

**REGIONAL WATER AUTHORITY
EXECUTIVE COMMITTEE AGENDA
Wednesday, January 27, 2021; 8:30 a.m.**

AGENDA

The Committee will discuss all items on this agenda, and may take action on any of those items, including information items and continued items. The Committee may also discuss other items that do not appear on this agenda but will not act on those items unless action is urgent, and a resolution is passed by a two-thirds (2/3) vote declaring that the need for action arose after posting of this agenda.

The public shall have the opportunity to directly address the Committee on any item of interest before or during the Committee's consideration of that item. Public comment on items within the jurisdiction of the Committee 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 on RWA's website. 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 cpartridge@rwah2o.org. Requests must be made as early as possible, and at least one full business day before the start of the meeting.

Note: Pursuant to the Governor's Executive Order N-29-20, and given the state of emergency regarding the threat of COVID-19, the meeting will be held via teleconference.

We encourage Committee members and participants to join the meeting 10 minutes early. Note that we will use GoToMeeting to share slides and other information during the meeting. Use the link below to join GoToMeeting. If you have a microphone that you can use with your computer, it should be possible to both listen to, and participate in, the meeting through GoToMeeting. If you do not have a microphone, or a headset with a microphone, that plugs into your computer via USB port, you will need to call into the conference line to listen and comment, although you still should be able to view the meeting materials on GoToMeeting. Please do not simultaneously use a microphone through GoToMeeting and the telephone conference line. That combination results in audio problems for all participants.

Meeting Information:

RWA Executive Committee Meeting
Wed, Jan 27, 2021 8:30 AM - 10:30 AM (PST)

Please join my meeting from your computer, tablet, or smartphone.

<https://global.gotomeeting.com/join/730361021>

You can also dial in using your phone.

United States: [+1 \(224\) 501-3412](tel:+12245013412)

Access Code: 730-361-021

- 1. CALL TO ORDER AND ROLL CALL**
- 2. PUBLIC COMMENT:** Members of the public who wish to address the Committee may do so at this time. Please keep your comments to less than three minutes.

3. CONSENT CALENDAR

- a. Minutes of the December 14, 2020 Executive Committee Meeting
- b. Adopt the proposed Executive Committee Meeting Schedule for 2021
- c. Approve the Proposition 1 Round 1 Integrated Regional Water Management Implementation Grant Program Agreement

Action: Approve Consent Calendar

4. DEVELOPMENT OF FISCAL YEAR 2021 – 2022 BUDGET

Information and Presentation: Josette Reina-Luken, Finance and Administrative Services Manager

5. AD HOC COMMITTEES UPDATES

Discussion: Jim Peifer, Executive Director

6. STRATEGIC PLAN IMPLEMENTATION

Discussion: Jim Peifer, Executive Director

7. LEGISLATIVE/REGULATORY UPDATE

Information and Presentation: Ryan Ojakian, Legislative and Regulatory Affairs Manager

Action: Take Positions on Legislation

8. FEDERAL AFFAIRS STANDING COMMITTEE UPDATE

Discussion: Sean Bigley, Federal Affairs Standing Committee Chair and Jim Peifer, Executive Director

9. URBAN WATER MANAGEMENT PLAN UPDATE

Discussion: Amy Talbot, Water Efficiency Program Manager

10. WATER EFFICIENCY PROGRAM UPDATE

Discussion: Amy Talbot, Water Efficiency Program Manager

11. EXECUTIVE DIRECTOR'S REPORT

12. DIRECTORS' COMMENTS

ADJOURNMENT

Next Executive Committee Meeting – February 24, 2021, 8:30 a.m. at the RWA/SGA office, 5620 Birdcage Street, Ste. 110, Citrus Heights, the location is subject to change depending on the COVID-19 emergency.

Next Regular RWA Board Meeting: Thursday, March 11, 2021, 9:00 a.m., at the RWA Office, the location is subject to change depending on the COVID-19 emergency.

The Executive Committee Meeting electronic packet will be available on the RWA website at <https://rwah2o.org/meetings/board-meetings/> to access and print the packet. Notification will be emailed when the Executive Committee meeting electronic packet is complete and posted on the RWA website.

RWA Board of Directors

2021 Chair: Sean Bigley

2021 Vice Chair: Dan York

S. Audie Foster, General Manager, California American Water

Evan Jacobs, Operations Manager, California American Water

***Ron Greenwood*, Board Member, Carmichael Water District**

Cathy Lee, General Manager, Carmichael Water District

David Wheaton, Director, Citrus Heights Water District

Hilary Straus, General Manager, Citrus Heights Water District

Raymond Riehle, Director, Citrus Heights Water District (alternate)

Kerri Howell, Councilmember, City of Folsom

Marcus Yasutake, Environmental/Water Resources Director, City of Folsom

William Lauritsen, Councilmember, City of Lincoln

Ray Leftwich, Public Works Director/City Engineer, City of Lincoln

Bruce Houdesheldt, Councilmember, City of Roseville

***Sean Bigley*, Assistant Environment Utilities Director, City of Roseville, Chair**

Rich Plecker, Director of Utilities, City of Roseville (alternate)

Dale Olson, City of Roseville (alternate)

Pauline Roccucci, Councilmember, City of Roseville (alternate)

Jeff S. Harris, Councilmember, City of Sacramento

***Michelle Carrey*, Supervising Engineer, City of Sacramento**

Bill Busath, Director of Utilities, City of Sacramento (alternate)

Anne Sanger, Policy and Legislative Specialist, City of Sacramento (alternate)

Martha Guerrero, Council Member, City of West Sacramento

***Bill Roberts*, Director of Public Works and Operations, City of West Sacramento**

Grace Espindola, Councilmember, City of Yuba City

Diana Langley, Public Works Director/City Manager, City of Yuba City

Ben Moody, Deputy Public Works Director, City of Yuba City (alternate)

Robert Matteoli, Board Member, Del Paso Manor Water District

John Lenahan, Board President, Del Paso Manor Water District

Brian Mueller, Director, El Dorado Irrigation District

Jim Abercrombie, General Manager, El Dorado Irrigation District

<p><i>Tom Nelson</i>, Board Chair, Elk Grove Water District <i>Mark Madison</i>, General Manager, Elk Grove Water District <i>Bruce Kamilos</i>, Assistant General Manager, Elk Grove Water District (alternate)</p>
<p><i>Randy Marx</i>, Board Member, Fair Oaks Water District <i>Tom Gray</i>, General Manager, Fair Oaks Water District</p>
<p><i>Paul Schubert</i>, General Manager, Golden State Water Company <i>Ernie Gisler</i>, Capital Program Manager, Golden State Water Company</p>
<p><i>Robert Hunter</i>, Board Member, Orange Vale Water Company <i>Joe Duran</i>, General Manager, Orange Vale Water Company</p>
<p><i>Robert Dugan</i>, Board Member, Placer County Water Agency <i>Tony Firenzi</i>, Director of Strategic Affairs, Placer County Water Agency <i>Matt Young</i>, Director of Customer Service, Placer County Water Agency, (alternate) <i>Andy Fecko</i>, General Manager, Placer County Water Agency (alternate) <i>Mike Lee</i>, Board Member, Placer County Water Agency (alternate) <i>Dan Kelly</i>, Agency Staff Counsel, Placer County Water Agency (alternate)</p>
<p><i>Les Clark</i>, Director, Rancho Murieta Community Services District <i>Tom Hennig</i>, Interim General Manager, Rancho Murieta Community Services District</p>
<p><i>Patrick Kennedy</i>, Supervisor, Sacramento County Water Agency <i>Kerry Schmitz</i>, Division Chief, Water Supply, Sacramento County Water Agency</p>
<p><i>Dave Jones</i>, Board Member, Sacramento Suburban Water District <i>Dan York</i>, General Manager, Sacramento Suburban Water District, Vice Chair <i>Kevin Thomas</i>, Board Member, Sacramento Suburban Water District (alternate)</p>
<p><i>Dan Rich</i>, Director, San Juan Water District <i>Greg Zlotnick</i>, Water Resources and Strategic Affairs, San Juan Water District <i>Ted Costa</i>, Board President, San Juan Water District (alternate) <i>Pam Tobin</i>, Board Member, San Juan Water District (alternate)</p>

AGENDA ITEM 3: CONSENT CALENDAR

All items listed under the Consent Calendar are considered and acted upon by one motion. Anyone may request an item be removed for separate consideration.

- 3a. Approve minutes of the December 14, 2020 Executive Committee Meeting
- 3b. Adopt the proposed Executive Committee Meeting Schedule for 2021
- 3c. Approve the Proposition 1 Round 1 Integrated Regional Water Management Implementation Grant Program Agreement

Action: Approve Consent Calendar Items

Attachments for each item follow in this order:

- a. Minutes of the December 14, 2020 Special Executive Committee Meeting
- b. Executive Committee Meeting Schedule for 2021
- c. Proposition 1 Round 1 Integrated Regional Water Management Implementation Grant Program Agreement



1. CALL TO ORDER

Chair Schmitz called the meeting of the Special Executive Committee to order at 8:00 a.m. as a teleconference meeting. 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
Kerry Schmitz, Sacramento County Water Agency
Dan York, Sacramento Suburban Water District
Dan Rich, San Juan Water District

Staff Members

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

Others in Attendance

Brian Sanders, Greg Zlotnick, Anne Sanger, John Woodling, Cathy Lee, Craig Locke, Bob Reisig, Bruce Kamilos, Terrie Mitchell, William Roberts, Ken Payne, James Grayson, Andy Fecko, José Ramirez, Charles Duncan, Kelye McKinney, Jon Goetz and Peggy Vande Vooren

2. PUBLIC COMMENT

None

3. CONSENT CALENDAR

a. Minutes of the October 28, 2020 Executive Committee meeting

Motion/Second Carried (M/S/C) Mr. Yasutake moved, with a second by Mr. Bigley, to approve the October 28, 2020 Executive Committee meeting minutes. 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, Kerry Schmitz, Sacramento County Water Agency and Dan Rich, San Juan Water District voted yes. The motion carried by the unanimous voice vote of all directors present.

