

1. CALL TO ORDER

Chair Schmitz called the meeting of the Executive Committee to order at 8:30 a.m. at the Sacramento Suburban Water District. Individuals in attendance are listed below:

Executive Committee Members

Ron Greenwood, Carmichael Water District
Marcus Yasutake, City of Folsom
Michelle Carrey, City of Sacramento
Paul Schubert, Golden State Water Company
Brent Smith, Placer County Water Agency
Kerry Schmitz, Sacramento County Water Agency
Dan York, Sacramento Suburban Water District

Staff Members

Jim Peifer, Rob Swartz, Ryan Ojikian, Josette Reina-Luken, Amy Talbot, Cecilia Partridge and Ryan Bezerra, legal counsel

Others in Attendance

Kelye McKinney, Bruce Kamilos and Paul Helliker.
Ellen Cross, Catherine MacLeod, Nicole Krotoski, Marty Hanneman and Sean Bigley participated via conference phone

2. PUBLIC COMMENT

Mr. Bezerra noted that we have two Executive Committee members who are participating via the conference phone line. They are participating as members of the public.

There was no public comment.

3. CONSENT CALENDAR

- a. The minutes from the December 11, 2019 Executive Committee meeting
- b. 2020 RWA Executive Committee Meeting Schedule

Mr. Schubert noted that the proposed December 9, 2020 Executive Committee meeting conflicts with the Sacramento Central Groundwater

Authority Board meeting. He requested looking into the possibility of rescheduling the December 9, 2020 Executive Committee meeting at a future meeting.

Motion/Second Carried (M/S/C) Mr. Greenwood moved, with a second by Mr. York, to approve the Consent Calendar items. The motion carried by the unanimous voice vote of all directors present.

Agenda item number 6 was moved after agenda item 3, but is reported in the order listed on the agenda.

4. DEVELOPMENT OF FISCAL YEAR 2020 – 2021 BUDGET

Mr. Peifer said that staff has begun the process of preparing a draft budget for fiscal year 2020-21 (FY2021) by requesting updated retail connections from all RWA members. Staff presented a proposed timeline for budget development. This upcoming budget will be inclusive of key issues raised in RWA strategic plan workshops, as applicable. As such, FY2021 draft budget presentations will likely occur slightly later than in past years. However, budget adoption to the RWA Board remains to be slated for the May Board meeting. In the event that the RWA Board does not approve the budget, a Special Board Meeting may need to be convened in June.

A strategic plan workshop is scheduled for February 21, 2020. Possible strategic plan outcomes could include additional programs whether dues or subscription based and additional staff or consultant costs. Ms. Reina-Luken said that the outcome of the strategic plan and how it might affect FY 2021 budget is not certain. There could be opportunities for increased revenues, revenue generating programs, water transfer programs, new grants and/or new membership. There could also be new program expenditures. The budget drivers for FY 2021 include increased dues, one-time computer equipment replacements and a possible increase in pension liability.

Examples of categories where funding has been designated in the past are the Science Center and the strategic plan. The strategic plan facilitator/consultant cost will be \$35,000. The first strategic plan workshop will focus on goals, mission and mission values with some educational sessions. The second workshop in March will focus on objectives that will be helpful in forming a budget and programs.

Mr. Peifer said that there are some drivers that are causing us to be slightly over on budget at this time at 52%. We had a large expense for a legislative staff tour. Some projected budget expenditure overruns include the audit, necessary legal expenses for assistance required on the complicated pension arrangement that RWA has with SGA, and additional legal expenses associated with Brown Act issues.

5. STRATEGIC PLAN

The RWA prepared a strategic plan in 2013 and adopted minor plan updates in 2017. An update of the strategic plan is recommended by the Executive Director 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.

Mr. Peifer presented the draft agenda for the February 21, 2020 strategic plan workshop including the topics and presenters.

