

1. CALL TO ORDER

Chair Schmitz called the meeting of the Executive Committee to order at 8:30 a.m. as a teleconference meeting. Individuals in attendance are listed below:

Executive Committee Members

Ron Greenwood, Carmichael Water District
Sean Bigley, City of Roseville
Michelle Carrey, City of Sacramento
Paul Schubert, Golden State Water Company
Brent Smith, Placer County Water Agency
Kerry Schmitz, Sacramento County Water Agency
Dan York, Sacramento Suburban Water District
Marty Hanneman, San Juan Water District

Staff Members

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

Others in Attendance

John Woodling, GEI Consultants, Brian Sanders, City of Sacramento, Todd Eising, SCGA Chair, Peggy Vande Voreen and Sarah Trondsen, Gilbert Associates, Inc.

2. PUBLIC COMMENT

None.

3. CONSENT CALENDAR

Minutes of the January 22, 2020 and February 19, 2020 Executive Committee meetings

Motion/Second Carried (M/S/C) Mr. Hanneman moved, with a second by Mr. Bigley, to approve the January 22, 2020 and February 19, 2020 Executive Committee meeting minutes. Ron Greenwood, Carmichael Water District, Sean Bigley, City of Roseville, Paul Schubert, Golden State Water Company, Brent Smith, Placer County Water Agency, Kerry Schmitz, Sacramento County, Dan York, Sacramento Suburban Water District and Marty Hanneman, San Juan Water District voted yes. The motion carried by the unanimous voice vote of all directors present.

4. RWA 2019 AUDIT REPORT

Gilbert Associates, Inc. has completed the financial audit for the fiscal year that ended June 30, 2019. The full audit report was included in the packet. Sarah Trondsen, Gilbert Associates, Inc. presented information on the audit. The reports in the audit report included the Executive Committee meeting summary, the Audit Report, the Communication Summary and the Required Supplemental Information. She gave an overview of the audit stating that it was a clean audit with no adjustments or recommended changes to accounting practices. She highlighted line items in the financial statements, schedule of revenues, expenses, changes in net position, operating revenues and cash flows. She gave a summary from the required supplemental information document on the net pension liability and schedule of contributions to the pension plan, schedule of changes in the net OPEB liability and contributions and the program schedule of revenues, expenses and changes in the net position.

Michelle Carrey joined the meeting.

M/S/C Mr. Schubert moved, with a second by Mr. Greenwood, to recommend RWA Board acceptance of the 2019 RWA financial audit report. Ron Greenwood, Carmichael Water District, Sean Bigley, City of Roseville, Michelle Carrey, City of Sacramento, Paul Schubert, Golden State Water Company, Brent Smith, Placer County Water Agency, Kerry Schmitz, Sacramento County, Dan York, Sacramento Suburban Water District, Marty Hanneman and San Juan Water District voted yes. The motion carried by the unanimous voice vote of all directors present.

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

Josette Reina-Luken, Financial and Administrative Services Manager gave a report from the February 19, 2020 Executive Committee meeting. The Executive Committee requested that staff direct the RWA actuary to provide funding illustrations using CalPERS Strategy 2 funding option at various discount rates ranging from 6.35% to 6.50% as well as a funding option within these parameters that excludes funding implicit liability. A summary of the requested actuarial illustrations was included in the packet. She gave an overview of Funding Strategy 1, Funding Strategy 2, their discount rates and how each strategy affects expenses, trust balances, ratios, implicit and explicit liabilities. She asked for a funding recommendation from the Executive Committee to present to the full RWA Board.

Ms. Reina-Luken said that implicit liability is used to project excess health claims over premiums charged with the idea that individuals who are older have higher claims than those that are younger. Currently CalPERS has everyone paying the same for their health care plans. The implicit liability provides a conservative measure so that if something were to change with CalPERS calculations or if something were to happen to RWA financially, this would be our first fund defense that has a balance that has been contributed to over time. The implicit liability

naturally decreases when employees reach 65 when they naturally move on to Medicare and the CalPERS health plan becomes a supplement and is no longer the primary health plan.

Ms. Reina-Luken said that she will direct the actuary to perform a calculation and have additional information to include in the May budget presentation.

After discussion it was decided to remain with the current strategy and revisit the issue at a future date when the current financial downturn recovers. This topic is normally presented annually with the budget however, it can be revisited at any time for consideration. It was suggested that a status report with the trust fund balance be presented periodically as an update.