Mr. York entered the meeting.

4. RWA 2020 AUDIT REPORT

Ms. Vande Vooren, Gilbert Associates, Inc. gave a presentation of the RWA 2020 audit report explaining the Executive Committee Meeting Summary, the Required Communications, and the actual audit report. She gave a summary of the Required Communications and an overview of the audit. The auditor's opinion is a clean unmodified opinion for 2020. Discussion about interactions with management was included in the packet. There were no suggested accounting policies for RWA to implement, no audit adjustments and no findings to report. Estimates and judgements in the financial statements include pensions and OPEB actuarial valuation. She explained the balance sheet and income statement that includes a statement of our net position and assets. The supplementary document provides additional information on the pension plans. There is an additional opinion at the back of the report with government auditing standards where compliance and internal control elements are incorporated.

M/S/C Mr. Yasutake moved, with a second by Mr. Schubert, to recommend RWA Board acceptance of the 2020 RWA financial audit report. 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, Kerry Schmitz, Sacramento County Water Agency, Dan York, Sacramento Suburban Water District and Dan Rich, San Juan Water District voted yes. The motion carried by the unanimous voice vote of all directors present.

5. SACRAMENTO CENTRAL GROUNDWATER AUTHORITY STAFFING PRESENTATION

Mr. Peifer gave an information update with a presentation that has been given to the SGA and SCGA. A Memorandum of Understanding created by the 3x3 committee was adopted by SGA, RWA and SCGA. The 3x3 committee includes the chair and vice chair of the authorities and a member that is independent of the other two authorities. SCGA is interested in a staffing arrangement that does not include staffing from Sacramento county.

The 3x3 committee has been discussing what a staffing relationship would look like and identifying any fatal flaws. Benefits would include improved regional coordination on groundwater banking and other issues, coordinated SGMA compliance, opportunities for sharing staff to right-size all three organizations, staffing plans and associated costs showing comparison charts for current and possible future staffing scenarios including the new Manager of Strategic Affairs position. Additional costs to consider will be additional board meetings, board packets, more complicated audits, and additional legal counsel. It may be necessary to hire a deputy director due to the administrative complexity to manage three agencies.

There is more to be discussed and explored with pros and cons to the arrangement with the similarities and differences between the two groundwater authorities. There is a possibility of reducing costs through the sharing of staffing, legal and consultation services. A disadvantage will be the requirement for a renegotiated Joint Powers Agreement.

Mr. Woodling said that Mr. Peifer's presentation shows the amount of effort that has gone into the merger idea through the 3x3 meetings. The idea would be to provide good governance and coordination with the agencies.

Mr. Peifer noted that there is interest in a workshop to provide additional staffing information to the SGA members. The SGA Board gave direction to explore what a consolidated organization would look like. There was support from the Executive Committee members to further analyze the potential for a consolidation of the two authorities.

Mr. Yasutake left the meeting.

6. Policy 500.3 revisions – subscriptions program fee policy

Mr. Peifer provided information saying that this policy addresses how non-RWA members would be assessed a fee for participation in the Water Efficiency Program. An adjustment to this policy is being driven by concerns from some members to address how non-members participate in other RWA subscription programs. The proposal is to assess non-members, who otherwise could be RWA members, a 20% fee on top of what they would pay for the subscription program.

Chair Schmitz noted that it is important for the policy to be broader because there is great value to non-members who participate in these programs. It is also important for agencies to understand the benefits of RWA membership. There was discussion that there should be a higher percentage assessed to non-members.

M/S/C Mr. York moved, with a second by Mr. Bigley, to recommend approval of Policy 500.3 revisions to the Board of Directors. 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 and Dan Rich, San Juan Water District voted yes. The motion carried by the unanimous voice vote of all directors present.

7. WATER BANK PHASE 2 SUBSCRIPTION PROGRAM AGREEMENT

Mr. Swartz gave an overview on the last phase of planning for the regional water bank. One of the key recommendations of the 2019 Regional Water Reliability Plan was to continue planning for the establishment of the Sacramento Regional Water Bank. Staff has been gaining an understanding of the activities that we need to complete to allow us to continue to do groundwater substitution transfers.

A completed Phase 2 program draft agreement was included in the packet that incorporates comments from perspective participating agencies and RWA legal counsel. The program will be funded completely by participants.

M/S/C Mr. Greenwood moved, with a second by Mr. Bigley, to approve Sacramento Regional Water Bank Project, Phase 2 Program Agreement. 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 and Dan Rich, San Juan Water District voted yes. The motion carried by the unanimous voice vote of all directors present.

8. 2021 POLICY PRINCIPLES

Mr. Ojakian reported that the 2020 and 2021 Policy Principles are similar. The only changes were the addition of two new policy principles to support ratepayer assistance programs if funded from progressive sources of revenue and without the use of a water tax and support for ratepayer debt relief and/or prohibitions on late fees and penalties only if water agencies are made whole from state or federal funds. The document with track changes was included in the packet.

M/S/C Mr. Bigley moved, with a second by Mr. York, to recommend approval of the 2021 Policy Principles to the Board of

Directors. 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 and Dan Rich, San Juan Water District voted yes. The motion carried by the unanimous voice vote of all directors present.

9. 2021 FEDERAL AFFAIRS PLATFORM

Mr. Peifer said that the Federal Affairs Platform is updated annually for presentation to the Executive Committee for recommendation for approval by the RWA Board. Ms. Sanger has worked on the development of the Federal Affairs Platform and has made it available on the RWA website.

Ms. Sanger said that the Federal Affairs Platform explains who we are, the challenges we will see in the future and the policies and funding that will facilitate us being able to address those challenges. The policies and projects will support conjunctive use and the elements of the Water Forum. The next funding package out of Washington is not certain. The Federal Affairs Committee is prepared to make the most of any Federal infrastructure funding when available.

M/S/C Mr. Greenwood moved, with a second by Ms. Carrey, to recommend approval of the 2021 Federal Legislative Platform to the Board of Directors. 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 and Dan Rich, San Juan Water District voted yes. The motion carried by the unanimous voice vote of all directors present.

10. MEETING MINUTES

Mr. Peifer requested feedback from the Executive Committee on whether we should change the format of meeting minutes to more of a summary. It was suggested that a new meeting summary format be produced and presented to the Executive Committee for consideration.

11. JANUARY 14, 2021 RWA BOARD MEETING AGENDA

M/S/C Ms. Carrey moved, with a second by Mr. Bigley, to approve the January 14, 2021 proposed RWA Board meeting agenda. Ron Greenwood,

Carmichael Water District, Sean Bigley, City of Roseville, Michelle Carrey, City of Sacramento, Paul Schubert Agency, Kerry Schmitz, Sacramento County Water Agency, Dan York, Sacramento Suburban Water District and Dan Rich, San Juan Water District voted yes. The motion carried by the unanimous voice vote of all directors present.

12. EXECUTIVE DIRECTOR'S REPORT

Mr. Peifer reported that there will be a coffee and conversation meeting hosted by the Executive Director and the 2020 RWA Chair. There will be a link sent out with an RSVP request for those who want to attend.

The RWA is planning to conduct focus groups with residential water customers to test RWA messaging and materials. The focus groups will provide a foundation for Public Relations Programs by helping RWA to understand the public's perception of, climate change, water banking, water quality and water transfers. RWA has developed an editorial calendar that will guide our external media outreach.

In January, we will report on COVID-19 impacts on water utilities and water affordability based on the State Water Board's survey results. The goal is to be prepared for the State Water Board discussing impacts and help shape expected legislation.

The Water Forum's 20th Anniversary artwork that celebrates the Lower American River and the regions progress toward the co-equal goals is scheduled to be installed this week. The mural can be viewed virtually at www.waterforum.org.

RWA has participated in the Asian Chamber of Commerce State Sprints efforts. The Asian Chamber is working with the Metro Chamber attempting to raise the profile of the region and identify what types of infrastructure should be asked for by the region.

We will begin the hiring process for the future Manager of Strategic Affairs.

Marisa Tricas with the City of Roseville has been active starting the Young Professionals Program.

At the January Executive Committee meeting, we will begin a discussion on how we operationalize the Strategic Plan and put it into action.

A COLA adjustment for staff of 1.6% is based on the November CPI for small Western Cities.

The State Water Board has released the updated water loss regulation and associated economic model. A rulemaking workshop is scheduled for

December 16th to give an overview of the release materials and receive stakeholder comments. It is unclear if the standards will improve when supplier specific data is entered into the model versus the default State Water Board model version. The State Water Board anticipates the formal rulemaking process will begin in January with formal adoption of the final regulations expected by June 2021.

13. DIRECTORS' COMMENTS

Mr. Greenwood reported that due to COVID-19 concerns for employees and their families, Carmichael Water District (CWD) has developed a schedule for staggered shifts for staff at their water treatment plant. CWD has Engineering Manager and Distribution Operations positions open.

Mr. Schubert and Mr. York wished everyone Happy Holidays!

Mr. Rich, San Juan Water District, reaffirmed interest in a joint workshop with the RWA and SGA to further discuss the SCGA staffing issues.

Chair Schmitz thanked Mr. Peifer for his work on the Water Forum and his efforts to date with processing the awards. Due to COVID-19 restrictions a 2020 holiday social will not be held. An awards event and announcement will be held virtually.

