



Regional Water Authority
BUILDING ALLIANCES IN NORTHERN CALIFORNIA

RWA Special Board Meeting
Final Minutes
March 19, 2020

1. CALL TO ORDER

Chair Schmitz called the meeting of the Board of Directors to order at 9:00 a.m. as a teleconference meeting. Individuals who participated are listed below:

RWA Board Members

Evan Jacobs, California American Water District
Lynette Moreno, Carmichael Water District
Ray Riehle, Citrus Heights Water District
David Gordon, Citrus Heights Water District
Bruce Houdesheldt, City of Roseville
Sean Bigley, City of Roseville
Anne Sanger, Harris, City of Sacramento
John Lenahan, 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
Paul Schubert, Golden State Water Agency
Mark Martin, Rancho Murieta Community Services District
Tim Shaw, Rio Linda/Elverta Community Water District
Kerry Schmitz, Sacramento County Water Agency
Kevin Thomas, Sacramento Suburban Water District
Dan York, Sacramento Suburban Water District
Marty Hanneman, San Juan Water District
Paul Helliker, San Juan Water District

RWA Associate Members

Arthur Starkovich, Ansel Lundberg, Damen Waples, SMUD, José Ramirez and Terrie Mitchell, SRCSD

RWA Affiliate Members

Alan Driscoll, Forsgren Associates, Inc., Kelye McKinney, West Yost Associates and Vanessa Nishikawa, Stantec

Staff Members

Jim Peifer, Rob Swartz, Ryan Ojakian, Josette Reina-Luken, Amy Talbot, Cecilia Partridge, Monica Garcia and Andrew Ramos, Legal Counsel

Others in Attendance:

Bruce Kamilos, Craig Locke, Adam Robin, Bob Reisig, Christine Kohn, Ellen Cross, Greg Zlotnick, Ramon Roybal, Rob Rosoche, Teri Grant and Nicole Krotoski

2. PUBLIC COMMENT

None.

3. CONSENT CALENDAR

- a. Approve Minutes of the November 14, 2020 and January 9, 2020 regular RWA board meetings

Motion/Second/Carried (M/S/C) Mr. Hanneman moved, with a second by Mr. Schubert, to approve the consent calendar item. Evan Jacobs, California American Water abstained, Lynette Moreno, Carmichael Water District, Hilary Straus, Citrus Heights Water District, Bruce Houdesheldt, City of Roseville abstained, Anne Sanger, City of Sacramento abstained, John Lenahan, Del Paso Manor Water District, Mark Madison, Elk Grove Water District, Randy Marx, Fair Oaks Water District, Paul Schubert, Golden State Water Company, Mark Martin, Rancho Murieta CSD, Tim Shaw, Rio Linda/Elverta CSD, Kerry Schmitz, Sacramento County, Dan York, Sacramento Suburban Water District and Marty Hanneman, San Juan Water District voted yes. The motion carried.

4. FISCAL YEAR 2020 – 2021 BUDGET DEVELOPMENT OVERVIEW

Josette Reina-Luken, Financial and Administrative Services Manager said that staff is beginning preparation of the 2020-21 RWA budget. She gave a presentation including some of the budget highlights, policies and assumptions and an overview of the benefits of RWA membership, membership and dues, significant historical assumptions, budget designation, budget projections, budget drivers for the FY21 budget, budget savings for the FY21 budget and the timeline. A copy of the presentation, Fiscal Year 2019-2020 budget, and RWA Policy 500.1 was attached to the packet for reference.

Benefits of RWA membership include a forum for regional collaboration on water policy and projects, a venue for information sharing, a regional voice/presence on statewide issues, Legislative/Regulatory representation, to facilitate regional planning and regional implementation of projects and programs. RWA membership dues are based on the number of retail connections. The FY19 budget projected a 15% increase for FY20, however the FY20 budget increased dues by only 5%. A delayed increase may result in higher increases in out years. Associate membership dues are projected to increase by 3% and the affiliate membership dues will remain at \$750.

SGA shares 50% in common for office and administrative costs. Approving the budget does not approve subscriptions-based programs. There is an assumption of no changes in RWA membership. The Financial Commitment and Assignment Policy 500.1 is the framework for the operating fund and other additional commitments or designations. The operating fund is 4 to 6 months. Some designations were moved to the expense budget in FY20 such as the office move, strategic plan and pension plan.