Ms. Cross said that the workshop is for the members to help establish the priorities for the organization. This is an opportunity to recognize milestones, where we have been, what the next steps are, and how to get there. The survey results will be reviewed as a planning tool for the workshop topics. Ms. Cross went over each topic and the time allowed for each presenter. The goal is to develop strategic plan content from the workshop.

Mr. Bigley suggested that we need to consider the legislature today and what RWA needs to do to be effective in the future with respect to being proactive with RWA's legislative/regulatory program.

Mr. Bezerra suggested adding a presentation by Amy Talbot on some of the regulations around water conservation.

After discussion of the agenda, it was recommended to change the start time for the strategic plan workshop from 10:00 a.m. to 9:30 a.m. The timelines for each topic will be adjusted as needed.

6. OTHER POST-EMPLOYMENT BENEFITS (OPEB) FUNDING REPORT

Mr. Peifer said that during the October 23, 2019 Executive Committee Meeting, the Board requested staff to direct the actuary, MacLeod Watts, to generate some preliminary analysis regarding RWA's CalPERS California Employers' Retiree Benefits Trust (CERBT) used for their Other Post-Employment Benefits (OPEB)/health care retirement deposits. The actuary was asked to do a custom discount rate for RWA based on our cash flows and returns received to date. Specifically, the actuary was asked to provide an OPEB cash flow and liability analysis using the RWA customized blended rate for Strategy 1 (RWA's current strategy) which is the most aggressive strategy; and determine the customized rate for funding Strategies 2 and 3 and the resulting cash flow and liability analysis for comparison to Strategy 1. The actuary's pre-funding Illustrations were included in the packet along with a few slides regarding CERBT Strategy highlights for discussion.

Josette Reina-Luken, Financial and Administrative Services Manager said that Ms. Krotoski previously provided an OPEB trust overview to the Executive Committee. At this time, the RWA trust is approximately 92% funded. A question for discussion with the Executive Committee is: does RWA want to stay at the same strategy or move to a more conservative strategy? Ms. Reina-Luken gave an overview of the different strategies, how they differ, what could be estimated from each, the RWA risk tolerance with each option, and how the funding obligation would change if the strategy changed. The Executive Committee directed staff to further investigate

whether or not CalPERS offers agencies the ability to invest in multiple funding strategies and report back findings at next month's meeting.

7. LEGISLATIVE/REGULATORY UPDATE

Mr. Ojakian provided a quick update of Legislative and Regulatory matters. The legislature came back into session January 6, 2020. There were no two-year bills with one exception that was of significance to RWA, SB 45, which is a bond measure that we will want to focus our attention on this year. For the region, the focus out of the bond measure is going to be how do we tell our story effectively so that we are being recognized for the funding for infrastructure needs that we have including the groundwater bank and RiverArc and how will that conversation occur including for environmental and habitat improvements on the lower American river. There needs to be a bond discussion on where the money should be spent.

8. FEDERAL AFFAIRS PLATFORM

Mr. Bigley said that at the January 9th RWA Board Meeting, the Board adopted the Federal Platform in principle, and requested the Federal Affairs Ad Hoc Committee revise the platform to address any changes the RWA members may want to propose. The ad hoc committee met on January 14th and edited the document to provide more clarity. He explained the changes in the document. He said that the committee believes the document is ready to present to the Board of Directors for approval of the RWA Federal Affairs Platform.

A markup copy was attached along with a clean copy.

9. URBAN WATER MANAGEMENT PLAN SUPPORT

Mr. Peifer said that Mark Madison and Bruce Kamilos from Elk Grove Water District came up with an idea to get agencies together to pool their resources for an Urban Water Management Plan (UWMP). This idea is in keeping with the philosophy of RWA.

Amy Talbot, Water Use Efficiency Program Manager, gave some background saying that UWMPs come out every five years. DWR is expected to release guidelines to formulate the plans. Mr. Kamilos has been reaching out to DWR for the most recent guidelines to review. Once the new guidelines and requirements are reviewed, there will be discussion on how to meet the requirements.