ADJOURNMENT

Chair Schmitz adjourned the meeting at 10:16 a.m.

By:

Chairperson

Attest:

Josette Reina-Luken, Board Secretary

AGENDA ITEM 3b: EXECUTIVE COMMITTEE MEETING SCHEDULE 2021

BACKGROUND:

RWA Executive Committee meetings are normally held on the fourth Wednesday of every month. The meetings begin at 8:30 a.m. Following is the proposed schedule of meetings for 2021.

Current RWA Executive Committee Meeting Schedule	Meeting Conflict	Proposed 2021 RWA Executive Committee Meeting Schedule
February 24, 2021	ACWA DC Conference is on February 24.	February 22, 2021 (Monday)
March 24, 2021		March 24, 2021
April 28, 2021		April 28, 2021
May 26, 2021		May 26, 2021
June 23, 2021		June 23, 2021
July 28, 2021		July 28, 2021
August 25, 2021		August 25, 2021
September 22, 2021		September 22, 2021
October 27, 2021		October 27, 2021
December 13, 2021 (Monday)	November/December 2021 meetings combined to accommodate Thanksgiving and Christmas holidays	December 13, 2021 (Monday)

AGENDA ITEM 3c: Proposition 1 Round 1 Integrated Regional Water Management Implementation Grant Program Agreement

BACKGROUND:

RWA was awarded a Proposition 1 Integrated Regional Water Management Grant from the California Department of Water Resources (DWR) in April 2020. The grant includes 11 projects throughout the region ranging from groundwater well construction to water efficiency programs. The grant award totals \$8.74 with an implementation timeline through 2023. Entities to receive grant funding include: City of Sacramento, Sacramento County Water Agency, Sacramento Suburban Water District, Fair Oaks Water District, Citrus Heights Water District, City of Lincoln, Valley Foothill Watersheds Collaborative, Sacramento Area Flood Control Agency, RWA Water Efficiency Program and RWA (grant management). For more details: DWR Proposition 1 webpage <https://water.ca.gov/Work-With-Us/Grants-And-Loans/IRWM-Grant-Programs/Proposition-1/Implementation-Grants> and RWA press release <https://rwah2o.org/sacramento-area-water-providers-awarded-8-74-million-for-climate-resiliency-projects/>.

To facilitate the management of this grant, RWA has drafted a grant program agreement (attached) between RWA and each participating entity. An agreement is signed for all grants that RWA manages on behalf of members primarily to outline reporting requirements and funding reimbursement processes. The attached agreement is similar in scope to past agreements and has no fiscal impact to the RWA. The attached agreement has been distributed to participating entities for review and it is anticipated that only minor edits will be needed.

**REGIONAL WATER AUTHORITY
PROJECT AGREEMENT**

**PROPOSITION 1 ROUND 1 INTEGRATED REGIONAL WATER MANAGEMENT
(IRWM) IMPLEMENTATION GRANT**

This Agreement is made and entered into as of the __ day of _____, 2020, by and between the Regional Water Authority (“RWA”), a joint exercise of powers authority formed under California Government Code section 6500, and following, and the RWA Members and Contracting Entities listed in Exhibit 1 to this Agreement, upon their execution of this Agreement (who are collectively referred to in this Agreement as “Participants”), to provide for carrying out a project or program that is within the authorized purposes of RWA, and sharing in the cost and benefits by the Participants.

RECITALS

A. RWA is a joint powers authority, formed to serve and represent regional water supply interests and to assist its members in protecting and enhancing the reliability, availability, affordability and quality of water resources.

B. The joint powers agreement (“RWA JPA”) pursuant to which RWA was formed and operates, authorizes RWA to enter into a “Project or Program Agreement,” which is defined in the RWA JPA as an agreement between RWA and two or more of its Members or Contracting Entities to provide for carrying out a project or program that is within the authorized purposes of RWA, and sharing in the cost and benefits by the parties to the Project or Program Agreement.

C. Article 21 of the RWA JPA states: “The Regional Authority’s projects are intended to facilitate and coordinate the development, design, construction, rehabilitation, acquisition or financing of water-related facilities (including sharing in the cost of federal, State or local projects) on behalf of Members and/or Contracting Entities. The Regional Authority may undertake the development, design, construction, rehabilitation, acquisition or funding of all or any portion of such projects on behalf of Members and/or Contracting Entities in the manner and to the extent authorized by such Members and/or Contracting Entities as provided in this Agreement, but shall not accomplish these functions, nor acquire or own water-related facilities in its own name.”

D. Article 22 of the RWA JPA states: “Prior to undertaking a project or program, the Members and/or Contracting Entities who elect to participate in a project or program shall enter into a Project or Program Agreement. Thereafter, all assets, benefits and obligations attributable to the project shall be assets, benefits and obligations of those Members and/or Contracting Entities that have entered into the Project or Program Agreement. Any debts, liabilities, obligations or indebtedness incurred by the Regional Authority in regard to a particular project or program, including startup costs advanced by the Regional Authority, shall be obligations of the participating Members and/or Contracting Entities, and shall not be the debts, liabilities, obligations and indebtedness of those Members and/or Contracting Entities who have not executed the Project or Program Agreement.”

E. RWA and the Participants desire to carry out a project and share in the costs and benefits of the project, as a Project or Program Agreement as provided for in Articles 21 and 22 of the RWA JPA.

F. RWA developed and adopted an Integrated Regional Water Management (“IRWM”) Plan for the lower American River Basin (“ARB”) to identify objectives and projects that will result in water supplies for all uses in a sustainable environment.

G. The California Department of Water Resources has awarded a Proposition 1 Round 1 IRWM Implementation Grant to fund projects in the ARB IRWM Plan.

In consideration of the promises, terms, conditions and covenants contained herein, the parties to this Agreement hereby agree as follows:

- 1. Recitals Incorporated.** The foregoing recitals are hereby incorporated by reference.
- 2. Description of the Project.** The project that RWA and the Participants desire to carry out involves completing the suite of projects included in RWA’s application to the California Department of Water Resources (“DWR”) for a Prop 1 Round 1 IRWM Implementation Grant under the Water Quality, Supply, and Infrastructure Improvement Act of 2014 (Proposition 1), to fund certain Participant projects as submitted on November 15, 2019. These projects are identified in Exhibit 1 of this Project Agreement.
- 3. Project Committee.** The Participants hereby form a Project Committee consisting of one representative (and one or more alternates) designated by each Participant. The Project Committee will meet as necessary from time to time to administer and implement this Agreement on behalf of the Participants. A majority of the members of the Project Committee will constitute a quorum, and a majority of the members of the Project Committee will be required for an affirmative vote to take action on behalf of the Participants.
- 4. Sharing in Project Costs and Benefits.** Each Participant will pay an apportioned share of project management costs (“Management Fee”), which include all estimated project management expenses (see Article 7 of this Agreement) for the duration of the Project. The Grant Award and Management Fee for each Participant is shown in Exhibit 1. Except as otherwise authorized in this Agreement, a Participant’s Management Fee shall not exceed the amount shown in Exhibit 1. A portion of the Management Fee of each of the Participants will be funded directly through the grant award. That portion will not be directly reimbursed to the Participants, but will be used to cover a portion of RWA’s project management costs. This results in the Net Grant Award shown in Exhibit 1, which will be directly reimbursed to the Participants.

The Project Committee will pay back any surplus funds, including any excess Management Fees, to the Participants on an apportioned share basis reflecting the amount of the payments made by each of the Participants. In accordance with the provisions of Articles 21 and 22 of the RWA JPA, any debts, liabilities, obligations or indebtedness incurred by RWA in regard to the Project

will be the obligations of the Participants, and will not be the debts, liabilities, obligations and indebtedness of those Members and/or Contracting Entities who have not executed this Agreement.

5. Role of Participants. Participants to this Project Agreement acknowledge that RWA will execute a grant agreement with DWR to accept the Proposition 1 Round 1 IRWM Implementation Grant. The Participants, acting as Local Project Sponsors, shall assume responsibility of individual project management, oversight, compliance, and operations and maintenance of their respective projects. The Participants shall also act on behalf of RWA in the fulfillment of responsibilities as specified in the grant agreement with DWR. Specified responsibilities are identified in Exhibit 2 of this Project Agreement. RWA will have no obligation to prepare and submit invoices or take any other actions on behalf of, or liability for failing to take any action in regard to obtaining reimbursement for, any Participant that breaches one or more of its responsibilities provided in this Agreement or Exhibit 2 hereof and that fails to cure such breach promptly after receipt of notice from RWA of the breach and requirements for curing the breach. RWA also will have no liability to any Participant for the unavailability of grant funds from the DWR or any other state or federal agency.

6. Role of RWA. The Executive Director of RWA will: (a) ensure that the interests of Members and Contracting Entities of RWA who do not participate in this Project are not adversely affected in performing this Agreement, (b) provide information to the Participants on the status of implementation of the Project, (c) assist the Project Committee in carrying out its activities under this Agreement, and (d) administer implementation of the grant on behalf of RWA and the Participants consistent with the determinations of the Project Committee and the provisions of this Agreement.

7. RWA Project Management Expenses. As part of the project management budget of \$158,648 (including legal fees, data collection and retrieval, report preparation, project management, project audits, and other activities necessary to complete the project), each Participant will pay RWA the amount shown in Exhibit 1 as its Management Fee. The Participant Local Share Management Fee being collected represents the 42 percent minimum local cost share required under the DWR grant award; the DWR grant award will fund up to 58 percent (or a maximum of \$92,794) of the RWA Management Fee. The amount of \$158,648 to manage the grant is based on a cost estimate developed by RWA staff, which is attached as Exhibit 3. While none are anticipated at this time, any fee increases above the not-to-exceed budget would require a written amendment to this Agreement approved by each Participant.