The FY20 core budget deficit was offset mostly by depletion of the Strategic Plan fund and non-designated cash. The FY21 core budget deficit is to be offset by reduction of the operating fund designation to 4.5 months or higher increase in dues (already projected in the FY20 budget at 18%).

FY21 budget drivers include the lobbying program being fully funded from core dues, the continue shifting of 10% per year of WEP staffing and office costs to RWA core program, computer equipment replacement, pension liability increase, potential OPEB trust contribution changes and the Strategic Plan implementation and outcomes. Ms. Reina-Luken explained the unfunded pension plan funding and the Strategic Plan implementation and outcomes.

Potential budget savings for FY21 include staffing cost savings, advancement of Strategic Plan expenses, Professional/Consultant services for RFP/RFQ and insurance reimbursement.

Ms. Reina-Luken reviewed the timeline for Board adoption of the RWA Fiscal Year 2020 – 2021 which needs to be completed within 90 days from July 1, 2020.

5. VOLUNTARY AGREEMENT AD HOC COMMITTEE UPDATE

In 2019, Past 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 committee's charge was 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 was directed to make recommendations to the RWA Board and Executive Committee for defining the RWA role and commitments of resources.

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

The VA Ad Hoc committee has prepared a memo of recommendations and presented the memo to the Executive Committee on February 19, 2020. The

memo, which was enclosed in the Board packet, recommends that further consideration be taken up during the RWA Strategic Plan update process.

6. FEDERAL AFFAIRS AD HOC COMMITTEE UPDATE

In 2019, Past Chair Schubert appointed an ad hoc committee to address the RWA's role in Federal Affairs. The ad hoc committee's charge was to make recommendations to the RWA Board on the role of the RWA on federal matters; and to provide direction to the Executive Director on federal matters. The committee will terminate upon completion of the updated strategic plan.

The ad hoc committee produced a memorandum that provides recommendations to the Board for its consideration as part of the Strategic Plan process. In addition to several recommendations, the ad hoc committee believed it could be helpful for the Board to see a range of costs for different levels of RWA participation in Federal Affairs efforts. The memorandum was included in the Board packet.

Ad Hoc Committee Chair Bigley provided an overview of the memorandum on behalf of the ad hoc committee.

Representative Jared Huffman has proposed the "FUTURE Drought Resiliency Act" to develop more resilient water infrastructure, expand the use of modern water management tools and technologies, and assist disadvantaged areas in meeting their drinking water needs. Information on the proposed bill was included in the packet. The RWA prepared and submitted a comment letter on the bill. A copy was attached.

7. FEDERAL AFFAIRS PLATFORM

Jim Peifer, Executive Director said that at the January 11, 2020 Board Meeting, a proposed Federal Affairs Platform was proposed. The Board approved the Federal Platform in concept, subject to possible amendments at the January 22, 2020 Executive Committee meeting, with final approval at the March RWA Board meeting.

The Federal Affairs Ad Hoc committee met on January 14, 2020 to revise the Federal Platform, which was then discussed at the Executive Committee January 22, 2020. The latest draft of the Platform was attached in both mark-up and clean versions.

Subsequent to the January 11, RWA Board, the Rio Linda/Elverta Community Water District sent a letter stating its concerns over RWA's potential roles in Federal Affairs and the process in determining that role. The letter was attached.

Staff requests that the Board approve the attached RWA Federal Platform.

Motion/Second/Carried (M/S/C) Mr. Hanneman moved, with a second by Mr. Schubert, to approve the Federal Affairs Platform. Tim Shaw, Rio Linda/Elverta CSD voted no. Evan Jacobs, California American Water abstained, Lynette Moreno, Carmichael Water District, Hilary Straus, Citrus Heights Water District, Bruce Houdesheldt, City of Roseville, Anne Sanger, City of Sacramento, Mark Madison, Elk Grove Water District, Paul Schubert, Golden State Water Company, Mark Martin, Rancho Murieta CSD, Kerry Schmitz, Sacramento County, Dan York, Sacramento Suburban Water District and Marty Hanneman, San Juan Water District voted yes. The motion carried.