M/S/C Mr. Hanneman moved, with a second by Mr. Bigley, to recommend to the RWA Board that the current OPEB Funding Strategy remain the same. Ron Greenwood, Carmichael Water District, Sean Bigley, City of Roseville, Michelle Carrey, City of Sacramento, Paul Schubert, Golden State Water Company, Brent Smith, Placer County Water Agency, Kerry Schmitz, Sacramento County, Dan York, Sacramento Suburban Water District and Marty Hanneman, San Juan Water District and voted yes. The motion carried by the unanimous voice vote of all directors present.

6. DEVELOPMENT OF FISCAL YEAR 2020 – 2021 BUDGET

Ms. Reina-Luken, Financial and Administrative Services Manager, gave information on this item to further examine the FY2021 budget information that was presented during the RWA Board Meeting on March 19, 2020 in light of the FY2019 Financial Audit Report and current year budget projections. She gave an overview of the budget projections, membership and dues, revised budget projections, budget savings and the budget outlook. The FY20 core budget deficit was offset by depletion of the Strategic Plan fund and non-designated cash. The RWA membership dues are proposed to increase by 5% for FY20, the Associate member dues will increase by 3% and the Affiliate member dues will remain at \$750. Potential budget savings for FY21 include staffing cost savings and advancement of strategic plan expense for a total savings of \$90,000. Additional FY21 expenditures are the unfunded PERS liability, the shift in WEP to 50%, server replacement and an increase in professional services. There are FY21 budget benefits from FY19 and FY20 years, future expenditures have been adjusted as of FY21, FY22 and going forward will depend upon an increase in revenues to balance the budget. Delayed increases in dues may result in higher increases in future years.

Mr. Peifer said that the information presented is for discussion to obtain initial feedback from the Executive Committee. He said that there is a possibility that the WEP budget shifting to 50% may be deferred until after the strategic plan is completed. A draft budget will be presented at the April Executive Committee meeting with a recommendation to the Executive Committee for increasing legal fees. Over the past year legal fees have increased due to requests from the

Executive Director with questions related to complying with the Brown Act, for clarification on agreements, the expansion of programs, coordination of meetings, the strategic planning process, issues with COVID-19 and the office flooding. The increased legal fees do not represent a trend but are for the short term. One part of the strategic plan that needs additional attention is increased funds for better communication.

It was suggested that when increasing dues that RWA be conscious of agencies experiencing financial difficulties due to COVID-19.

7. CHECK SIGNING AUTHORITY POLICY UNDER THE COVID-19 STATE OF EMERGENCY (RWA POLICY 500.6)

Mr. Peifer said that RWA Policy 500.6 defines who may sign checks for the RWA. The policy requires that under certain circumstances, a check must be signed by two individuals depending on the amount, which would include the Board Chair or Vice Chair, in addition to the Executive Director (ED), Manager of Technical Services (MTS), or the Finance and Administrative Services Manager (FASM). For example, for amounts over \$10,000 paid from the General Fund Account, two signatures are required. A copy of policy 500.6 was included in the packet.

While the policy allows for either the ED, MTS, or FASM to sign checks, in practice, the ED signs checks unless he is out of the office for an extended period. The RWA banks with the Bank of America. The Bank of America does not require two signatures on a check and will process a check with one signature.

The various State and Local orders to shelter in place and social distancing will make the acquisition of two signatures impractical for the near future. RWA staff proposes that checks that require two signatures be authorized by the Board Chair or Vice Chair via email approval for the duration of the emergency. The emails will be archived and made available to auditors or others as necessary. Checks will be signed by the FASM for the duration of the emergency with the approval of the ED.

Ryan Bezerra said that on the legality of this issue he did not see a binding requirement for two signatures. The Chair signature is for financial control but may not be viable under the current stay at home order. The suggested solution maintains the financial control for RWA. The Executive Director's legal authority with the JPA to administer for RWA supersedes the policy that is in practice considering the current circumstances. The Executive Director has the power to authorize expenditures and the ability under the direction of the board to manage RWA.

Ms. Reina-Luken said that this was presented to the auditor and there was no objection as long as there was documentation from the Chair approving the check.

It was suggested that for transparency a notification be sent to the RWA Board with the policy and what action will be taken for future check signing noting that this matter was discussed at the Executive Committee and the Executive Director was

directed to proceed pursuant to the JPA in order to implement the necessary changes.

There was acceptance of this policy by all directors in attendance. There was no action item.