8. Authorization to Proceed with the Project. The Project is authorized to proceed upon the commitment of \$65,854 by Project Participants to fund the initial Project costs. Upon execution of this Agreement, each Participant agrees to pay their Management Fee as required by Articles 4 and 7. Payments will be due and payable upon RWA's presentation of an invoice to each Participant.

9. Term. This Agreement will remain in effect for as long as any obligations under this Agreement remain outstanding.

10. Withdrawal. A Participant may withdraw from this Agreement at any time, effective upon sixty days' notice to RWA and the other Participants, provided that the withdrawing Participant will not be entitled to a refund of any portion of its initial Project costs and initial Management Fee payment.

11. Amendments. This Agreement may be amended from time to time with the approval of all of the Participants and RWA.

12. General Provisions. Any notice to be given under this Agreement may be made by: (a) depositing in any United States Post Office, postage prepaid, and shall be deemed received at the expiration of 72 hours after its deposit; (b) transmission by electronic mail; or (c) personal delivery. This Agreement shall be governed by the laws of the State of California. This Agreement may be executed by the parties in counterpart, each of which when executed and delivered shall be an original and all of which together will constitute one and the same document.

The foregoing Proposition 1 Round 1 IRWM Implementation Grant Project Agreement, is hereby consented to and authorized by RWA and the Participants.

Dated: _____, 2020

Dated: _____, 2020

Signature

Signature

Name

Name

Regional Water Authority

Organization

EXHIBIT 1

PROJECT PARTICIPANT AWARDS AND FEES

#	Organization	Project Name	Revised Grant Award	Total Management Fee	Grant Share Management Fee	Local Share Management Fee
1	Regional Water Authority	Regional Grant Management	\$92,794	\$0	\$0	\$0
2	City of Sacramento	Groundwater Well Recharge Improvement	\$1,022,000	\$16,668	\$8,436	\$8,232
3	Sacramento County Water Agency	Power Inn Road Transmission Main - Calvine Road to Geneva Pointe Drive	\$742,000	\$16,668	\$8,436	\$8,232
4	Sacramento Suburban Water District	Well 79 Verner/Panorama - Pumping Station	\$1,022,000	\$16,668	\$8,436	\$8,232
5	Fair Oaks Water District	New York Groundwater Well	\$772,000	\$16,668	\$8,436	\$8,232
6	Citrus Heights Water District	Highland Avenue Groundwater Production Well	\$1,022,000	\$16,668	\$8,436	\$8,232
7	City of Lincoln	Joiner Park Conversion to Reclaimed Water	\$452,206	\$16,668	\$8,436	\$8,232
8	Valley Foothill Watersheds Collaborative	American River Basin Stewardship and Citizen Science Program	\$171,000	\$8,436	\$8,436	\$0
9	Regional Water Authority	Regional Leak Detection and Repair	\$1,000,000	\$16,668	\$8,436	\$8,232
10	Regional Water Authority	Advancing Water Efficiency in the Sacramento Region	\$1,244,000	\$8,436	\$8,436	\$0
11	Regional Water Authority	Water Efficiency Decision Support Tool	\$200,000	\$8,436	\$8,436	\$0
12	Sacramento Area Flood Control Agency (SAFCA)	Groundwater Recharge and Swainson's Hawk Preservation Project	\$1,009,750	\$16,668	\$8,436	\$8,232
		Total	\$8,749,750	\$158,648	\$92,794	\$65,854

EXHIBIT 2

PARTICIPANT/LOCAL PROJECT SPONSOR OBLIGATIONS UNDER DWR PROPOSITION 1 ROUND 1 IRWM DROUGHT GRANT AGREEMENT

Each Participant listed in Exhibit 1, acting as a Local Project Sponsor, has agreed in accordance with Section 5 of the Program Agreement that it will fully and timely perform all Local Project Sponsor obligations. Under Article 5 of the Proposition 1 Round 1 Implementation Grant Agreement between RWA and DWR (“Grant Agreement”), each Local Project Sponsor is required to act on behalf of RWA for the purposes of individual project management, oversight, compliance, and operations and maintenance, and to act on behalf of RWA in the fulfillment of RWA’s responsibilities under the agreement.

The Grant Agreement is attached as Appendix A to this Exhibit 2 and made a part hereof. The attached draft agreement will be replaced as necessary with any amended drafts and, when executed, with the final document. RWA will provide each Participant with a copy of the executed final Grant Agreement. Any new or amended terms and conditions in subsequent versions of the Grant Agreement will govern over the similar terms and conditions stated in this Exhibit 2.

Each Participant will include all applicable provisions in this Exhibit 2 as contract terms, conditions or specifications in any consulting, construction or other contract let to a contractor or subcontractor to carry out any portion of a project funded under the Grant Agreement.

With reference to the attached Grant Agreement, each Participant is required to:

I. Financial Provisions

A. Cost Share. Each Participant shall be obligated to provide its agreed local cost share for its project in the amount agreed between RWA and DWR and approved by Participant. Each participant may include eligible costs for its project incurred after January 1, 2015 in its local cost share amount.

B. General Funding Conditions. In order to be included in the agreement project(s) that are subject to the California Environmental Quality Act (CEQA) and/or environmental permitting (including final land purchases) are completed and all permits necessary to begin construction are acquired.

Projects that have not completed CEQA will be included in the Agreement as a placeholder. Placeholder projects are not eligible for grant reimbursement and may not submit invoices to DWR until such time as they are fully included in the Agreement. A single amendment to the Agreement will be allowed to include projects that complete CEQA and/or acquire permits necessary to begin construction within twelve months of Final Award.

Prior to the commencement of construction or implementation activities, if applicable, the Participant shall submit the following to DWR. 1. Final plans and specifications certified, signed and stamped by a California Registered Civil Engineer (or equivalent registered professional as appropriate) to certify compliance for each approved project as listed in Exhibit A of this Grant Agreement. Proceeding with work subject to CEQA prior to the DWR's concurrence shall constitute a material breach of the Grant Agreement.

Each Participant is required to comply with the following general conditions: (1) demonstrate the availability of sufficient funds to complete its project by submitting the most recent 3 years of audited financial statements; (2) comply with Public Resources Code section 75102 to notify any California Native American tribe with traditional lands located within the project area of project construction using contact list maintained by the Native American Heritage Commission (this applies to projects filing a negative declaration or environmental impact report under CEQA after March 1, 2009; and (3) for groundwater management and recharge projects and projects with potential groundwater impacts, demonstrate compliance with the groundwater compliance options set forth on Article 17.

C. Eligible Project Costs. The Grantee shall apply State funds received only to Eligible Project Costs in accordance with applicable provisions of the law and Exhibit B, "Budget." Eligible Project Costs include the reasonable costs of studies, engineering, design, land and easement acquisition and associated legal fees, preparation of environmental documentation, environmental mitigations, monitoring, and project construction. Reimbursable administrative expenses are the necessary costs incidental but directly related to the Project included in this Agreement.

D. Invoice Information. Invoices must include all of the information provided in Article 8, page 3 of the attached Grant Agreement. RWA will provide Participants with information on preparing reimbursement requests and the information required to prepare and submit invoices to DWR. Each Participant will promptly respond to any RWA request for additional information necessary for RWA staff to prepare reimbursement requests acceptable to DWR.

E. Accounting and Deposit of Funding Disbursement. Each Participant is obligated to account for the expenditure of all grant funds received. Participant's obligations all of the accounting, disclosure and return of funds provisions set forth in Article D.1, Exhibit D of the attached Grant Agreement.

F. Travel. Each participant agrees that travel and per diem costs shall not be eligible for reimbursement with State funds, and shall not be eligible for computing participant cost match. Travel includes the costs of transportation, subsistence, and other associated costs incurred by personnel during the term of the attached Grant Agreement.

II. Permitting and Environmental Compliance

A. Environmental Compliance. No Participant may proceed with any project work that is subject to CEQA and any other environmental permitting requirements until Participant: (1) submits all applicable environmental permits indicated on the Environmental Information Form to DWR; (2)

provides copies of any CEQA documents required for its project to DWR; and (3) after DWR completes any required CEQA compliance review as a Responsible Agency, receives written concurrence from the DWR of Participant's CEQA documents and DWR's notice of verification of environmental permit submittal.

B. Permits, Licenses, and Approvals. Each Participant shall be responsible for ensuring that any and all permits, licenses, and approvals required for performing its project are obtained, and shall comply with federal, State and local laws, rules, and regulations, guidelines, and requirements applicable to its project. Each participant shall provide copies of permits and approvals to RWA for submission to DWR.

III. Reporting and Audit Obligations

A. Submission of Reports. Each Participant will provide all reports (including Quarterly Progress, Water Management Status, Project Completion, Grant Completion, and Post-Performance Reports), data, information, and certifications necessary for RWA to comply with all DWR reporting requirement provided in the Grant Agreement. RWA will provide Participants with template report forms, reporting and instructions and related assistance to ensure the timely preparation and submittal of all reports in the necessary formats required under the Grant Agreement. Participants will timely respond to any RWA requests for additional information and work on required reports. The types, format, content, and timing of required reports is provided in Exhibit F to the attached Grant Agreement and Participants are encouraged to review and familiarize themselves with that information. Water Management Status reporting requirements are described in Article 13, page 8 of the attached Grant Agreement.

B. State Audits. The State reserves the right to conduct an audit at any time between the execution of the Grant Agreement and the completion of any or all projects funded by the Grant Agreement. After completion of all projects, the State may require RWA to obtain a final audit conducted by an independent Certified Public Accountant. In addition, under Government Code section 8546.7, the State may audit the performance of the Grant Agreement or of individual projects for a period of three years after final payment under the Grant Agreement (i.e., completion of all projects and payment of closing invoice). Participants, and their contractors and subcontractors, are required to preserve all project-related records and data for a minimum of three years after final payment under the Grant Agreement. See Exhibit I to the attached Grant Agreement for a listing of documents and records that State Auditors would require for review if this grant or any individual project(s) funded by it are audited.