8. STRATEGIC PLAN DEVELOPMENT UPDATE

Jim Peifer, Executive Director gave an update on the Strategic Plan Development. The RWA had a strategic planning workshop on February 21, 2020 where the organization's Mission, Vision, Values and Goals were discussed. During the meeting, the Board discussed the Mission, Vision, Values and Goals, and provided direction to staff to bring proposed changes back for the Board's consideration. Attached are staff proposals that will be brought to the next strategic planning workshop, currently scheduled for March 27, 2020.

9. SACRAMENTO CENTRAL GROUNDWATER AUTHORITY

Mr. Peifer said that the Sacramento Central Groundwater Authority (SCGA) adopted a strategic plan with a goal that states the SCGA will "Determine the most appropriate governance structure that effectively represents the diverse stakeholders and executes the mission of the SCGA."

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."

The RWA has received a request from the SCGA to brief the SCGA board on the RWA staffing relationship with the SGA and the feasibility of providing staff to SCGA in a similar method. A copy of the request was attached. At the direction of the Executive Committee, the Executive Director briefed the SCGA Board on December 11, 2019.

On March 11th, The SCGA Board directed the SCGA Chair and Vice Chair to engage with the RWA and develop a roadmap for the potential of the RWA providing staffing to the SCGA. No decisions have been made on this by the RWA. A request has been made to have the Chairs and Vice Chairs of the RWA, SGA and SCGA form a joint committee to facilitate discussions between the organizations.

10. EXECUTIVE DIRECTOR'S REPORT

Water Transfers – Discussions are starting to occur on water transfers. A draft SWC 2020 Dry Year Transfer Program agreement was included. The agreement indicates \$300 per acre foot, but it is possible that the price could change depending on the amount of precipitation received in the next few weeks.

RWA Outreach – Staff has been invited to participate on an ACWA Integrated Regional Water Management (IRWM) Subcommittee to discuss updating ACWA's IRWM Policy Principles. Staff has been invited to participate in a small group Public Policy Institute of California (PPIC) workshop on "Water Trading, Water Banking, and Sustainable Groundwater Management" on April 19 in Sacramento.

Mr. Peifer and Mr. Ojakian met with Thomas Gibson, deputy secretary and special counsel for water at the California Natural Resources Agency to discuss the RWA comments on the Water Resilience Portfolio.

Mr. Peifer and Mr. Ojakian attended the ACWA DC Conference. While in DC, Mr. Peifer and Mr. Ojakian met with staff from the congressional delegation and Reclamation officials to discuss the Sacramento Regional Water Bank and potential funding opportunities.

Mr. Peifer participated in the ACWA Federal Affairs Committee meeting and Groundwater Committee meeting. Mr. Peifer and Ms. Talbot observed the ACWA Water Management Committee meeting.

Mr. Peifer participated in a briefing to Ernest Conant and Reclamation staff at the annual Reclamation Water Users Conference on the Water Bank and American River Basin Study along with RWA member agency staff

Mr. Peifer, Mr. Swartz and Mr. Ojakian met with Reclamation staff to explore grant opportunities and to identify how RWA member agency projects could be included in the Reclamation work plan.

Mr. Swartz and Mr. Peifer met with EBMUD staff to explore water banking and water transfer opportunities

Mr. Ojakian, Mr. Swartz and Mr. Peifer along with RWA member agency staff and Water Forum Staff met with Mr. Kris Tjernell and DWR staff to exchange information on the American River Basin Study and DWR's similar efforts on the Tuolumne and Merced River systems

Mr. Peifer and Mr. Ojakian along with RWA member agency staff presented the American River Basin Study climate change impacts to State Water Resource

Control Board members Dorene D'Adamo, Laurel Firestone, Sean Maguire (in separate meetings) and to Water Board staff.

Mr. Peifer, Mr. Swartz and Mr. Ojakian met with SWRCB water rights and transfers staff to discuss the Sacramento Regional Water Bank.

Grants Update – Staff is managing five grants totaling \$28.6 million. During the last quarter, \$483,728 in reimbursement was received. A copy of the grants status table was attached.