Mr. Peifer said that this is the type of guidance that we have needed from legal counsel and this is an example of the many challenges that we are experiencing. We had a similar situation when the office flooded and we needed assistance from legal counsel dealing with the landlord. Both Mr. Peifer and Ms. Reina-Luken are new to the organization and frequently will come across RWA policy where there might be an unusual circumstance and legal counsel is contacted to better understand how to proceed. All of this is in the category of what we are experiencing and the value that Bartkiewicz, Kronick and Shanahan provides RWA.

8. SACRAMENTO CENTRAL GROUNDWATER AUTHORITY

Mr. Peifer thanked Todd Eising, Paul Selsky and John Woodling for joining the teleconference for this meeting. He said that at the March 11, 2020, Sacramento Central Groundwater Authority (SCGA) Board meeting, the SCGA Board directed the Chair and Vice Chair to “bring a roadmap for getting from A to B” with regard to the potential for the RWA to provide staffing services for the SCGA. There was a request during the SCGA Board meeting to establish a joint committee of the RWA, SGA and SCGA chairs and vice chairs for the purpose of facilitating discussions between the three boards. The joint committee would be known as a “2x2x2 committee.” At the March 19, 2020 RWA Board Meeting, Chair Schmitz appointed herself and Vice Chair Sean Bigley to an ad hoc committee which would be part of the 2x2x2 committee.

A meeting with the Chairs and Vice Chairs is to be scheduled to facilitate discussion. Prior to the next meeting Mr. Eising will be working to provide more resolution and definition on what the proposals are. He said that the direction he received from his board is to look at different options for governance and structure and how the options could work. The next steps are to look at meetings with SCGA, RWA and SGA Chairs and Vice Chairs and put the pieces together to see how the road map could fit for all parties. RWA is not being asked to provide staffing sources, staff would need to be added if this does become feasible.

Mr. Peifer recommended we begin thinking about an outreach and communication strategy to our membership to provide complete understanding of the proposal.

Updates will be presented to the Executive Committee and the RWA and SGA Boards as the conversations continue.

9. LEGISLATIVE/REGULATORY UPDATE

Ryan Ojakian, Legislative and Regulatory Affairs Manager said that the Legislature is on recess until April 13th. That recess will likely mirror public health guidelines and

potentially may be extended. Legislation is not being considered an essential service. There are larger questions about how to conduct legislation and maintain necessary public access to the process during this time.

With all of that in mind, the typical legislative deadlines are made by the Legislature and can be changed by the Legislature. That means that with the exception of Constitutional deadlines to pass a budget by June 15th and pass legislation that has been in print for 72 hours by August 31st most all other rules can be waived. Given the uncertainty of this situation it makes sense for RWA to be prepared for the legislative process to move quickly if and when the Legislature resumes. The following are several bills that staff is asking the Executive Committee to take positions on. Mr. Ojakian summarized each bill with the recommend position.

[AB 2095 \(Cooper\)](#), sponsored by Elk Grove Water District. Would authorize the legislative body of a local agency to make, by ordinance, any violation of an ordinance regarding water theft, subject to an administrative fine or penalty of \$1,000 for a first offense, \$2,000 for a second offense, and \$3,000 for third and subsequent offenses. **Recommendation: Support**

[AB 2148 \(Quirk\)](#), requires the Strategic Growth Council (Council), by July 1, 2021, to establish guidelines for the formation of regional climate adaptation planning groups. Requires the Council, by July 1, 2022, to develop criteria for the development of regional climate adaptation plans. **Recommendation: Support and amend**

[AB 2296 \(Quirk\)](#), establishes a fund stabilization program for local primacy agencies. This bill is identical to the final version of AB 402 which RWA went neutral on. There is a request to support this fund through the State General Fund that RWA should support. ACWA took a neutral position on this bill. **Recommendation: Neutral on AB 2296; Support General Fund request to support the program**

[AB 2560 \(Quirk\)](#), establishes a process that the Water Board must follow for the creation or revision of Response Levels (RL) and Notification Levels (NL). **Recommendation: Support**

[AB 2840 \(Rubio\)](#), is a spot bill that may be amended to address MCL compliance periods. If this bill changes into anything different than a spot bill, the Board will be notified and the recommendation may change. **Recommendation: Watch**

[SB 996 \(Portantino\)](#), establishes a Constituents of Emerging Concern (CEC) program to research, develop information and, if necessary, provide recommendations to the state board on CEC's in drinking water. **Recommendation: Support**

[SB 1188 \(Stern\)](#), would require DWR to include in the Water Plan update a discussion of various strategies for increasing regional water resilience. **Recommendation: Support and amend**

[SB 1258 \(Stern\)](#), would enact the California Climate Technology and Infrastructure Financing Act to require the California Infrastructure and Economic Development Bank, in consultation with specified agencies, to administer the Climate Catalyst Revolving Fund, which the bill would establish to provide financial assistance to projects that may include enhanced water supply or improved water quality.