C. Disposition of Equipment. Upon RWA's request, each Participant shall provide a final inventory list of equipment purchased with grant funds provided by DWR with a current estimated fair market value of more than \$5,000 per item. Under the Grant Agreement, DWR reserves the right to take title and possession of any items listed in the inventory that it identified in writing within 60 days of receipt of such inventory. All other listed items shall become the Participant's property.

D. Retention. DWR shall withhold ten percent (10%) of the funds, for each Project, until the Project is complete and Final Project Report is approved and accepted by DWR. Upon approval

of the Final Project report, any retained amounts due to the Grantee will be promptly disbursed to the Grantee, without interest. As noted in Section III.A., above, and Article 14 of the Grant Agreement. Upon receipt of the retained funds held by DWR, RWA will distribute those funds to each Participant in accordance with the previously agreed amount due.

IV. Project Construction and Operation

A. Labor Code Compliance. Each Participant agrees to be bound by all the provisions of the Labor Code regarding prevailing wages and shall monitor all contracts subject to reimbursement from this Agreement to assure that the prevailing wage provisions of the Labor Code are being met. Current Department of Industrial Relations (DIR) requirements may be found at <http://www.dir.ca.gov/lcp.asp>. For more information, please refer to DIR's Public Works Manual at: <https://www.dir.ca.gov/dlse/PWManualCombined.pdf>. The Grantee affirms that it is aware of the provisions of section 3700 of the Labor Code, which requires every employer to be insured against liability for workers' compensation or to undertake self-insurance, and the Grantee affirms that it will comply with such provisions before commencing the performance of the work under this Agreement and will make its contractors and subcontractors aware of this provision.

B. Operation and Maintenance of Project. Each Participant shall ensure the proper start up and continued efficient and economical operation of its project. Such obligation includes making all repairs, renewals, and replacements necessary to the efficient operation and maintenance of the project. Operations and maintenance costs of funded projects are not reimbursable expenses under the Grant Agreement and each Participant shall be solely liable for payment of such costs.

C. Acknowledgement of Credit. Participants shall include appropriate acknowledgement of the State and any cost-sharing partners for their support when promoting their projects or using any data or information developed under the Grant Agreement. Signage shall be posted in a prominent location at Project site(s) (if applicable) or at the Grantee's headquarters and shall include the Department of Water Resources color logo and the following disclosure statement: "Funding for this project has been provided in full or in part from the Water Quality, Supply, and Infrastructure Improvement Act of 2014 and through an agreement with the State Department of Water Resources." The Grantee shall also include in each of its contracts for work under this Agreement a provision that incorporates the requirements stated within this Paragraph. Each participant shall notify RWA and DWR that the sign has been erected by providing them with a site map with the sign location noted and a photograph of the sign.

D. Competitive Bidding and Procurement. Each Participant's contracts with other entities for the acquisition of goods and services and construction of public works with funds provided by State under this Grant Agreement shall be in writing and shall comply with all applicable laws and regulations regarding the securing of competitive bids and undertaking competitive negotiations. If the Grantee does not have a written policy to award contracts through a competitive bidding or sole source process, the Department of General Services' State Contracting Manual rules shall be followed.

E. Inspections and Certification by Engineer.

1. Upon completion of the Project, the Grantee shall provide for a final inspection and certification by a California Registered Professional (i.e., Professional Civil Engineer, Engineering Geologist), that the Project has been completed in accordance with submitted final plans and specifications thereto and with the Grant Agreement.

2. The State shall have the right to inspect project work being performed at any and all reasonable times. Each Participant shall include provisions ensuring such access for the State in all contracts and subcontracts entered into for projects funded under the Grant Agreement. During regular office hours, State shall have the right to inspect and to make copies of any books, records, or reports of the Participant and its contractors and subcontractors relating to this Grant Agreement.

V. Regulatory Requirements

A. Child Support Obligations. Each Participant acknowledges and agrees that by participating in the grant, it recognizes the importance of child and family support obligations and will fully comply with all applicable state and federal laws relating to child and family support enforcement, including, but not limited to, disclosure of information and compliance with earnings assignment orders, as provided in Chapter 8 (commencing with section 5200) of Part 5 of Division 9 of the Family Code. Each Participant also will fully comply with the earnings assignment orders of all employees and will provide the names of all new employees to the New Hire Registry maintained by the California Employment Development Department.

B. Drug-Free Workplace. Each Participant certifies, under penalty of perjury under the laws of State of California, its compliance with the requirements of the Drug-Free Workplace Act of 1990 (Government Code 8350 et seq.) and have or will provide a drug-free workplace by taking all of the actions provided in Article D.16, Exhibit D to the attached Grant Agreement.

C. Nondiscrimination. Each Participant acknowledges and agrees that it shall not unlawfully discriminate, harass, or allow harassment against any employee or applicant for employment because of sex, race, color, ancestry, religious creed, national origin, physical disability (including HIV and AIDS), mental disability, medical condition (cancer/genetic characteristics), age (over 40), marital/domestic partner status, and denial of medical and family care leave or pregnancy disability leave. Participants shall comply with the provisions of the Fair Employment and Housing Act (Government Code Section 12990 and the applicable regulations promulgated thereunder (California Code of Regulations, Title 2, Section 11000 et seq.). Each Participant shall give written notice of its obligations under this paragraph to labor organizations with which they have a collective bargaining or other agreement.

D. Americans With Disabilities Act. Each Participant certifies that it complies with the Americans with Disabilities Act (ADA) of 1990, (42 U.S.C., 12101 *et seq.*), and all applicable regulations and guidelines issued pursuant to the ADA.

E. Groundwater Monitoring. Any Participant carrying out a groundwater project or project that includes groundwater monitoring requirements funded by the Grant Agreement shall ensure that such projects are consistent with the Groundwater Quality Monitoring Act of 2001 (Water Code

10780 et seq.) and, where applicable, that projects affecting water quality shall include a monitoring component that allows the integration of data into statewide monitoring efforts, including where applicable, the Surface Water Ambient Monitoring Program carried out by the State Water Resources Control Board.

VI. Miscellaneous Provisions

A. Computer Software. Each Participant certifies that it has appropriate controls in place to ensure that grant funds will not be used for the acquisition, operation, or maintenance of computer software in violation of copyright laws.

B. Project Monitoring Plan Requirements. Each Participant shall provide all data, information and cooperation requested by RWA to assist it with the preparation and submittal of the Project Monitoring Plan required under Exhibit L of the attached Grant Agreement.

C. Notification of State. Each Participant will promptly notify RWA in writing of the following:

1. Events or proposed changes in a project that could affect the scope, budget, or work performed under the Grant Agreement.

2. Any public or media event publicizing the accomplishments or results of a project funded under the Grant Agreement. Participants shall notify RWA at least 14 calendar days in advance of any such event to provide State representatives with the opportunity to attend and participate.

3. Discovery of any potential archaeological or historical resource. Should a potential archaeological or historical resource be discovered during construction, the Participant agrees that all work in the area of the find shall cease until a qualified archaeologist has evaluated the situation and made recommendations regarding preservation of the resource, and DWR has determined what actions should be taken to protect and preserve the resource. The Participant agrees to implement appropriate actions as directed by DWR.

4. Final inspection of a completed project by a Registered Civil Engineer (See Item IV.E, above). Participants shall notify RWA at least 14 calendar days in advance of any such inspection in order to provide State representatives with the opportunity to participate.

D. Prohibition Against Disposal of Project Without State Permission. Participants shall not sell, abandon, lease, transfer, exchange, mortgage, hypothecate, or encumber in any manner whatsoever all or any portion of any real or other property necessarily connected or used in conjunction with their projects without DWR's prior permission. Participants also shall not take any action relating to user fees, charges, and assessments that could adversely affect its ability to meet its obligations under the Grant Agreement, without prior written permission of State.

E. Indemnification. Grantee shall indemnify and hold and save the State, its officers, agents, and employees, free and harmless from any and all liabilities for any claims and damages (including inverse condemnation) that may arise out of the Projects and this Agreement, including, but not limited to any claims or damages arising from planning, design, construction, maintenance

and/or operation of levee rehabilitation measures for this Project and any breach of this Agreement. Grantee shall require its contractors or subcontractors to name the State, its officers, agents and employees as additional insured on their liability insurance for activities undertaken pursuant to this Agreement.

APPENDIX A

**PROPOSITION 1 ROUND 1 INTEGRATED REGIONAL WATER MANAGEMENT
IMPLEMENTATION GRANT AGREEMENT BETWEEN
RWA AND DWR**

Total GRANT Funded RWA Project Management				\$84,358.00
Rate Adjustment over 3 years	Contingency 10%			\$8,435.80
				\$92,793.80

300	2	\$600.00	Agreement Legal Review
		Collect	
		\$60,067.00	
	10% Cont.	\$5,786.70	
		\$65,853.70	

AGENDA ITEM 4: DEVELOPMENT OF FISCAL YEAR 2021 – 2022 BUDGET

BACKGROUND:

Every January, staff begins the process of preparing a draft budget for the following fiscal year. This includes requesting updated retail connections from all RWA members to calculate the annual dues, reviewing RWA's budget policies, discussing any significant changes in budgeted revenues and/or expenditures, and outlining the budget schedule.

