or without cause, and without incurring any liability or obligation to the other parties, by giving the other parties at least ninety (90) calendar days prior written notice of termination.

V. General

12. Liability: It is understood and agreed that neither party to this Agreement shall be responsible for any damages or injuries arising out of the conduct of activities governed by this Agreement, except to the extent that such damages and/or injuries were caused by the negligent or wrongful acts or omissions of its employees, agents or officers. Reclamation's liability shall be limited by the Federal Tort Claims Act, 28 USC 2671, *et seq.*

13. Limitations: This Agreement sets out the Parties' intentions and objectives and does not direct or apply to any person outside the Non-Federal Partner(s) and Reclamation. This Agreement is not intended to, and does not create, any right, benefit, or trust responsibility, substantive or procedural, enforceable at law or equity, by anyone against the United States, its agencies, its officers, or any person.

14. Notices and Key Personnel: Notices between the parties and copies of correspondence among the scientific and/or technical representatives of each party that interpret or may have a bearing on the legal effect of this Agreement's terms and conditions shall be sent to the key personnel below. Reclamation's key personnel is authorized to perform scientific and/or technical activities falling

within the Scope of this Agreement. The key personnel is not authorized to change or interpret with authority the terms and conditions of this Agreement.

A. Partner(s): Name

Title
Agency, Department
Address Telephone
No.

B. Reclamation: Name

Title
Bureau of Reclamation
Address
Telephone

15. Subcontracting Approval: A party hereto desiring to obtain and use the services of a third party via contract or otherwise shall give prior notice to the other party, including details of the contract or other arrangement. This requirement is to assure that confidentiality is not breached and rights in Subject Inventions are not compromised.

16. Assignment: Neither party has the right to assign this Agreement or any of its responsibilities hereunder.

17. Endorsement: The Non-Federal Partner(s) shall not in any way state or imply that this Agreement or the results of this Agreement is an endorsement by the Department of the Interior, Federal Government, or Reclamation of its organizational units, employees, products, or services except to the extent permission is granted by an authorized representative of Reclamation.

18. Regulatory Compliance: Both parties acknowledge and agree to comply with all applicable laws and regulations of the state, Federal, and local environmental and cultural and paleontological resource protection laws and regulations as applicable to the activities or projects for this Agreement. These regulatory compliance requirements may include but not limited to, the National Environmental Policy Act (NEPA) including the Council on Environmental Quality and Department of the Interior regulations implementing NEPA, the Clean Water Act, the Endangered Species Act, consultation with potentially affected Tribes, and consultation with the State Historic Preservation Office.

19. Disputes: Any dispute arising under this Agreement, which cannot be readily resolved, shall be submitted jointly to the key personnel officials, identified in Section V, Article 14, Notices and Key Personnel. Each party agrees to seek in good faith to resolve the issue through negotiation or other forms of nonbinding dispute resolution processes mutually acceptable to the parties. Pending the resolution of any dispute or claim pursuant to Section V, Article 19, the parties agree that performance of all obligations shall be pursued diligently.

20. Force Majeure: Neither party shall be liable for any unforeseeable event beyond its reasonable control not caused by the fault or negligence of such party:

- a. Which causes the party to be unable to perform its obligations under this Agreement; and
- b. Which it has been unable to overcome by the exercise of due diligence.
- c. This includes, but is not limited to, flood, drought, earthquake, storm, fire, pestilence, lightning and other natural catastrophes, epidemic, war, riot, civil disturbance or disobedience, strikes, labor dispute, failure or sabotage of either party's facilities or any order or injunction made by a court or public agency.

21. Relationship between the Parties: The parties are and shall remain independent contractors and nothing herein shall be construed to create a partnership, agency, joint venture, or teaming agreement between the parties.

22. Severability: The illegality or invalidity of any provision of this Agreement shall not impair, affect, or invalidate the other provisions of this Agreement.

23. Governing Law: The construction, validity, performance, and effect of this entire Agreement shall be governed by the laws applicable to the Government of the United States of America in accordance with applicable Federal Law as interpreted by Federal Courts.

24. Waiver: The failure of either party to enforce any term hereof shall not be deemed a waiver of any rights contained herein.

25. Invalid Provision: In the event any provision of this Agreement is determined to be invalid or unenforceable under any controlling law, the invalidity or unenforceability of that provision shall not in any way affect the validity or enforceability of the remaining provisions of this Agreement.

26. Entire Agreement: The terms and conditions contained in this MOA and its appendices or attachments constitute the entire agreement and understanding by and between the parties and shall supersede all other communications, negotiations, arrangements and agreements either oral or written, with respect to the subject matter herein.

27. Counterparts: This Agreement may be executed in duplicate and each original shall be equally effective.

SCOPE OF WORK

I. Purpose

Provide a general description and synopsis of the anticipated scope of the plan of study. Include a statement of why Reclamation and the Non-Federal Partner(s) are interested in collaborating, what each brings to the collaboration, and what results each expects.

II. Geographic Area

Describe in detail the geographic area that the Pilot will cover, include, or analyze.

III. Tasks and Milestones

Identify all tasks and milestones that will be part of the Pilot.

IV. Responsibilities of the parties

Identify and describe the responsibilities of the non-Federal partners and Reclamation.

V. Budget

Include a detailed budget by task that identifies who is responsible for each cost.

VI. Schedule

Include a detailed schedule for completion of the Pilot.

For the Non-Federal Partner(s)

Title

Organization

Date

For Reclamation

Regional Director

Date

AGENDA ITEM 10: BAY DELTA VOLUNTARY AGREEMENT UPDATE

BACKGROUND:

Chair Paul 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 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's 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

Andy Fecko, Director of Strategic Affairs for the Placer County Water Agency, will be making a presentation to the Board on the current status of the Voluntary Agreements.

STAFF RECOMMENDATION:

Information update and discussion: Kerry Schmitz, Ad Hoc Committee Chair

Presentation by Andy Fecko, Placer County Water Agency

AGENDA ITEM 11: FEDERAL AFFAIRS AD HOC COMMITTEE UPDATE

BACKGROUND:

Chair Paul Schubert appointed an ad hoc committee to address the RWA's role in Federal Affairs. The ad hoc committee's charge is to 1) to make recommendations to the RWA Board on the role of the RWA on federal matters and 2) to provide direction to the Executive Director on federal matters. The committee will terminate upon completion of the updated strategic plan.

The members of the Ad Hoc Committee include:

- Sean Bigley, Chair
- Anne Sanger, Vice Chair
- Hilary Straus
- Marcus Yasutake
- Dan York
- Andy Fecko
- Evan Jacobs

Counsel for the committee is Jennifer Buckman.