Mr. Kamilos said that there are some common elements that can be addressed regionally, such as on climate change, drought risk, and seismic risk. Taking a regional approach would give us a stronger voice.

There was discussion that once the guidelines are known, it will be worth investigating to find the commonalities to move forward with the UWMP updates. Ms. Talbot said that her recommendation would be to wait until the guidelines are

released and reviewed to determine the opportunities. At that time, we could potentially establish committees of those with specific expertise in content areas to identify a regional approach to efficiently developing content.

10. EXECUTIVE DIRECTOR'S REPORT

RWA Outreach – Thanks to all those who attended the 19th Annual RWA/SGA Holiday Social on December 12, 2018. We were pleased to honor Paul Schubert with the Water Statesperson Award. We were equally pleased to honor Einar Maisch and Steve Nugent who received the Distinguished Service Award.

Mr. Peifer has been appointed to the ACWA Groundwater Committee and will continue to serve as Vice Chair of the Federal Affairs Committee in 2020. Mr. Ojakian was appointed to serve on the State Legislative Committee.

Mr. Ojakian was invited to meet Congressman Jared Huffman along with a few water purveyor member agency representatives to discuss the Water Bank and the regions needs on December 21, 2020. There was an article in the Sacramento Bee that focused on the Folsom Dam raise that gave mention to the Water Bank.

Mr. Peifer was invited to make a presentation to Ernest Conant, Mid Pacific Director for the Bureau of Reclamation along the partners in the American River Basin Study at the Mid Pacific Water Users Conference on January 22, 2020.

We need to implement the policies and procedures set by the Board and talk about the role for outreach associated with the policies. The federal platform will be tiering off of the Legislative Policy Principles. The RWA has an outward facing job in order to do accomplish that. Staff will meet with Secretary of Natural Resources and other agencies to move these issues forward. Mr. Peifer thinks about meetings he would like to attend and he needs to continue to update the Executive Committee while being aligned with the Executive Committee. He also needs the flexibility to decide who attends the meetings with him to provide diversity. The more presence RWA has is beneficial. It was noted that the members appreciate information updates on meetings attended and events the Executive Director and staff are involved in. The region could do a better job with organizing conferences by being the conduit for the region with one message.

Audit – The RWA and SGA audits are not completed, but we expect completion before the statutory deadline which is the end of the fiscal year. A non-intentional disruption in consultant services has delayed progression of the audits. Staff is procuring additional accounting services to aid in the completion of audits.

November 2019 COLA – Consistent with RWA policy, pay scales were increased January 1, 2020 by 2.5% based on the November consumer price index for small western cities. The updated pay scales and CPI were included in the packet and are posted at www.rwah2o.org to comply with CalPERS requirements.

Voluntary Agreement Ad Hoc Committee – The Executive Committee, during the December 11th meeting, directed staff and the ad hoc committee to investigate the potential for a permanent staff position to assist on Bay-Delta Efforts. That evaluation is ongoing.

Chair Schmitz said that she planned to reappoint the ad hoc committee for further work on the Voluntary Agreement, to revisit the goal and what the committee would like to accomplish.

11. DIRECTORS' COMMENTS

Mr. Greenwood said that Carmichael Water District continues their search for a new general manager. They are now in their second round of interviews and have narrowed the field to three candidates. The District is proceeding with their new storage tank, which is a \$20 million project.

Chair Schmitz reappointed the Voluntary Agreement Ad Hoc Committee and the Federal Affairs Ad Hoc Committee. A Holiday Social Event Ad Hoc Committee was appointed to include Ron Greenwood, Dan York, Brent Smith and Michelle Carrey as chair. The Committee will be staffed by Cecilia Partridge, Josette Reina-Luken, and Jim Peifer.

ADJOURNMENT

Chair Schmitz adjourned the meeting at 10:38 a.m.

By:

Chairperson

Attest:

Josette Reina-Luken, Board Secretary / Treasurer