This past year's financial performance has been unusual resulting from COVID-19 pandemic. As such, RWA anticipates significant savings from FY2020 and does not foresee an increase in the total amount of RWA or WEP member dues needed given a status quo outlook. This upcoming budget is expected to reflect increased revenues from subscription programs, grant projects, and Sacramento Groundwater Authority (SGA) reimbursements to cover its increased expenditures. It is also expected that budgeted office and professional services expense categories will increase accordingly with consumer price index for supply and routine purchases, planned increase percentage for healthcare costs, and the customary increase for professional/licensed services, etc. Staff does not recommend changing the current level of PERS unfunded liability payments until next fiscal year when the PERS actuarial reports will be updated to include fiscal year 2020 performance and inclusive of all payments made to date. Retiree health (OPEB) contributions are expected to increase from the last fiscal year in consideration of the discount rate decline. Overall, the fiscal year 2022 budget will likely project a large deficit. However, the funding gap will be covered by improved budget performance and prior year savings.

Currently, the RWA Ad Hoc Dues Committee is reviewing the member dues calculation methodology to determine if the committee will recommend an alternative for the Executive Committee's consideration. This recommendation will address the allocation of dues amongst the members and not the overall total dues needed.

With the passing of the RWA Strategic Plan, it may be the case that the Executive Committee would like to change or increase resource allocations towards a specific strategic plan objective. If that is the case, then staff will incorporate those requests in the draft budget. If there are no significant unplanned changes, staff will arrange for an early budget adoption by the RWA Board at the scheduled March meeting.

Information and Presentation: Josette Reina-Luken, Finance and Administrative Services Manager

Attachments:

Fiscal Year 2021 – 2022 Budget PowerPoint Presentation
PERS Unfunded Liability & CERBT/OPEB Statements



California Public Employees' Retirement System

Actuarial Office

400 Q Street, Sacramento, CA 95811 | Phone: (916) 795-3000 | Fax: (916) 795-2744

888 CalPERS (or 888-225-7377) | TTY: (877) 249-7442 | www.calpers.ca.gov

December 29, 2020

CalPERS ID: 6065061198
 Employer Name: REGIONAL WATER AUTHORITY
 Rate Plan: MISCELLANEOUS PLAN [1719]

Re: Lump Sum Payment to reduce the Unfunded Accrued Liability

Dear Requestor:

As requested, information on the fiscal year 2021-22 employer contribution requirement following your lump sum payment is shown below.

If you are aware of others interested in this information (i.e. payroll staff, county court employees, port districts, etc.), please inform them.

The information is based on the most recent annual valuation and assumes payment by *January 11, 2021* and no further contractual or financing changes taking effect before June 30, 2021. The Unfunded Accrued Liability (UAL) will be reduced or eliminated by a lump sum payment in the amount of **\$36,700**. The payment will be applied to the Assumption Change 06/30/2016 and Assumption Change 06/30/2017 base(s).

There will be no change to your FY 2020-21 contributions.

Valuation as of June 30, 2019	Pre-Payment	Post-Payment
Projected 6/30/2021 Total Unfunded Liability	\$ 147,051	
Payment on January 11, 2021	\$ 36,700	
Revised 6/30/2021 Total Unfunded Liability		\$ 109,177
FY 2021-22 Employer Contributions		
Base Total Normal Cost for Formula	17.25%	17.25%
Surcharges for Class 1 Benefit		
a) PRSA 50%	0.72%	0.72%
Phase out of Normal Cost Difference	<u>0.00%</u>	<u>0.00%</u>
Plan's Total Normal Cost	17.97%	17.97%
Formula's Expected Employee Contribution Rate	<u>6.91%</u>	<u>6.91%</u>
Employer Normal Cost Rate	11.06%	11.06%
Payment on Assumption Change 06/30/2016	\$ 2,360	\$ 2,360
Payment on Assumption Change 06/30/2017	\$ 2,552	\$ 2,552
Payment on all other bases	<u>\$ 3,392</u>	<u>\$ 3,392</u>
Employer Unfunded Liability Payment	\$ 8,304	\$ 8,304

The attached schedule of the plan's amortization bases includes the additional discretionary payment(s) listed above.

Schedule of Amortization Bases

Reason for Base	Date Established	Ramp Up/Down 2021-22	Escalation Rate	Amortization Period	Balance 6/30/19	Expected Payment 2019-20	Balance 6/30/20	Expected Payment 2020-21	Balance 6/30/21	Scheduled Payment for 2021-22
NON-INVESTMENT (GAIN)/LOSS	06/30/15	100% →	2.75%	26	\$(6,189)	\$(247)	\$(6,367)	\$(333)	\$(6,468)	\$(428)
NON-INVESTMENT (GAIN)/LOSS	06/30/16	80% ↗	2.75%	27	\$(11,494)	\$(311)	\$(11,977)	\$(471)	\$(12,328)	\$(645)
INVESTMENT (GAIN)/LOSS	06/30/16	80% ↗	2.75%	27	\$72,021	\$16,415	\$60,083	\$2,951	\$61,236	\$3,203
ASSUMPTION CHANGE	06/30/16	80% ↗	2.75%	17	\$30,662	\$1,132	\$31,637	\$30,520	\$2,281	\$2,360
NON-INVESTMENT (GAIN)/LOSS	06/30/17	60% ↗	2.75%	28	\$(2,861)	\$(40)	\$(3,020)	\$(80)	\$(3,149)	\$(124)
INVESTMENT (GAIN)/LOSS	06/30/17	60% ↗	2.75%	28	\$(67,415)	\$(937)	\$(71,165)	\$(1,892)	\$(74,189)	\$(2,916)
ASSUMPTION CHANGE	06/30/17	60% ↗	2.75%	18	\$43,231	\$817	\$45,412	\$9,472	\$38,793	\$2,552
NON-INVESTMENT (GAIN)/LOSS	06/30/18	40% ↗	2.75%	29	\$8,741	\$0	\$9,353	\$128	\$9,875	\$262
INVESTMENT (GAIN)/LOSS	06/30/18	40% ↗	2.75%	29	\$(21,612)	\$0	\$(23,125)	\$(316)	\$(24,417)	\$(649)
METHOD CHANGE	06/30/18	40% ↗	2.75%	19	\$17,221	\$(207)	\$18,641	\$348	\$19,586	\$714
ASSUMPTION CHANGE	06/30/18	40% ↗	2.75%	19	\$63,013	\$(3,125)	\$70,656	\$1,317	\$74,240	\$2,707
NON-INVESTMENT (GAIN)/LOSS	06/30/19	No Ramp	0.00%	20	\$9,434	\$0	\$10,094	\$0	\$10,801	\$986
INVESTMENT (GAIN)/LOSS	06/30/19	20% ↗	0.00%	20	\$11,281	\$0	\$12,071	\$0	\$12,916	\$282
TOTAL					\$146,033	\$13,497	\$142,293	\$41,644	\$109,177	\$8,304

This schedule assumes an additional discretionary payment is made in the amount and by the date stated on page 1 of this letter.

Discount Rate Sensitivity

The discount rate assumption is calculated as the sum of the assumed real rate of return and the assumed annual price inflation, currently 4.50% and 2.50%, respectively. Changing either the price inflation assumption or the real rate of return assumption will change the discount rate. The sensitivity of the valuation results to the discount rate assumption depends on which component of the discount rate is changed. Shown below are various valuation results as of June 30, 2019 assuming alternate discount rates by changing the two components independently. Results are shown using the current discount rate of 7.0% as well as alternate discount rates of 6.0% and 8.0%. The rates of 6.0% and 8.0% were selected since they illustrate the impact of a 1.0% increase or decrease to the 7.0% assumption.

Sensitivity to the Real Rate of Return Assumption

As of June 30, 2019	1% Lower Real Return Rate	Current Assumptions	1% Higher Real Return Rate
Discount Rate	6.0%	7.0%	8.0%
Inflation	2.5%	2.5%	2.5%
Real Rate of Return	3.5%	4.5%	5.5%
a) Total Normal Cost	22.39%	17.97%	14.58%
b) Accrued Liability	\$2,806,866	\$2,444,528	\$2,147,701
c) Market Value of Assets	\$2,298,495	\$2,298,495	\$2,298,495
d) Unfunded Liability/(Surplus) [(b) - (c)]	\$508,371	\$146,033	(\$150,794)
e) Funded Status	81.9%	94.0%	107.0%

Sensitivity to the Price Inflation Assumption

As of June 30, 2019	1% Lower Inflation Rate	Current Assumptions	1% Higher Inflation Rate
Discount Rate	6.0%	7.0%	8.0%
Inflation	1.5%	2.5%	3.5%
Real Rate of Return	4.5%	4.5%	4.5%
a) Total Normal Cost	19.16%	17.97%	16.55%
b) Accrued Liability	\$2,595,874	\$2,444,528	\$2,255,391
c) Market Value of Assets	\$2,298,495	\$2,298,495	\$2,298,495
d) Unfunded Liability/(Surplus) [(b) - (c)]	\$297,379	\$146,033	(\$43,104)
e) Funded Status	88.5%	94.0%	101.9%

Mortality Rate Sensitivity

The following table looks at the change in the June 30, 2019 plan costs and funded ratio under two different longevity scenarios, namely assuming post-retirement rates of mortality are 10% lower or 10% higher than our current mortality assumptions adopted in 2017. This type of analysis highlights the impact on the plan of improving or worsening mortality over the long-term.

As of June 30, 2019	10% Lower Mortality Rates	Current Assumptions	10% Higher Mortality Rates
a) Total Normal Cost	18.29%	17.97%	17.68%
b) Accrued Liability	\$2,490,679	\$2,444,528	\$2,401,893
c) Market Value of Assets	\$2,298,495	\$2,298,495	\$2,298,495
d) Unfunded Liability/(Surplus) [(b) - (c)]	\$192,184	\$146,033	\$103,398
e) Funded Status	92.3%	94.0%	95.7%

OPEB Funding Information
(Continued)

We develop the Actuarially Determined Contributions (ADCs) for fiscal years ending June 30, 2021 and June 30, 2022 from the results of this valuation. The ADC for fiscal year end June 30, 2020 was developed from the prior (2017) valuation and we have included this for reference as well.