The Ad Hoc Committee will make recommendations to the RWA board that address the following questions:

1. What should the RWA's role be in federal affairs, if any?
2. What are the limits of the involvement? Funding, Policy, Relations with federal agencies/regulators (e.g., Reclamation, COE, EPA, NMFS, FWS)?
3. If the RWA gets involved in federal affairs, what resources would the RWA need? Should the RWA rely on the member's advocates (with or without contribution from the RWA), or hire an advocate? Are other resources needed such as communication, legal, other?
4. How should a program be structured at the RWA? Subscription or core program? Should there be a standing committee? What would the staff requirements be for this? Could the RWA hire a consultant to assist with this?
5. What are the immediate needs of the effort? What are the priorities?

EXECUTIVE COMMITTEE RECOMMENDATION:

Information Update and Discussion: Sean Bigley, Ad Hoc Committee Chair

AGENDA ITEM 12: EXECUTIVE DIRECTOR'S REPORT

NOVEMBER 14, 2019

TO: REGIONAL WATER AUTHORITY BOARD

FROM: JIM PEIFER

RE: EXECUTIVE DIRECTOR'S REPORT

- a. Grants Update** – Staff is currently managing five grant awards totaling \$28.6 million (see enclosed table). During the past quarter, \$376,127 in reimbursements were received from the various grants.
- b. RWA Outreach** – Rob Swartz presented on the Water Bank to the Groundwater Resources Association of California's Western Groundwater Congress on September 19th and to the City of Sacramento Water Committee on September 24th.

Jim Peifer and Rob Swartz briefed Marguerite Patil from Contra Costa Water District and Mike Tognolini from the East Bay Municipal Water District on the Sacramento Regional Water Bank (Water Bank) on September 30th.

RWA staff participated on a regional congressional staff tour on October 8th. The tour was organized by Marisa Tricas from the City of Roseville. RWA staff briefed congressional staff on the Water Bank during the tour.

RWA and Water Forum staff brought State Legislative staff on a tour on October 11th to educate them on RWA and Water Forum initiatives including water use efficiency efforts, habitat management projects, managing groundwater contamination, and development of the Water Bank. The tour was organized and led by Ryan Ojakian. Tour stops were made at the Nimbus Fish Hatchery across from the Sailor Bar Side Channel Project and San Juan Water District. The event was well attended with 18 staff members participating.

Ryan Ojakian and Jim Peifer met with Thomas Gibson, Deputy Secretary and Special Counsel for Water at the California Natural Resources Agency to discuss the Water Bank and request the State recognize the Water Bank as a state led storage project for purposes of pursuing federal funding opportunities on October 16th.

Jim Peifer gave a presentation on Groundwater Management to the Sacramento Local Agency Formation Commission on November 6th. Darrell Eck, Executive Director for the Sacramento Central Groundwater Authority, Linda Dorn, Sacramento County Water Agency and Dave Underwood were present for the presentation.

- c. External Regional Communications** – In an effort to improve our external regional communications, we will be using the services of a facilitator to work with the general managers, utility directors and the Executive Director to develop protocols for

communications to external parties, such as state and federal officials. Tania Carlone from Consensus Building Institute will be the facilitator.

- d. **Water Efficiency Update** – The State Water Resources Control Board (State Board) released their proposed framework for performance standards for water loss and the associated economic model in September. These proposed performance standards will be used to assess water suppliers' compliance with Senate Bill 606, Assembly Bill 1668, and Senate Bill 555. The State Board requested comments on the proposed standards with a deadline of October 25th. The larger water supplier community and RWA have some significant concerns with the proposed standards and economic model. RWA submitted a comment letter on behalf of the region and signed on to a coalition comment letter (organized by CMUA) with 55 other water suppliers throughout the state. Both letters are included in the Board packet. The State Board is expected to release an updated version of the economic model for further comment in the near future. The State Board is required to adopt water loss performance standards on or before July 1, 2020.

Amy Talbot was selected as the CA NV AWWA Water Loss Committee Chair at the CA NV AWWA Fall Conference in San Diego.

- e. **Powerhouse Science Center** -- Staff met with Powerhouse Science Center and Water Office Exhibit Design staff to review preliminary design plans for RWA's two sponsored exhibits. The exhibits focus on teaching indoor and outdoor water efficiency practices and highlighting integrated partnerships and projects in the region. Exhibit design is expected to continue into early 2020, with exhibit production and installation continuing into early 2021. The Center is estimated to be open to public by in 2021.
- f. **Other Post Employer Benefits (OPEB) Funding** – In preparation for the FY21 budget process, RWA staff has begun working with RWA's actuary, Catherine MacLeod, to provide an updated biennial calculation for future OPEB/retiree health obligations funding requirements. Based upon the July 2017 report, RWA's estimated OPEB funding status for June 30, 2019 was projected to be approximately 92% funded¹. RWA's favorable OPEB funding status is primarily due to RWA's large initial trust deposit² into California Employers' Retiree Benefits Trust (CERBT) occurring at a depressed point in the market, favorable market returns due to then subsequent market recovery, and RWA's commitment to paying the annual determined contributions since

¹ Until the actuary conducts their June 30, 2019 analysis, the actual funding status at June 30, 2019 is unknown. The 92% is based upon expected assets of \$1,080,803 compared to actuarial accrued liability of \$1,179,880 projected for June 30, 2019 as outlined in the July 1, 2017 actuarial OPEB funding report.

² On June 9, 2009, \$425,984 was deposited by RWA into the CERBT for funding the liability for retiree health care premiums. RWA had incurred these obligations from employee's historical employment yet had not previously funded those future obligations. SGA shared in this initial deposit according to each employee's estimated historical employment service to each organization.

2009³. Currently, RWA is invested in CalPERS CERBT Strategy 1, the most aggressive strategy.

On October 23, 2019, RWA staff requested direction from the Executive Committee (EC) regarding the assumptions that should be used in determining future funding requirements. These assumptions include exploring the financial impact if RWA moves its OPEB trust investments to a more conservative CalPERS investment strategy (either Strategy 2 or 3) using a customized discount rate⁴ from RWA's expected future cash flows combined with the stated CERBT discount rates for those strategies; a customized rate specific to RWA's future retiree health obligations keeping investments in Strategy 1, and potentially using a slightly lower rate in Strategy 1 customized rate. RWA has historically used a slightly lower discount rate with Strategy 1 to help mitigate the volatility of Strategy 1. As a general rule, the lower the discount rate, the higher the cash flow needed to fund the retiree benefits.

The Executive Committee concurred with staff's recommendation to direct the actuary to provide OPEB cash flow and liability analysis using the customized blended rate for Strategy 1 (as determined by the actuary) and then an additional analysis with a lower discount rate for comparative purposes. In addition, staff will direct the actuary to determine the customized rate for funding Strategies 2 and 3 and the resulting cash flow and liability analysis for comparison to Strategy 1. All other remaining assumptions would stay the same as the previous actuarial report. Staff plans to present the actuarial analysis findings during the January EC Board Meeting and then for approval by the full RWA Board during the FY21 budget process.

