



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
Hilary Straus, Citrus Heights Water District
Marcus Yasutake, City of Folsom
Ray Leftwich, City of Lincoln
Sean Bigley, City of Roseville
Pauline Roccucci, City of Roseville
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
Tom Gray, Fair Oaks Water District
Paul Schubert, Golden State Water Company
Jim Lemley, Orange Vale Water Company
Joe Duran, Orange Vale Water Company
Brent Smith, Placer County Water Agency
Andy Fecko, Placer County Water Agency
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
Dan York, Sacramento Suburban Water District
Pam Tobin, San Juan Water District
Paul Helliker, San Juan Water District

RWA Associate Members

Arthur Starkovich and Ansel Lundberg, SMUD

RWA Affiliate Members

Charles Duncan, West Yost Associates and Jafar Faghih, HDR, Inc.

Staff Members

Jim Peifer, Rob Swartz, Ryan Ojakian, Nancy Marrier, Josette Reina-Luken, Cecilia Partridge, Monica Garcia and Ryan Bezerra, Legal Counsel

Others in Attendance:

Rich Plecker, David Gordon, Brett Ewart, Michael Johnson, Dane Wadlé, Ellen Cross, Jeff Ramos, Linda Higgins and Nicole Krotoski

2. PUBLIC COMMENT

Mr. Madison introduced Jeff Ramos who will be with Elk Grove Water District on a part-time basis dealing with legislative issues.

3. CONSENT CALENDAR

- a. Approve Minutes of the September 12, 2019 RWA regular board meeting.

Motion/Second/Carried (M/S/C) Mr. Greenwood moved, with a second by Ms. Rocucci, to approve the September 12, 2019 RWA regular board meeting minutes. The motion carried by the unanimous voice vote of all directors present.

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

Ms. Josette Reina-Luken began employment on October 8th as the new Finance and Administrative Services Manager. As this position acts in the capacity of RWA Board Secretary and Treasurer, staff requested the Board approve her appointment to this role.

M/S/C Mr. Straus moved, with a second by Ms. Harrington, to appoint Josette Reina-Luken to become the RWA Board Secretary and Treasurer. The motion carried by the unanimous voice vote of all directors present.

6. LEGISLATIVE/REGULATORY UPDATE

Ryan Ojakian, Legislative and Regulatory Affairs Manager, gave an update on the Legislative session concluded on September 13th. There were 2,625 bills introduced with 1,037 passed. The Governor ultimately signed 870 of those bills. RWA took positions on 19 bills; three bills that RWA supported will become law and only one bill that RWA opposed will become law.

The Legislature is out of session 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 bills introduced by February 21st. The session ends August 31st. While it is not known at this time, it is likely 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 water quality, accessibility, and affordability. RWA submitted comments on the tool that largely makes 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 Administration's 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.

Mr. Ojakian explained the definition of resiliency as we define it at a watershed level and that within the watershed a conversation occurs that defines both what the challenge is going to be, including climate change and infrastructure needs. RWA is also tracking issues relevant to PFAS contamination and will continue to update the Board.

Mr. Madison asked if there is an update on water loss standards. Mr. Ojakian said that how the state will account for any water loss is not clear at this time. It was suggested that Amy Talbot, RWA Water Efficiency Program Manager, be contacted for answers as she is knowledgeable on water loss issues. Ms. Talbot has just been appointed to the water loss committee as the California-Nevada AWWA section chair.

7. AGENCY AWARD

Mr. Peifer said that RWA Policy 100.4 establishes the criteria for the 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 its September 25, 2019 meeting. A copy of RWA Policy 100.4 and a copy with the proposed changes were included in the packet.

M/S/C Ms. Tobin moved, with a second by Mr. Greenwood, to recommend adoption of revisions to Policy 100.4 (RWA Awards) by the RWA Board. The motion carried by the unanimous voice vote of all directors present.

8. PROPOSITION 1 INTEGRATED REGIONAL WATER MANAGEMENT GRANT

Mr. Swartz gave an information update saying that in April 2019, the Department of Water Resources (DWR) 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 the 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 table listing the combined projects of the two proposals was included in the packet.

Martha Guerrero exited the meeting.

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. Resolution 2019-11, which authorizes the Executive Director to act on RWA's behalf, was included in the packet. Staff requested the Board to consider adoption of Resolution 2019-11.

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

9. WATER MANAGEMENT OPTIONS PILOT

Mr. Swartz reported that 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 was included in the packet.

M/S/C Ms. Tobin moved, with a second by Ms. Roccucci, to 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. The motion carried by the unanimous voice vote of all directors present.

10. BAY DELTA VOLUNTARY AGREEMENT UPDATE

Ms. Schmitz, ad hoc committee chair gave a brief update saying that 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 the Executive Director in the ongoing negotiations and proceedings concerning the State Water Resources Control Board's (SWRCB) proposal to amend the WQCP. The ad hoc committee made recommendations to the RWA Board and Executive Committee for defining the RWA role and commitments of resources. The committee is working on a draft program agreement and a program description that they anticipate presenting to the Board in January.

The members of the ad hoc committee include Kerry Schmitz, (Chair), Marcus Yasutake, Anne Sanger, Sean Bigley, Dan York, Paul Helliker, Steve Nugent, Andy Fecko and Jim Abercrombie.