Office Flooding - During the last week of February, staff was coordinating services in anticipation of relocating back to RWA's normal place of business. These services include post-remediation mold testing, coordination of return of office contents, set-up/configuration of office furniture and cubicles, and necessary IT services (server and desktop installations, rewiring and cabling, and test/tone of all network connections) to establish operations at the Birdcage office. Staff has generally resumed normal working conditions, but we are still working with our insurance adjuster to determine reimbursement amounts associated with damaged furniture. A copy of the post-remediation mold testing was attached.

Conflict of interest code - As a result from staff's review, RWA posted a Notice of Intention to amend its Conflict of Interest Code on February 14, 2020. This is to amend RWA's Designated Position listing and Assigned Disclosure Category with the addition/reclassification of the Manager of Technical Services position, which was approved by the RWA Board on March 26, 2014. Once the comment period for this Notice concludes on April 3, 2020 and if there are no requests for a hearing on these changes, then the RWA Board of Directors can adopt the amendments at their next regularly scheduled meeting in May without holding a public hearing.

Board Member Training - As a result of staff meeting with ACWA JPIA, we have been informed that RWA Board members have certain training requirements to complete since RWA's insurance policy extends coverage to their board members/public officials. The following training classes are required of all RWA Board Members including Sexual Harassment Prevention Training, Driver Safety Training, and Ethics Training. If Board members have taken these classes at their respective agency, then please email a copy of the certificate of completion to Josette Reina-Luken, Finance and Administrative Services Manager, at josette@rwah2o.org.

ACWA JPIA has encouraged RWA to maintain a copy of the training certificates as part our records. If you have not taken these classes, please let us know and we will send you information on how to complete these classes either in-person or on-line. Failure to complete these courses may jeopardize RWA's ability to provide insurance coverage to Board members in the event it is needed.

OPEB Update - During the February Executive Committee (EC), staff reported back with the confirmation that CalPERS is not allowing bifurcation amongst their offered OPEB Trust Funding Options. Meaning, RWA must select one of three funding strategies (Strategy 1, 2, or 3) to invest their OPEB assets. RWA's current OPEB Trust balance is approximately \$1.1 million and is invested in Strategy 1, is the most aggressive funding option available containing the highest percentage of global equity and global real estate asset classifications.

The Executive Committee had requested additional information regarding potential outcomes if RWA moved to a more conservative strategy, like Strategy 2, in order to protect RWA's trust balance from potential market volatility. Since the projected return on investment would be lower in Strategy 2, RWA would experience a \$20,000 increase in the Actuarial Determined Contribution (ADC). The Executive Committee inquired if there was any way to reduce the ADC to a lesser amount. Staff reported that there are two ways to reduce the ADC: 1. Increase the discount rate up to CalPERS suggested discount rate instead RWA's customized rate or 2. Consider removing implicit liability in the overall calculation. As Option 1 is a known outcome to have less than expected results, the Executive Committee directed staff to explore the removal of implicit liability and report back the results at the next EC meeting prior to fiscal year 2020-2021 draft budget presentation.

River Arc – Included in this report is information on the River Arc project.

Water Forum Negotiations – The Water Forum will start a renegotiation of the Water Forum Agreement in the near future. Julia Golomb from Consensus Builders Institute (CBI) has conducted a stakeholder interviews and presented her findings to the Water Caucus on November 12 and the Water Forum Plenary on November 13. Jim Peifer was asked to identify five members of the Water Caucus that would participate in the main negotiating group. The Public Caucus, which typically caucuses with the Water Caucus would include two members.

The topics for the initial phase would include identifying the negotiating representatives, geographical extent of the agreement, decision making rules, ground rules, co-equal objectives, and outreach strategy.

Water Resilience Portfolio – The Newsom Administration has released a draft of the 2020 Water Resilience Portfolio (Portfolio). The RWA has provided a comment letter on the draft Portfolio. A copy of the letter was attached.

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 November consumer price index and updated pay scales were attached and have been posted at www.rwah2o.org to comply with CalPERS requirements.

Financial Reports – Financial reports through December 31, 2019 were attached.

11. DIRECTORS' COMMENTS

Mr. York encouraged everyone to look at the latest Order from the Governor that is accessible online.

Mr. Swartz thanked everyone for their patience during the meeting.

Adjournment

With no further business to come before the Board, Chair Schmitz adjourned the meeting at 11:27 a.m.

By:

Chairperson

Attest:

Josette Reina-Luken, Board Secretary / Treasurer