- g. Holiday Social Holiday Social** – The RWA/SGA Holiday Social is scheduled for December 12, 2018 at 6:00 p.m. at the North Ridge Country Club (flier attached).=
- h. Financial Documents** – The financial reports for the month ending September 30, 2019 are attached.

³ Annual determined contributions (i.e. payments) into the trust fund are made by RWA and partially reimbursed by SGA according to the expected staff service to each organization as detailed in the annual budgets.

⁴ Developed by RWA's actuary, Catherine MacLeod

Regional Water Authority Status of Grant Awards

October 2019

	Prop 84 2011 Implementation Grant (1)	Prop 84 2014 Drought Grant	Prop 84 2015 Implementation Grant	USBR CalFed 2018 Meter Grant (2)	USBR 2018 Drought Resiliency Grant	Total
Awarding Agency	DWR	DWR	DWR	USBR	USBR	
Award/Effective Date	8/16/2011	1/17/2014	1/13/2016	9/21/2018	9/17/2019	
Completion Date	6/30/2019	6/30/2020	12/31/2019	3/31/2020	12/31/2020	
Grant Award Amount	\$16,030,766	\$9,765,000	\$1,757,000	\$750,000	\$300,000	\$28,602,766
Reimbursement Requests Currently Being Reviewed	\$0	\$80,701	\$10,275	\$279,000	\$0	\$369,976
Reimbursements Received During Previous Quarter	\$0	\$307,314	\$68,813	\$0	\$0	\$376,127
Reimbursements Paid to Date	\$12,478,524	\$7,973,518	\$690,648	\$0	\$0	\$21,142,690
Grant Award Outstanding	\$3,552,242	\$1,710,781	\$1,056,077	\$471,000	\$300,000	\$7,090,101

(1) Grant agreement has expired. Final invoicing and reporting being completed over next quarter.

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

(3) Grant was awarded to San Juan WD and includes Sacramento County WA as a subrecipient. RWA developed the application and is managing the grant.

October 25, 2019

E. Joaquin Esquivel, Chair
State Water Resources Control Board
1001 I Street
Sacramento, CA 95814

Subject: Comments on the Development of Water Loss Performance Standards and Economic Model

Dear Chair Esquivel,

The coalition of organizations listed below appreciate the opportunity to provide feedback on the proposed economic model and Proposed Framework for Performance Standards for Water Loss (Framework) released by the State Water Resources Control Board (State Board) earlier this year.

The State Board held the first public stakeholder meeting about water loss on March 9, 2018, in Sacramento. Since then, there have been five more workshops and numerous meetings with stakeholders to discuss the State Board's current approach, the alternative approach developed by the California Municipal Utilities Association (CMUA), and the economic model. The coalition appreciates this continual outreach from State Board staff and Board Members and their coordination with Urban Retail Water Suppliers (URWS) to develop regulations and an economic model that will improve water loss management and control in California.

Water Loss in California Is Unique

A multitude of factors — such as geography, climate and population — make California unique when it comes to managing water. The passage of AB 1668 and SB 606 set a new path for making water conservation a California way of life. The conservation legislation requires the State Board to develop new urban efficiency standards for indoor and outdoor use and water lost to leaks, and reasonable amounts of system loss for URWS.¹² Any regulations proposed by the State Board related to water loss should take into account the other areas in which URWS could reduce water usage. It is also important to understand how water loss in California compares to the rest of the nation.

In 2017, URWS in California submitted the first of their mandatory validated water loss audits to the Department of Water Resources. The 2017 reports resulted in the largest water loss dataset in the country. The second set of reports a year later, in 2018, created an even larger dataset.

Other states, such as Georgia and Washington, have engaged in some water loss activity, but California's current endeavor is leaps and bounds ahead of anything else being done in the United States. On top of this new regulatory endeavor, results from the national Water Audit Data Initiative show that when compared to California's 2017 reports, California URWS median real losses are 40% less than utilities across the nation.³⁴

¹ [SWRCB Fact Sheet - Water Efficiency Legislation Will Make California More Resilient to Impacts of Future Droughts](#)

² CWC 10608.12(t)

³ <https://www.awwa.org/Resources-Tools/Resource-Topics/Water-Loss-Control>

⁴ [The Water Audit Data Initiative: Five Years and Accounting](#)

It is important that any water loss efficiency standards in California are based on strong data and take into account California's unique water management system.

Our coalition's comments focus on several key areas that should be addressed prior to the adoption of regulations. The coalition recommends:

- improving water loss data prior to the adoption of individual standards and inputs into the economic model;
- implementing peer review and beta testing of the economic model to ensure inputs and formulas are correct;
- following standard industry practices rather than State Board staff policy decisions for input within the economic model;
- including within the economic model the cost of additional requirements contained in State Board staff's proposed Framework;
- clarifying the data exchange process between URWS and the State Board;
- considering CMUA's simplified approach to water loss regulations as a solution that would address shortcomings in the current data and enable refinements to the current economic model; and
- providing funding for technical assistance and training for URWS.

Water Loss Data in California Must Improve Before Individual Standards and Economic Model Inputs Are Set

Despite efforts by California and URWS to collect and better understand water loss data over the last three years, there are still significant gaps in the quality and usefulness of the data. As currently proposed, the State Board's Framework and economic model rely on two main sources: annual validated water loss reports, which URWS have been preparing and submitting since 2017; and the electronic annual report (eAR). The coalition is concerned that, at this stage, there is insufficient quality and extent of data gathered from these sources to set appropriate individual efficiency standards for URWS.

Without thorough data, any attempt to set economic levels of intervention based on standards is problematic. The Water Research Foundation's Project 4695 concludes that target-setting for key water loss performance indicators should not be attempted until the data being relied upon is valid and of "sufficient duration," three to five years after the validity of the data have been established.⁵ The coalition is concerned that establishing standards for 2027 and 2035 based on a limited dataset and with insufficient confidence in the data's quality will result in potentially costly and ineffective actions taken by URWS to satisfy the regulatory requirements.

Prior to Being Finalized, the Economic Model Must be Peer Reviewed and Tested

As currently constructed, the economic model relies on several inputs and defaults that are based on data from a small number of URWS that voluntarily participated in the University of California Davis pilot program tasked with developing an economic model. These URWS spent significant time working with the university to collect and submit information that could better

⁵ [Guidance on Implementing an Effective Water Loss Control Plan](#)

inform the development of potential actions. The coalition appreciates UC Davis for working with URWS of varying size and capacity to help develop the UC Davis draft economic model.