Recommendation: Watch

[SB 1280 \(Monning\)](#), expands the authority of the Water Board to force consolidations with systems with 500 connections or under. **Recommendation: Watch**

[SB 1320 \(Stern\)](#), requires the office of planning and development to create a California Climate Change Assessment, every 2 years. Additionally, the bill would require the assessment to assess and report the impacts and risks of climate change and identify potential solutions to inform legislative policy. Among the issues the climate assessment would look at are “impacts, risks and solutions to” water supply and water quality from climate change. **Recommendation: Support and amend**

[SB 1329 \(Wilk\)](#), would establish the Climate Innovation Grant Program, to be funded with voluntary “tax check offs” and administered by the Strategic Growth Council or another entity identified by the council. The bill would establish the Climate Innovation Fund, a special fund, in the State Treasury and would continuously appropriate the moneys in the fund to the council for purposes of the program. The Climate Innovation Fund can be used to address water supply reliability and quality. **Recommendation: Support and amend**

[SB 1362 \(Stern\)](#), would require the state air resources control board, no later than July 1, 2021, to adopt a comprehensive strategy to achieve carbon neutrality in the state by no later than December 31, 2045. Among other things the strategy is required prioritize the development of co-benefits, water quality is listed among co-benefits. **Recommendation: Watch**

[SB 1386 \(Moorlach\)](#), is a spot bill intended to address legal action on the ability of water agencies to charge property related fees for fire hydrants. Sponsors have shared language and several RWA members have had an opportunity to weigh in on that language. **Recommendation: Support and amended**

M/S/C Mr. Smith moved, with a second by Mr. Bigley, to adopt the proposed positions on legislation. Ron Greenwood, Carmichael Water District, Sean Bigley, City of Roseville, Michelle Carrey, City of Sacramento, Paul Schubert, Golden State Water Company, Brent Smith, Placer County Water Agency, Kerry Schmitz, Sacramento County and Dan York, Sacramento Suburban Water District voted yes. The motion carried by the unanimous voice vote of all directors present.

10. EXECUTIVE DIRECTOR'S REPORT

Policy 400.4, Executive Director Performance Evaluation Procedure states a time frame to complete the evaluation process. Chair Schmitz appointed an evaluation committee including herself, Caryl Sheehan, Marcus Yasutake and Brent Smith. Chair Schmitz will act as chair of the committee.

An Operations Continuity conference call with the water distribution staff of one of the RWA member agencies is scheduled for later today. The call is to make sure that the member agencies are able to meet the needs of staffing and resources. Mr. York is allowing collaboration with the operations manager for Sacramento Suburban Water District in preparing the agenda for the conference call today. Mr. Peifer thanked Greg Zlotnick for initiating the idea that has generated a lot of interest.

There is interest in a federal infrastructure stimulus package where the Federal Affairs Ad Hoc Committee, in accordance with the Brown Act could participate. The objective is to present ideas and projects that would be helpful to our DC delegation and to the advocates who work for our member agencies and for the RWA. Mr. Peifer talked with David Reynolds, ACWA staff, asking him to observe our process and receive guidance from him. Part of this is to build deeper ties with ACWA and DC staff. Mr. Bigley said that it is important for us and the region and this is an opportunity for us to participate in the recovery of the economy and getting people back to work

Ms. Talbot said that she will be on a conference call with agencies throughout the state. She reached out to the State Water Board staff who will be posting an agenda for a scheduled conference call on April 7th with a revised regulatory item to be discussed.

A letter from Governor Newsom to the Department of Interior was included in the packet. The letter requested federal funding support for the Sacramento Regional Water Bank expanding the conjunctive water use capabilities of local water providers.

11. DIRECTORS' COMMENTS

Mr. Greenwood announced that Cathy Lee will be the new General Manager for Carmichael Water District.

Mr. Smith said that the COVID-10 response is ongoing with Placer County Water Agency staff working from home. The agency is reaching out to small agencies with public outreach and connecting them with updated information.

Ms. Carrey said counsel for the City of Sacramento approved the RWA funding agreement and ASR program.

ADJOURNMENT

Chair Schmitz adjourned the meeting at 11:05 a.m.

By:

Chairperson

Attest:

Josette Reina-Luken, Board Secretary / Treasurer