The ad hoc committee agreed that another update was timely for those who are not involved in the ongoing process. Andy Fecko, Director of Strategic Affairs for the Placer County Water Agency, made a presentation to the Board on the current status of the VAs. The SWRCB is in a process of updating the water policy standards for the Bay-Delta that has not been updated for many years. The VA committee is trying to figure out an alternative path to the unimpaired paradigm. Work began with other water purveyors in the state putting together an offer including agriculture interests. Upstream reservoir operators, PCWA, Forest Hill Public Utility District, Georgetown Public Utility District and EID together will work on reservoir reoperation transfers. A component is existing groundwater substitution capabilities where agencies who are on surface water can shift to groundwater in dry years, back the water into Folsom Lake and the Bureau would re-operate it as a pulse flow down into the Delta for the Delta Outflow piece. A component is essentially a payment from the State of California to develop new groundwater banking capabilities in the region. At this time, the SWRCB needs to accept the VA paradigm as a substitute for what their staff wants to do. In order to make that happen we have to provide an analysis. The State team includes DWR, the California Department of Fish and Wildlife and the SWRCB. The team will decide if what we have proposed is at least equivalent to what their staff proposal is. Over

the past year, there has not been a great deal of progress on the analysis. The statewide environmental community is pushing the SWRCB to accept a regulatory solution.

In addition to the water portfolio, each of the tributaries has a nonflow action such as habitat for fish and tributaries and the Delta. In coordination with the Bureau of Reclamation, we have committed to construct 50 acres of spawning habitat in the Lower American River over a 15-year term. The State has committed to 150 acres of fish rearing habitat in the Lower American River.

The goal is to avoid anything state led that decides what is best for our region diminishing our efforts while the Water Forum governance remains whole and stays intact.

11. FEDERAL AFFAIRS AD HOC COMMITTEE UPDATE

Chair Schubert appointed an ad hoc committee to address the RWA's role in Federal Affairs. The 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, Hilary Straus, Marcus Yasutake, Dan York, Andy Fecko and Evan Jacobs. Counsel for the committee is Jennifer Buckman.

Mr. Bigley recapped the five questions that Chair Schubert requested the committee address to present to the Executive Committee and the Board. Results of the member survey provided valuable information and gave insight into what RWA's potential role in federal affairs should be. A final draft memo has been circulated among the ad hoc committee members that cover what type of venue the committee recommends to the Executive Director and Board and what the participation should be at the federal level. A second recommendation is for a federal platform for RWA, with a document that is updated annually. There was discussion regarding RWA's potential leadership role in national and state associations that are involved in federal affairs and strengthening communication and collaboration within RWA as it pertains to federal affairs and evaluation of setting the stage for how RWA wants to move forward.

Chair Schubert provided direction to the ad hoc committee to develop a federal platform.

12. EXECUTIVE DIRECTOR'S REPORT

Grants Update – Staff is currently managing five grant awards totaling \$28.6 million. During the past quarter, \$376,127 in reimbursements were received from the various grants.

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.

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.

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.

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.

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% funded. RWA's favorable OPEB funding status is primarily due to RWA's large initial trust deposit 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 2009. 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 rate 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.

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.

Financial Documents – The financial reports for the month ending September 30, 2019 were included in the packet.

13. DIRECTORS' COMMENTS

Mr. Lundberg mentioned that SMUD had a meeting with RWA staff to discuss state legislative issues.

Mr. York said that Sacramento Suburban Water District held a public hearing for a proposed five-year rate increase. The rate increase was approved and will start January 2020.

Mr. Greenwood reported that Carmichael Water District continues their search for a general manager.

Mr. Smith said that PCWA went through three separate power supply planned shutdown (PSPS) events in October. The cost including diesel fuel to keep their plants in service during these events was substantial. They were without their primary source of water for several weeks beginning October 15th. This was challenging because their backup supply relies on pumps at the American River stations. PG&E supplied equipment to assist PCWA to run some of their pump stations during the time they were without power. City of Lincoln and City of Roseville assisted PCWA with portable generators. Einar Maisch has announced his retirement effective February 28th.

Ms. Tobin has been campaigning throughout California and attended a water meeting in Southern California that addressed fire preparedness and contingency plans that are being considered including fuel storage. There is a deadline established by PG&E to file loss claims for the power outages. Some agencies have contracts with PG&E indicating a no service interruption clause while they are dealing with costs associated with the power shut offs. She experienced a tour of Shasta Dam and the hydroelectric generation. The dam's four million-acre feet of water is feed strictly by rain water while they supply approximately 35% of all the power to California. For those planning to attend the ACWA Fall Conference, each agency is required to designate who will be representing their agency and voting in the ACWA elections.

Ms. Roccucci said that during the power outages City of Roseville worked closely with agencies in the region providing assistance.

Mr. Starkovich said that SMUD was asked to shut down some transmission lines during the recent PG&E power outages. SMUD has been meeting with different groups to determine how they can become more involved in partnerships in the region.

Chair Schubert said that agencies being as prepared as possible is vital with contingency plans in place. There is a significant impact on employees coming to work during power outages.

Adjournment

With no further business to come before the RWA Board of Directors, Chair Schubert adjourned the meeting at 10:44 a.m.

By:

Chairperson

Attest:

Cecilia Partridge, Executive Assistant