Only two of the 10 URWS pilot participants were able to gather all data requested by UC Davis, which demonstrates the difficulty of obtaining the necessary data. The UC Davis team indicated to pilot study participants that without “utility-specific” data, the model could not be relied upon to develop appropriate utility-specific individual standards. There were huge variations in data and system profiles among the 10 pilot agencies, according to the UC Davis team. To address any data gaps, the State Board’s modified version of the UC Davis model intends to use default data derived from limited datasets or national data derived from systems that may vary significantly from those used by individual California URWS. The coalition believes the State Board’s proposed economic model and the use of default values and profiles to fill in data gaps will result in setting inappropriate individual performance standards for most URWS.

Prior to the adoption of the regulations, the coalition has recommendations to improve confidence in the finalized model: The model must be peer reviewed and beta tested prior to being utilized for setting standards and calculating intervention strategies. A peer review will ensure the appropriate metrics are considered, and a beta test will ensure that formulas and weighting are done in an appropriate manner. Multiple URWS that have tested the economic model have cited concerns with data entry fields that appear to do nothing when data is entered or adjusted. The coalition also recommends that a comparison be done of the UC Davis model and the State Board’s model, along with a justification for changes.

Inputs Determined by Staff Policy Decisions Are Inappropriate

Discount Rate

At the State Board’s workshop on September 23, 2019, State Board staff noted that several key inputs in the model, such as the increase to the cost of water and discount rate, were changed from the UC Davis model (which allowed URWS to input key values within recommended ranges) and instead uses hard-coded inputs in the State Board model, which reflects “staff policy decisions.” The coalition believes these policy decisions are inappropriate and not based in on the ground realities. For example, State Board staff recommends a discount rate of 1%, an amount that is not in line with other recent state and federal figures. The California Water Commission determined the discount rate for all projects eligible for Proposition 1 (2014) funding, to be 3.5%.⁶ The U.S. Bureau of Reclamation recommends a 2.985% rate for federal fiscal year 2019.⁷ The study cited in the State Board’s model appears to only recommend the use of a lower discount rate (1.4%) in order to calculate the economic value of the societal impacts of climate change *over multiple generations*.

Increase to the Cost of Water

The model presumes an 8.2% increase to the cost of water, whereas numerous water rate studies have found the cost of water would increase only 3 to 5%. For example, Metropolitan Water District of Southern California, which supplies water to the majority of URWS in Southern

⁶ [23 CCR § 6004](#)

⁷ <https://www.federalregister.gov/documents/2018/12/18/2018-27331/change-in-discount-rate-for-water-resources-planning>

California, has projected a 4% rate increase over the next ten years and found no constraints in its capacity to meet projected demands. The coalition believes these policy-based data inputs in the economic model are inappropriate and are skewing the results, which will in turn require URWS to take additional actions based on what could be a flawed model. The increase in cost of water reference to the Circle of Blue 2019 report on water rates is not specific enough to locate the actual study and should be clarified. Notably, the Circle of Blue website shows data on rate increases in the 8% range only for 2010-11; the website's more recent data on water rate increases is in the 3% range.

Customer Retail Unit Cost

Our coalition strongly recommends utilizing Variable Production Cost, which is consistent with industry standards, when accounting for the costs and benefits of real water loss. The Customer Retail Unit Cost (CRUC), which is the preferred measure in the model by State Board staff may only be appropriate when measuring the value of both real and apparent losses. The methodologies for calculating CRUC aren't consistent and could include costs that have little to no correlation to system leakage.

Furthermore, the coalition believes that any standards developed from the model must not contain inputs that could result in legal challenges requiring URWS to take into account costs that are outside of providing service to customers.

Proposed Framework and Model Rely on Expanded Requirements and Recommendations for Accurate Standards

As presented during the aforementioned September 23 workshop, the economic model uses two potential elements of water loss control to calculate individual standards: leak detection surveys and pressure reduction. In the economic analysis, the State Board model fails to incorporate the upfront costs to conduct either of these activities and makes the incorrect assumption that both measures are cost-effective and feasible for URWS to implement.

Leak Detection Surveys

The model does not recognize that leak detection surveys may not be cost-effective to implement, particularly for URWS with low levels of leakage.

Pressure Reduction

The approach to pressure reduction in the State Board model compares a URWS average operating pressure to a target pressure. How the target pressure is calculated is not well defined. Utilities must operate their systems to maintain minimum pressure at critical nodes. The use of average pressure would result in some percentage of the system being under-pressured. The only way a utility could address this would be to subdivide pressure zones, which is extremely costly, has potential water quality impacts, and may not be feasible. Pressure is highly specific to each utility and should be based on a utility-specific hydraulic model.

State Board staff has indicated that less than 25% of URWS have completed such a model. While not requiring a hydraulic model, the three default profiles proposed by the State Board cannot account for the significant variations in systems throughout California due to differences in topography, critical nodes, age of infrastructure, fire flow requirements and other factors that

affect pressure requirements. In addition, default values could limit the choices available to URWS when deciding how to best meet the overall water use objective as required by the conservation legislation.

Incorrect assumptions in the economic model's utility input section will result in incorrect results in the rest of the model, such as the valuation of benefits of potential intervention strategies, such as leak detection and repair, pressure reduction and, most importantly, the setting of the standards themselves.

Pipe Replacement

The State Board indicated it is considering the inclusion of pipe replacement requirements within the Framework. As noted in the East Bay Municipal Utility District's presentation on pipe replacement at the September 23 workshop, there are several reasons for pipe replacement, such as poor or weak water flow, relocating pipe due to other infrastructure considerations, and transmission improvements, as well as the potential reduction of water loss. The decision to prioritize pipe replacement is utility-specific and the economics of pipe replacement need to be considered from the perspective of full lifecycle costs.

The Framework requires URWS to conduct three leakage component analyses between 2022 and 2026, in addition to annual pressure surveys. These additional requirements will increase the amount of time and resources URWS must invest to potentially meet unfunded state mandates. The coalition is concerned the State Board may consider mandating additional control actions regardless of the value of these efforts in the overall urban water use objectives. The coalition recommends any proposed future requirements be considered after a thorough reevaluation of the efficacy of the previous efficiency standards.

Responsibility for Data Input Is Still Unclear

On several occasions, State Board staff has not given a decisive indication about who or what entity will be responsible for inputting URWS data into the model that ultimately will be used to set the water loss standards. At one point, staff indicated it would be the responsibility of the URWS to populate the model with data and then submit those inputs to the State Board for review. At other times, State Board staff said the State Board would populate the model for each URWS, who could then provide alternative inputs into the model to be considered for adjustments to the final targets.

The coalition recommends that URWS be designated as the parties responsible for collecting and submitting utility-specific data to the state of California for review. If the state has neither data of its own to be placed in the model, nor hard coded inputs, then the coalition requests that those figures be ranged so that URWS are able to make adjustments. This would reduce the burden on administrative staff and allow more time to be spent working with underperforming URWS that have incomplete or inaccurate data.