Funding Policy	Prefunding		Prefunding Basis	
Valuation date	6/30/2017		6/30/2019	
For fiscal year ending	6/30/2020		6/30/2021	6/30/2022
Expected long-term return on assets	7.00%		6.90%	6.90%
Discount rate	7.00%		6.90%	6.90%
Number of Covered Employees				
Actives	7		8	8
Retirees	3		4	4
Total Participants	10		12	12
Actuarial Present Value of Projected Benefits				
Actives	\$ 1,233,118	\$ 1,380,307	\$ 1,436,667	
Retirees	276,945	422,166	388,723	
Total APVPB	1,510,063	1,802,473	1,825,390	
Actuarial Accrued Liability (AAL)				
Actives	990,716	696,365	789,582	
Retirees	276,945	422,166	388,723	
Total AAL	1,267,661	1,118,531	1,178,305	
Actuarial Value of Assets	1,173,663	1,270,931	1,317,819	
Unfunded AAL (UAAL)	93,998	(152,400)	(139,514)	
UAAL Amortization method				
Remaining amortization period (years)	9		8	7
Amortization Factor	6.9713		6.4081	5.7813
Actuarially Determined Contribution (ADC)				
Normal Cost	\$ 68,388	\$ 78,624	\$ 81,180	
Amortization of UAAL	13,484	(23,782)	(24,132)	
Interest to fiscal year end	5,731	3,784	3,937	
Total ADC	87,603	58,626	60,985	

Funding of the ADC

Reduce ADC by the current implicit subsidy	(30,778)	(40,257)	(26,683)
Additional payments needed to meet ADC	56,825*	18,369	34,302
Estimated retiree benefits paid by agency	45,719	57,814	52,871
Estimated contribution (refund) to/from trust	11,106	(39,445)	(18,569)

If RWA's portion of retiree medical premiums are as projected for the fiscal years ending 2021 and 2022, no contribution would be needed to the trust for these years. At RWA's option, a partial reimbursement from the trust back to RWA is possible (and anticipated) for the excess of benefits paid of the ADC.

*RWA's total OPEB contributions were \$321 less than the ADC for the FYE 6/30/2020. This amount will be added to the contributions made during fiscal year 2020/21.



AGENDA ITEM 5: AD HOC COMMITTEES UPDATES

BACKGROUND:

Currently, RWA has four Ad Hoc Committees for the following subject areas including the 3x3 Sacramento Groundwater Authority Consolidation, RWA Membership Dues, Group Purchasing Initiative, and the Holiday Social. This staff report is to provide a brief update on each committee's status.

1. Staff has presented updates to all three governing boards regarding the potential consolidation of the Sacramento Central Groundwater Authority within the Sacramento Groundwater Authority (SGA) and RWA. Several discussions and possible organizational structures have been presented. Staff is pursuing the option of requesting facilitation services from the Water Forum with its new Director, Jessica Law.
2. RWA staff has met with the RWA Membership Dues Committee three times in the last six weeks to review and illustrate potential alternative dues allocation methods amongst the membership. The current dues structure is almost twenty years old and has become outdated given the growth within the region, out of basin RWA members, and wholesaler considerations. Dues Committee members are refining three options to bring forward to the Executive Committee for consideration including two new dues allocation methodologies and a default of no change to the current structure.
3. RWA staff along with its members are exploring the option of rolling out some group purchasing initiatives with an initial focus on water meters and meter boxes. Citrus Heights Water District has been leading a water meter consortium initiative since late 2019 and has requested assistance to implement some of the study's action items. RWA is willing to help but does not have available staffing resources at this time. Ideas to possibly address this issue include bringing on temporary staff assistance that could be partially funded by the meter consortium.
4. As the Executive Committee knows, the 2020 RWA Holiday Social was canceled due to COVID-19 pandemic. Staff recommends reconfirming committee members for the 2021 Holiday Social and consider the potential of combining the 2021 Holiday Social and Annual Awards with the RWA 20th Anniversary Celebration for one large outdoor event (larger venue to hold increased number of attendees, event sponsorships, marketing/event services, guest speakers, etc.) or the events can remain separate given the timing of the holiday social being held in December.

Discussion: Jim Peifer, Executive Director

AGENDA ITEM 6: STRATEGIC PLAN IMPLEMENTATION

BACKGROUND:

The purpose of this item is to begin the discussion of resources needed to implement the strategic plan, and to prioritize strategic plan activities. The discussion will shape the RWA budget.

A presentation will be made at the Executive Committee meeting to explore resources needed to implement the plan for FY 2021-2022.

Discussion: Jim Peifer, Executive Director

AGENDA ITEM 7: LEGISLATIVE/REGULATORY UPDATE

BACKGROUND:

The Legislature reconvened on December 7th and bill introductions have proceeded since that date. As of January 19th, there were over 500 bills that have been introduced. Bill hearings will begin in March and the bulk of bills will be heard in their respective house policy committees in April. Please see the attached “bills for discussion” document for the initial bills that the Advocacy Committee discussed on January 20th. The Legislature will continue to operate in a remote fashion and appears to be focused primarily on addressing COVID financial and health impacts, wildfire, and affordability with a focus on housing and homelessness. Other issues are likely to be evaluated based on the need for them to move forward this legislative year.

A good portion of bills introduced to date are related to the budget. The Governor submitted his January proposed budget on January 8th. It includes over \$4 billion for climate change actions, with a significant focus on wildfire. The good news on the budget is that there is an unexpected surplus of \$15 billion, but that surplus is one-time in nature and is not likely to go to on-going needs. It is likely that more urgent issues will cause the budget to be passed in several phases and not only along the more traditional lines of a primary budget bill in June.

The Water Board issued the results of its COVID survey on household debt and system financial health on January 19th. The Water Board reported that there is \$1 billion in statewide household debt in 1.6 million households with 5 million people. There has been legislation introduced related to water low-income rate assistance and an expansion of existing shutoff prohibitions under SB 998. How the Legislature and Administration view water affordability and access will likely be affected by funding made available from the Federal government to address the issue. There was \$638 million (nationally) provided in the December COVID relief package and there is a belief that additional funds could be forthcoming as President Biden has proposed \$5 billion for rate payer assistance as part of his COVID response proposal.

Staff will review the various bills for Committee consideration and provide a recommendation on each item.

Information and Presentation: Ryan Ojakian, Legislative and Regulatory Affairs Manager

Action: Take Positions on Legislation

Attachment:

Bills for Discussion

Beginning of 2021 Session

Bill	Summary- Discussion- Recommendation	Status
AB 9 (Wood)	<p>Summary: States Legislative intent to enact legislation that would increase California’s capacity to prevent and reduce the impact of wildfires.</p> <p>Discussion: Wildfire is among the handful of primary issues the Legislature has indicated they will focus on. Assemblymember Wood is well positioned to be an influential member in shaping legislative wildfire policy. The Governor’s proposed January budget included \$1 billion to address wildfire including \$170 million for forest health and \$76 million for forest sector economic stimulus.</p> <p>Recommendation: Watch</p>	<p>Introduced December 7th</p>
AB 11 (Ward)	<p>Summary: Requires the Strategic Growth Council to by January, 2023, establish up to 12 regional climate change coordinating groups to develop and work on climate adaptation for their communities. Specifies that regional climate change coordinating groups may perform coordination and implementation activities, within their boundaries, to assist local agencies in meeting their greenhouse gas emission reduction goals and may engage in additional specified activities to address climate change including, Increasing efficiency of water use, among other things.</p> <p>Discussion: This is one of several bills [along with AB 51 (Quirk) and a soon to be reintroduced versions of AB 2621 (Mullin)] focused on regional climate actions. Last year RWA took a support if amended position on AB 2621. Several members of the statewide network of regional climate collaborative members have been working behind the scenes on these bills. Their goal is to formalize a process for regional networks, establish regional adaptation plans, and have implementation of those plans be supported by the state. This is something along the lines of IRWMPs and or SGMA approaches modified to meet regional climate change planning needs.</p> <p>Recommendation: Support if amended.</p>	<p>Introduced December 7th</p>
AB 51 (Quirk)	<p>Summary: Requires the Strategic Growth Council, by July 1, 2022, to establish guidelines for the formation of regional climate adaptation planning groups. The bill would require the council, by July 1, 2023, and in consultation with certain state entities, to develop criteria for the development of regional climate adaptation plans.</p> <p>Discussion: This is one of several bills [along with AB 11 (Ward) and a soon to be reintroduced versions of AB 2621 (Mullin)] focused on regional climate actions. Last year RWA took a support if amended position on AB 2621. Several members of the statewide network of regional climate collaborative members have been working behind the scenes on these bills. Their goal is to formalize a process for regional networks, establish regional adaptation plans, and have implementation of those plans be supported by the state. This is something along the lines of IRWMPs and or SGMA approaches modified to meet regional climate change planning needs.</p> <p>Recommendation: Support if amended.</p>	<p>Introduced December 7th</p>