An Alternative Approach Should be Considered

As presented at the September 23 workshop, the coalition supports the consideration of an alternative approach to the State Board's current Framework and economic model. CMUA's proposed alternative approach has several similarities to the Board's approach, including a requirement that all systems take actions to improve water loss control and reduce water loss.

This alternative approach proposes that all systems conduct a leakage component analysis and perform annual pressure surveys.

The alternative approach differs from the Framework in how it would calculate performance standards. Specifically, the alternative approach would utilize the 85th percentile of gallons per connection per day per PSI, or gallons per mile of water main per day based on the three-year average values from validated water audit data sets. The coalition believes this is an appropriate level because it highlights systems that are outside of the 85th percentile — representing approximately 26% of total real losses reported and those that could be early candidates for any technical, managerial and financial assistance should funding be available.

The Framework and CMUA's alternative approach would handle differently those systems with low water loss. The coalition supports the alternative approach that allows exemptions from additional actions for suppliers with validated water audits and a data validity score of Level 3 that demonstrate low water loss. This language reflects the intent of SB 555⁸ and would allow compliant URWS to focus their efforts in other important areas, such as indoor or outdoor water use. By requiring URWS to achieve a Level 3 data validity score, the alternative approach would ensure the State Board can be confident in the accuracy and quality of data submitted by URWS.

The coalition has serious concerns about State Board staff's intent to utilize informational orders to further scrutinize water systems with water losses of less than 20 gallons per connection per day. State Board staff has indicated that compliance could be fulfilled by submitting additional information. The alternative approach would account for this issue by requiring systems to have a data validity score in the Level 3 range in order for their data to be considered valid. When queried at the September 23 workshop about what would constitute sufficient information for validating water loss below 20 gpcd, State Board staff indicated that a Level 3 data validity score would be sufficient.

Our alternative approach also recommends a compliance path for water suppliers that may not meet a set standard but are currently undertaking efforts to reduce water loss through programs such as, but not limited to, meter calibration and flow testing, active leak detection and attempted leak mitigation. Providing a pathway to compliance would account for the uncertainty that is inherent in water loss control and would support the development of volumetric performance standards based on system-specific data.

In contrast to the Board's Framework, which is reliant on the yet-to-be-finalized economic model in order to set agency-specific standards, the alternative approach can be implemented immediately and would utilize the economic model as a tool to inform URWS on potentially cost-effective water loss mitigation measures. This approach also would enable the State Board to focus on those systems outside of the 85th percentile for water loss. The alternative approach does not preclude any future consideration of individual standards, but instead it would encourage the State Board and water suppliers to improve their data model and conduct a leakage component analysis as well as pressure monitoring. An improved dataset and better understanding of system-level water loss in California could also help the State Board and stakeholders in the process of refining the economic model so that it ultimately can be used for the purpose of setting individual standards.

⁸ CWC 10608.34(i)

If the State Board’s goal is to have effective and implementable regulations by July 1, 2020, the coalition believes the alternative approach is the most appropriate vehicle to meet that deadline.

Technical Assistance, Training and Funding Will be Critical

In 2015, the State Water Resources Control Board allocated funding to create the Water Loss Technical Assistance Program (WL TAP). The WL TAP Program trained more than 1,500 water utility employees, completed more than 400 Level 1 validated water audits, and jumpstarted the validated water loss reporting program. Given the complexity of water loss as a whole and the potential of new requirements proposed in the Framework, economic model and CMUA’s proposed alternative approach, the coalition respectfully requests the State Board consider providing funding and training for the URWS that will be required to carry out the recommendations and requirements in the final regulations.

In conclusion, the coalition recommends that the State Board consider the alternative approach (attached to this letter), which would enable the State Board and URWS to move forward while refinements are made to the economic model and Framework — with consideration that the approach and standards for water loss will be reevaluated in 2027.

The coalition thanks the State Water Resources Control Board and its staff for considering these comments. If you have any questions, please contact Jonathan Young, Regulatory Water Advocate for the California Municipal Utilities Association, at (916) 326-5806.

Sincerely,

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California Municipal Utilities
Association

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California-Nevada Section
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Chair Esquivel
Water Loss Economic Framework
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Chuck Aukland Redding Public Works Department	Fernando Paludi Trabuco Canyon Water District	Jim Barrett Coachella Valley Water District
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Carlos Lugo Helix Water District	Grant Davis Sonoma Water	Nina Jazmadarian Foothill Municipal Water District
Dan York Sacramento Suburban Water District	Lisa Ohlund East Orange County Water District	Shannon Cotulla South Tahoe Public Utility District
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CC: Members, State Water Resources Control Board
Eric Oppenheimer, State Water Resources Control Board
James Nachbaur, State Water Resources Control Board
Max Gomberg, State Water Resources Control Board

Proposed Simplified Approach

9/25/2019

Simplified Approach Basic Concept Overview

1. **Set** a statewide standard volume based on 85th percentile of validated water loss audits. Re-evaluate standard in 2028 and 2035.
2. **Measure against this standard** 3-year average. E.g. if an agency is below 85th percentile over 3 years they would be required to do annual reporting, pressure monitoring, and one LCA prior to 2026. Agencies with 3 year average over 85th percentile would need to take additional steps.
3. **Recognize** that a Data Validity Score in the Level III range is needed to ensure confidence in the data. Agencies with Data Validity Score below Level III would need to raise their score prior to further actions.
4. **Agencies with work to do to reduce real water loss** use the economic model to determine cost effectiveness of the range of possible actions.
5. **Cost effective actions are taken to** reduce real water loss to point where it is either at or below the 85th percentile performance standards, or it is no longer cost effective to do more.
6. **Compliance** means meeting the standard or using cost effective best practices to control losses and acting upon agency-specific loss control plans.
7. **Require actions by all URWS** Real loss Leakage Component Analysis and pressure monitoring are required by all Urban Retail Water Suppliers (URWS).

Metric or Implementation Measure	Proposed Simplified Approach	SWRCB Staff Proposal
Volumetric Performance Standards	<p>Performance standards based on 85th percentile of Gallons per Connection per Day per PSI or Gallons per Mile per Day based on the three-year average values from the validated water audit data sets from 2017, 2018 and 2019 from California urban retailer water suppliers.</p> <p>The 85th percentile is proposed since it will target initial water loss reduction management and focus technical assistance efforts on outliers, where there may be the greatest potential for water loss management improvement and real loss reductions. Furthermore, water loss performance indicators from California are consistently lower (better) than national data, and therefore it is appropriate to set California-based standards at this level.</p>	<p>Individualized performance targets for each URWS to be derived from an economic model (in development) and set by SWRCB in 2020.</p> <p>Standards adjustment period allowed by SWRCB in 2027. URWS must submit supporting documentation on why an adjustment to the 2020 standard is needed.</p>

There is significant potential for improvements in data quality in California water audit data over the next few years.

A reassessment of initial performance standards in 2028 is proposed.

Rationale for the proposed 85th percentile- Based on complete 2017 validated water audit data set and the available partial 2018 data set. Can be updated pending updated 2018 data from DWR.

- Based on combined 2017 plus partial 2018 data set, 63 URWS (15%) above 85th percentile GPD/PSI or GMD.
 - Excludes URWS with scores lower than Level III and URWS with negative losses
- Represents approximately 26% of total real losses reported in the available data set (110,294 AF)

Submittal Year	2017	2017 and 2018 Partial Data Set Combined
85 th Percentile Real Loss (Gal/Conn/Day/PSI)	0.8	0.8
85 th Percentile Real Loss (Gal/Conn/Day)	55	53
85 th Percentile Real Loss (Gal/Mile/Day)	2,319	2,113
#URWS Below 85 th Percentiles	295	345
#URWS Above 85 th Percentiles	53	63

Water Audit Data Validity Level/Score

Minimum Level III Water Audit Data Validity Level (Currently Data Validity Score ranging from 51-70)

Data validity score should be clear of significant deficiencies in each individual section of the water audit validity grades.

URWS with a water audit data validity Level III or higher and negative losses would be excluded from the 85th percentile calculation.

No specific Data Validity Level proposed.

	<p>A Level III Score is proposed as the minimum since it is the first level, per the AWWA M36 manual, at which the water audit data is sufficiently reliable to begin establishing real and apparent loss reduction goals, with a 10-year planning horizon.</p> <p>Propose that URWS with scores below Level III be targeted for financial and technical assistance to develop an action plan to raise their scores by 2026.</p>	
Real Loss Leakage Component Analysis (LCA)	<p>All URWS, regardless of whether they meet the volumetric performance standard are required to complete a minimum of one Real Loss Leakage Component Analysis between 2020 and 2026 as follows.</p> <ul style="list-style-type: none"> • Agencies with Level III or above one LCA by 2023. • Agencies below Level III to achieve Level III and one LCA by 2026. • URWS to report on actions/improvements implemented as result of the LCA findings. (will fall into annual DWR water loss report). 	<p>Submit first Real Loss Leakage Component Analysis by December 1, 2022.</p> <p>Submit two additional LCA submitted any two years from 2023 to 2026.</p>
Exemption from Further Requirements	<p>Agencies with low levels of water loss >0 and <= 20 gal/conn/day (Used 20 gal to align with SWRCB proposal) and with a data validity score at or above Level III, would be exempt from additional requirements, with the exception of the Real Loss Leakage Component Analysis and the annual Pressure Monitoring requirement.</p> <p>SWRCB can audit the water loss report for agencies with low levels of water loss <= 20 gal/conn/day (20 gal to align with SWRCB proposal) and with a below Level III, to determine if they should be exempt from additional requirements. Similarly, the SWRCB can audit the water loss report for agencies with negative losses to determine if they should be exempt from additional requirements.</p>	<p>No exemptions from additional requirements proposed.</p> <p>SWRCB staff assumes that real loss estimates below 20 gal/conn/day are improbable.</p> <p>SWRCB staff proposes assigning alternative initial water loss estimates with losses below 20 gal/conn/day the median of real loss estimates (currently 37 gal/conn/day).</p> <p>URWS may provide supporting documentation to demonstrate data accuracy and identify specific water loss control action to explain real loss <20 gal/conn/day.</p>
Pressure Monitoring	<p>All URWS shall conduct a Pressure Monitoring Survey in their systems by December 2021, and annually thereafter, based on CPUC General Order 103-A: http://docs.cpuc.ca.gov/PUBLISHED/Graphics/107118.PDF</p> <p>Pressure Recorders Each URWS shall maintain one or more pressure recorders for each separately operated system for the purpose of making pressure surveys as required by these rules. These recorders shall be able to record the</p>	<p>Annual pressure monitoring survey for entire system by December 2021 being considered as a requirement, based on CPUC General Order 103-A: http://docs.cpuc.ca.gov/PUBLISHED/Graphics/107118.PDF</p>

	<p>pressure experienced on such a system and shall be able to record a continuous 24-hour test. Each URWS shall maintain one or more of these pressure recorders in service at some representative points, as determined by the utility.</p> <p><i>Pressure Monitoring Surveys</i></p> <p>(1) At regular intervals, but not less than once each year, each utility shall make a survey of pressures in its distribution system of sufficient magnitude to indicate the pressures maintained at representative points on its system. The pressure records for these surveys shall show the date and time of beginning and end of the test and the location at which the test was made.</p>	
Reporting	<p>Agencies continue to report annually to DWR consistent with the <u>requirement of SB 555</u>:</p> <ul style="list-style-type: none"> Each URWS shall submit a completed and validated water loss audit report for the prior fiscal or calendar year by October 1 of each year, beginning in 2017 <p>Water loss audits submitted to the Department shall include information in a form, specified by the Department, identifying steps taken the preceding year to increase the data validity of the water audit, reduce the volume of apparent losses and reduce the volume of real losses.</p>	Reporting to SWRCB through electronic annual reports (eAR).
Compliance	<p>Annual compliance on a three-year average basis via water loss audits beginning October 2035 (allowed variation within average 5%).</p>	<p>Comply with urban water use objective allowable real loss volume - November 1, 2027.</p> <p>Comply with allowable real loss volume November 1, 2035.</p> <p>Annual compliance on a three-year average basis via water loss audits beginning October 2036 (allowed variation within average 5%)</p>
Alternative Compliance	<p>Agencies that do not meet the proposed volumetric standard, but or are acting upon their adopted water loss control plan or demonstrate implementation of cost-effective best management practices to address water loss, such as, but not limited to the following, would be deemed in compliance with the water loss performance standards:</p> <ul style="list-style-type: none"> Meter calibration and flow testing Active leak detection programs 	<p>No alternative compliance method proposed.</p> <p>URWS may request a variance from requirements and standards only in the case of exceptional scenarios.</p>

	<ul style="list-style-type: none"> • Attempted leak mitigation • Approved main/pipe replacement schedules <p>Adopted plan to reduce pressure/create additional pressure zones</p>	
Life Cycle Cost	<p>URWS may use the economic model developed by the SWRCB or another economic model as guidance to analyze if the water loss reduction and management measures are cost-effective to implement. Prior to adoption, the SWRCB’s economic model shall be rigorously peer-reviewed and tested.</p> <p>Any economic model shall be based on the principles of the following:</p> <ul style="list-style-type: none"> • Water Research Foundation (WRF) Project #4695: Guidance on Implementing an Effective Water Loss Control Plan https://www.waterrf.org/research/projects/guidance-implementing-effective-water-loss-control-plan • AWWA M36 Manual: Water Audits and Loss Control Program (4th ed) https://www.awwa.org/Store/Product-Details/productId/51439782 • California Urban Water Conservation Council’s (CUWCC) <i>Guidelines to Conduct Cost-Effectiveness Analysis of Urban Water Conservation Best Management Practices</i> prepared for CUWCC by A&N Technical Services (1996) • CUWCC’s <i>Water Utility Direct Avoided Costs from Water Efficiency</i> (2006) manual to determine costs and benefits from the URWS perspective. <p>The economic model can be used to inform individual agency targets and develop any adjustments for the proposed 2028 reassessment.</p>	<p>Economic Model currently in development by UC Davis.</p> <p>Model, underlying assumptions and calculations for assumptions for costs and benefits have not been made available for review and input.</p> <p>Water audit data and eAR data are known to be inaccurate.</p> <p>SWRCB proposal is to establish unique standards for each UWRS, based on a cost-effectiveness analysis rather than establish performance volumetric standards, and then URWS determine which actions are cost-effective to implement.</p>



October 22, 2019

Paul Schubert, Chair
Kerry Schmitz, Vice
Chair

Jeanine Townsend, Clerk to the Board
State Water Resources Control Board
P.O. Box 100
Sacramento, CA 95812-200

via email: commentletters@waterboards.ca.gov

Members

California American Water
Carmichael Water District
Citrus Heights Water District
Del Paso Manor Water District
El Dorado Irrigation District
Elk Grove Water District
Fair Oaks Water District
Folsom, City of
Golden State Water Company
Lincoln, City of
Orange Vale Water Company
Placer County Water Agency
Rancho Murieta Community Services District
Roseville, City of
Rio Linda / Elverta Community Water District
Sacramento, City of
Sacramento County Water Agency
Sacramento Suburban Water District
San Juan Water District
West Sacramento, City of
Yuba City, City of

Associates

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

Subject: Comments on the Development of Water Loss Performance Standards

Dear Chair Esquivel,

The Regional Water Authority (RWA) appreciates the opportunity to comment on the proposed framework for water loss performance standards as presented by State Water Resources Control Board (State Board) staff at the September 23, 2019 stakeholder workshop. RWA is a joint powers authority representing 21 public and private water suppliers serving over 2 million residents 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.

We recognize the effort State Board staff has made over the past eighteen months to develop a framework for water loss performance standards, but have concerns about the limited data available to set utility-specific targets. We believe the information and assumptions included in the economic model as presented could lead to inequitable targets that will require costly, ineffective actions necessary to avoid enforcement.

Specifically, we have the following concerns:

- **Using the retail unit cost of water inflates the benefits of real water loss.** Retail unit cost represents the charge that a customer pays for water service. Water loss in the system never reaches the customer and therefore should not bear those same costs. This concept is incorporated into the IWA/AWWA water audit methodology, which uses variable production cost (the cost to produce and supply the next unit of water) to value real losses and retail unit cost to value apparent losses (water that reaches the customer but is not paid for). Valuing system water loss using retail cost is not accurate.
- **Water loss requirements should not compromise customer rates and affordability.** There has not been comprehensive analysis tying water loss reduction actions to an actual reduction in real water losses as reported in the mandatory annual water loss audit. Taking costly actions for uncertain results could increase the cost of water for customers (via rate increases), which is especially concerning for those suppliers that serve disadvantaged communities. Additional time and resources are required to evaluate costs and benefits before agency specific targets are set. Furthermore, water suppliers are expected to meet

their new efficiency budgets (from Senate Bill 606 and Assembly Bill 1668), while at the same time expected to keep rates affordable for all customers. These two state priorities have the potential to be at conflict with one another. It would be helpful for State Board staff to explain how these state priorities will support and reinforce, not conflict, each other over the next several decades.

- **The economic model does not cover the full range of water loss implementation costs.** While there are benefits to having an economic model help determine cost effective water loss levels, the model needs to be balanced (with costs and benefits) to provide meaningful and valid results. The current model does not accomplish that balance. For example, the proposed framework requires regular leak surveying but the upfront cost (staff, equipment, etc.) of that surveying is not included in the economic model. The exclusion of a supplier's current baseline surveying cost combined with the proposed frequency requirement of system wide surveying would be a substantial additional cost for suppliers. We recommend including the upfront cost of surveying in the model. A similar situation exists regarding the inclusion of carbon benefits from the estimated water loss savings in the model. The model does not account for the carbon costs of implementing leak detection and repair from trucks, power, heavy machinery and new pipes/materials necessary to obtain those water savings. Due to this imbalance in the model and the comparatively modest carbon benefits of water loss, we recommend removing carbon from the model altogether. Peer review and beta testing the model with water suppliers would provide State Board staff with feedback on additional cost and benefit imbalances that exist. Lastly, it would be helpful for State Board staff to release a summary of differences between the current State Board model and the University of California Davis predecessor model, which was not publicly released.
- **Current assumptions for lower levels of loss should be reassessed with California data.** Setting a default low level of loss from a limited number of suppliers nationwide should not be considered representative of California suppliers. There are significant differences in water loss data for California when compared to the rest of the nation. If enough data has not been collected from California suppliers to set a California-specific range of reasonable water loss, additional time and data is required before issuing information orders questioning the validity of the "low" real loss levels for nearly 100 suppliers.
- **Pressure reduction is unlikely to be feasible for some suppliers.** Overall suppliers manage pressure to meet health and safety standards, which include requirements to meet minimum pressures at critical nodes for firefighting, public health, and safety. A simple opt-out option for pressure management should be included in the model and regulation for suppliers concerned about not meeting the basic requirements of their community.
- **Water loss is one priority area among many for water suppliers.** A careful balance and thoughtful priorities are necessary for water suppliers to continue to reliably provide water at the least cost. Water loss requirements that overemphasize the need to address water loss may redirect funding from other supplier priority areas like water quality. Addressing climate change requires a portfolio approach, in which suppliers apply the appropriate level of funding and actions for each solution to reach the most cost effective and beneficial result.

The state, regions and local water suppliers need to plan for and implement an integrated approach to water management to properly account for the complex and collective impacts and benefits of individual water management strategies.

No one water management strategy can be successfully implemented in a silo.

RWA water suppliers are committed to addressing system water loss while balancing the benefits of water loss management with the cost and affordability of delivering water to all customers. With this mindset, we look forward to continuing to work with the State Board to address both climate resiliency and the human right to water.

Sincerely,

A handwritten signature in black ink, appearing to read 'J. Peifer', with a long horizontal flourish extending to the right.

James Peifer
Executive Director
Regional Water Authority

*Nineteenth
Annual
Holiday Social*

Thursday,
December 12, 2019
at the

North Ridge Ncountry 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 KJ Productions

Final Deadline to Respond:
Friday, December 6, 2019
No Exceptions

**Return this portion
with payment to:**

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



Please complete and return
with payment to:
Regional Water Authority
by Friday, December 6, 2019

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, Suite 180
Citrus Heights, CA 95610

*You Are Cordially
Invited to Attend*

the
Regional Water Authority
and

**Sacramento Groundwater
Authority**

*Nineteenth
Annual Holiday
Social*

Thursday, December 12, 2019



REGIONAL WATER AUTHORITY

Income Statement

Year-to-Date Performance, September 2019
Department 10 to 20

	<i>3 Months Ended September 30, 2019</i>	<i>Annual Budget</i>	<i>Unused</i>
REVENUES			
Annual Assessments	943,264.00	943,300.00	36.00
Affiliate Members Annual	7,500.00	7,900.00	400.00
Associate Membership Annual	54,899.00	54,900.00	1.00
SGA Service Agreement Fees	123,095.94	592,300.00	469,204.06
Holiday Social Revenue	0.00	8,000.00	8,000.00
Miscellaneous Revenue	26.06	0.00	(26.06)
Interest on S/T Investments	12,948.22	30,700.00	17,751.78
TOTAL REVENUES	1,141,733.22	1,637,100.00	495,366.78
TOTAL REVENUE	1,141,733.22	1,637,100.00	495,366.78
GROSS PROFIT	1,141,733.22	1,637,100.00	495,366.78
OPERATING EXPENDITURES			
Staff Expenses			
General Salaries	197,104.62	974,000.00	776,895.38
Benefits/Taxes	128,733.82	405,600.00	276,866.18
Travel / Meals	1,120.77	30,000.00	28,879.23
Professional Development	88.00	7,000.00	6,912.00
TOTAL Staff Expenses	327,047.21	1,416,600.00	1,089,552.79
Office Expenses			
Rent & Utilities	8,085.00	32,300.00	24,215.00
Insurance	7,538.76	29,000.00	21,461.24
Office Maintenance	0.00	600.00	600.00
Telephone	1,714.23	12,900.00	11,185.77
Dues and Subscription	2,198.53	11,600.00	9,401.47
Printing & Supplies	2,811.33	21,200.00	18,388.67
Postage	2,138.56	2,900.00	761.44
Meetings	168.95	13,400.00	13,231.05
Computer Equipment/Support	2,478.00	23,500.00	21,022.00
TOTAL Office Expenses	27,133.36	147,400.00	120,266.64
Office Furniture & Equipment			
Office Furniture	536.00	2,900.00	2,364.00

	<i>3 Months Ended September 30, 2019</i>	<i>Annual Budget</i>	<i>Unused</i>
Office Move	0.00	12,100.00	12,100.00
TOTAL Office Furniture & Equipment	536.00	15,000.00	14,464.00
Professional Fees			
ADP / Banking Charges	462.07	2,700.00	2,237.93
Audit Fees	5,000.00	27,500.00	22,500.00
Legal Fees	12,411.47	52,500.00	40,088.53
GASB 68 reporting fee	350.00	0.00	(350.00)
Consulting Expenses - General	32,352.10	287,600.00	255,247.90
Powerhouse Science Center Payments	0.00	38,500.00	38,500.00
TOTAL Professional Fees	50,575.64	408,800.00	358,224.36
TOTAL OPERATING EXPENDITURES	405,292.21	1,987,800.00	1,582,507.79
OPERATING INCOME (LOSS)	736,441.01	(350,700.00)	(1,087,141.01)
NET OPERATING INCOME (LOSS)	736,441.01	(350,700.00)	(1,087,141.01)
NET INCOME (LOSS) NET OF PROGRAM	736,441.01	(350,700.00)	(1,087,141.01)



Investments, Restricted Cash and Designated Funds, Undesignated Funds and Cash Report

For the month ending:	Unaudited September 30, 2019	Unaudited June 30, 2019
Local Agency Investment Fund (LAIF)	\$3,143,979	\$1,931,030
General Checking Account	<u>\$492,359</u>	<u>\$471,690</u>
Total Cash and Investments	\$3,636,338	\$2,402,720
Less: Restricted Cash and Designations¹		
Water Efficiency Program (WEP) ²	\$813,908	\$498,043
Prop 84 Project Management ²	\$40,357	\$49,553
2014 Drought Program Management	\$27,392	\$27,583
Lobbying Subscription Program ²	\$0	\$26,806
RWA Prop 84 3 Project Management ²	\$11,863	\$18,412
2018 CALFED Meters ²	\$12,747	\$7,543
Regional Water Bank ²	\$279,577	\$7,000
WEP Prop 84 3 Program Management ²	\$0	\$1,661
SRCSD Water Suppliers ²	\$1,441	\$1,082
Membership Dues Stabilization	\$149,700 ⁴	\$142,700
Subscription Program Stabilization	\$19,400 ⁴	\$19,700
Powerhouse Science Center	\$200,387 ⁴	\$214,172
Strategic Plan Fund	<u>\$0⁷</u>	<u>\$49,748</u>
Total Designated Funds, excluding operating fund	\$1,556,772	\$1,064,003
Total Available Cash for Operating Funds		
Operating Fund ³	\$708,100 ⁶	\$672,700
Undesignated Funds ⁵	<u>\$1,371,466</u>	<u>\$666,017</u>
Total Designated and Undesignated Funds	<u><u>\$3,636,338</u></u>	<u><u>\$2,402,720</u></u>

¹ Designated funds represents amounts set aside for program specific purposes.

² The cash for this designated fund is restricted as to its use for these specific programs based upon contractual agreements with the participating member agencies.

³ Per Policy 500.1, the Operating Fund is available to pay ongoing RWA operations and administration expenses.

⁴ The designated amounts reflect the June 30, 2019 projected year end balance from the FY2019 budget plus/minus any year end accounting adjustments.

⁵ Per Policy 500.1, Funds in excess of the maximum target designated balances may be used to offset future membership dues and subject to an annual review by the Board.

⁶ The operating fund at June 30, 2019 is estimated to be at 6 months.

⁷ Hiring of strategic planning staff occurred in December 2016. Adjusted to reflect projected available remaining funds at 06.30.19.



Per California Government Code 6505.5 (e), RWA reports the following unaudited information:

For the period ending September 2019

Cash in checking account:	\$	492,359
LAIF Balance	\$	3,143,979

For the period of June 1 to September 2019

Total cash receipts for the period:	\$	2,581,948
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Total cash disbursements for the period:	\$	2,329,962
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AGENDA ITEM 13: DIRECTORS' COMMENTS