Beginning of 2021 Session

<p>AB 52 (Frazier)</p>	<p>Summary: Rerequires the state Air Resources Control board, in each scoping plan update prepared by the state board after January 1, 2022, to include recommendations, in its greenhouse gas emissions scoping plan, to achieve the maximum technologically feasible and cost-effective reductions of emissions of greenhouse gases and black carbon from wildfires. The bill would also express the intent of the Legislature to appropriate an amount from the Greenhouse Gas Reduction Fund for wildfire mitigation and prevention.</p> <p>Discussion: This is one of several wildfire related bills. As opposed to the Governor’s January budget this bill would appear to be targeting the Greenhouse Gas Reduction Fund (GGRF) to fund wildfire related actions. The GGRF is the source of funding for the SAFER drinking water program among other things.</p> <p>Recommendation: Watch.</p>	<p>Introduced December 7th</p>
<p>AB 59 (Gabriel)</p>	<p>Summary: Significantly alters the process by which water and sewer connection and capacity charges can be challenged.</p> <p>Discussion: The bill would significantly change the process by which water and sewer connection and capacity charges can be challenged. It would allow for charges to be challenged not when rate structures are established, but when they are implemented. This could mean years after the establishment of the rate structure. It would limit the evidence that an agency could present at a challenge to only data that is publicly available. And it could encourage developers initiating lawsuits because they could be awarded financial gains and not just utility fees.</p> <p>ACWA is taking this bill up at its State Legislative Committee on January 22nd and has an opposed position.</p> <p>Recommendation: Oppose</p>	<p>Introduced December 7th</p>
<p>AB 100 (Holden)</p>	<p>Summary: Establishes a “lead free” performance standard for end use plumbing fixtures, requires labeling of such products, and sets an implementation schedule for compliance with the new standard.</p> <p>Discussion: This is a reintroduction of AB 2060 from last year. RWA did not take a position on AB 2060. The focus of the bill is on the prohibition on lead in “end use” customer side of the meter products.</p> <p>Recommendation: Watch</p>	<p>Introduced December 11th</p>
<p>SB 45 (Portantino)</p>	<p>Would enact the Wildfire Prevention, Safe Drinking Water, Drought Preparation, and Flood Protection Bond Act of 2020, which authorizes the sale of \$5.51 billion in general obligation bonds, upon approval by voters at the November 8, 2022 statewide general election.</p> <p>Discussion: As of now this is the only bond measure introduced. It remains to be seen if the Assembly will have a counterpart bond measure as they did last year. This bill is nearly identical to SB 45 (Allen 2020) which RWA maintained a watch position on. The focus will be on the inclusion of specific funding for conjunctive use.</p>	<p>Introduced December 7th</p>

Beginning of 2021 Session

	<p>Recommendation: Support if amended</p>	
<p>SB 52 (Dodd)</p>	<p>Summary: Expands the definition of “sudden and severe energy shortage” to include a “deenergization event,” defined as a Public Safety Power Shutoff (PSPS) and would make a deenergization event one of those conditions constituting a state of emergency and a local emergency.</p> <p>Discussion: This bill looks to be taking another run at addressing PSPS events. Last year SB 1099 (Dodd) SB 1185 (Moorlach) were both focused on the use of backup generation during a PSPS event. It is not clear if this is the extent of the bill, but generally speaking backup generation is not subject to the same oversight during a state of emergency as it would be otherwise.</p> <p>Recommendation: Watch</p>	<p>Introduced December 7th</p>
<p>SB 222 (Dodd)</p>	<p>Summary: Establishes the Water Affordability Assistance Fund in the State Treasury. The bill would make moneys in the fund available upon appropriation by the Legislature to the State Water Board to provide a Water Affordability Assistance Program that includes among other things, direct water bill assistance, water bill credits, water crisis assistance, affordability assistance, and short-term assistance to public water systems to administer program components.</p> <p>Discussion: This bill is intended to establish a low-income water rate assistance (WLIRA) program. The funding source is not identified at this time in the bill. In broad strokes it seems that a WLIRA program could be supported if the funding source was not water rate payers. However, the State Water Board report to the Legislature includes water rate payers as one of three options for funding a WLIRA program. Additionally, the required fund expenditure plan proposed in the bill would appear to expand the areas that the Water Board would be working in to include tiered water rates, and ways to retain water system solvency including fixed rates and expanded use of water meters.</p> <p>ACWA may or may not have this bill up at SLC on January 22nd.</p> <p>Recommendation: At this point in time, it would be a support if amended or oppose unless amended. Given there is no identified funding source an oppose unless amended is a difficult position to take politically. Additionally, it does not seem likely that ACWA will take a position that would be out of step with RWA and it may make sense to wait and see what position ACWA takes.</p>	<p>Introduced January 14th</p>
<p>SB 223 (Dodd)</p>	<p>Summary: Would expand upon existing water shutoff prohibitions and would add a requirement for water agencies to have an arrearage management plan, as defined.</p> <p>Discussion: The arrearage management plan could be inconsistent with Prop 218. It would require that one twelfth of a customer’s debt be forgiven with each on time monthly payment. The Author’s factsheet on the bill also states that the bill would allow for ratepayer’s “debt (to be) discharged over 12 months, as long as the ratepayer stays current new water and sewer bills.” Additional provisions</p>	<p>Introduced January 14th</p>

Beginning of 2021 Session

	<p>extend the timeframe on existing restrictions on shutoffs that were enacted in SB 998 (Dodd 2018).</p> <p>ACWA may or may not have this bill up at SLC on January 22nd.</p> <p>Recommendation: Oppose unless amended/watch. Again it does not appear that ACWA will take a position that is out of step with RWA and it makes sense to wait and see what ACWA does at this point.</p>	
--	-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------	--

AGENDA ITEM 8: FEDERAL AFFAIRS STANDING COMMITTEE UPDATE

BACKGROUND:

The purpose of this item is to provide the Executive Committee an update of the activities of the Federal Affairs Standing Committee.

Discussion: Sean Bigley, Federal Affairs Standing Committee Chair and Jim Peifer, Executive Director

AGENDA ITEM 9: URBAN WATER MANAGEMENT PLAN UPDATE

BACKGROUND:

The 2020 Urban Water Management Plans (UWMPs) are due July 1, 2021. To help supplier's prepare the 2020 plans, DWR has released a draft guidance document found here: <https://water.ca.gov/Programs/Water-Use-And-Efficiency/Urban-Water-Use-Efficiency/Urban-Water-Management-Plans> .

There are several new requirements for 2020 including: Five Consecutive Dry-Year Water Reliability Assessment, Drought Risk Assessment, Seismic Risk, Water Shortage Contingency Plan, Groundwater Supplies Coordination and Lay Description. DWR is currently working on incorporating comment on the draft. We anticipate the final guidance document will be released soon. For additional assistance to suppliers, DWR has hosted multiple trainings and webinars on a variety of topics.

The next two trainings will be held on January 27th from 1-4 pm with a focus on water shortage contingency plans and February 10th from 10-12 pm.

RWA staff and the RWA UWMP Committee (City of Sacramento, Elk Grove Water District, City of Folsom, Sacramento County Water Agency, and Placer County Water Agency) discussed the draft guidance document and scheduled three coordination webinars for all RWA member agencies to attend. The purpose of these webinars was to discuss and coordinate responses for certain sections of the UWMPs. Webinar topics included Five Consecutive Dry-Year Water Reliability Assessment, Climate Change Consideration, and Water Shortage Contingency Plans and were held on October 9th, October 13th, and October 20th, respectively.

As a follow up to the webinars, RWA staff created an online portal that includes presentations from each webinar and additional resources organized by topic. Additional resource topics include: Seismic requirement, energy intensity requirement, and demand management requirement. RWA staff may host additional coordination calls as necessary and/or requested.

Recordings of the DWR meetings can be found here:
https://www.youtube.com/playlist?list=PLeod6x87Tu6e-Fi-louoKF2BagN-Bz_mA.

To Access the RWA online portal:
<https://www.dropbox.com/sh/ve7fp5vtee2zpr9/AABOISc0HDdkW62SKrYL1qUga?dl=0> .

Discussion: Amy Talbot, Water Efficiency Program Manager

AGENDA ITEM 10: WATER EFFICIENCY PROGRAM UPDATE

BACKGROUND:

The Smart Controller Program has distributed 1,400 controllers to customers from April 2020 to December 2020. The program will continue until June 2021 or until grant funding runs out. We currently have approximately \$40,000 available for use (or about 400 controllers). Once the regional program has concluded, individual agencies will have the opportunity to continue the program with local funding. The startup fees, program design, bill processing, and tracking reports have already been covered through the regional program costs.

Looking ahead, the Water Efficiency Program members will decide on 2021 public outreach messaging over the next two months through our Public Outreach Committee. The discussion will include the annual campaign messaging, which has focused on Check the Soil and Save and repairing leaks for the last two year but will also discuss the potential need for dry year messaging. RWA staff and suppliers are carefully tracking water supply conditions and will reconvene on the potential need to trigger demand reductions in mid-February. Calling for dry year messaging will need to consider the current COVID situation and would likely focus on outdoor and leak reductions in order to maintain necessary indoor use related to personal hygiene during this crisis.

Discussion: Amy Talbot, Water Efficiency Program Manager

AGENDA ITEM 11: EXECUTIVE DIRECTOR'S REPORT

An oral report will be provided.

- As a follow-up item from the December EC meeting, this report contains an example of what summary minutes would look like (shown in the subsequent pages) in comparison to the attached minutes included at the beginning of the packet.



1. CALL TO ORDER

Chair Schmitz called the meeting of the Executive Committee to order at 8:00 a.m. as a teleconference meeting. 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
Kerry Schmitz, Sacramento County Water Agency
Dan York, Sacramento Suburban Water District
Dan Rich, San Juan Water District

Staff Members

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

Others in Attendance

Brian Sanders, Greg Zlotnick, Anne Sanger, John Woodling, Cathy Lee, Craig Locke, Bob Reisig, Bruce Kamilos, Terrie Mitchell, William Roberts, Ken Payne, James Grayson, Andy Fecko, José Ramirez, Charles Duncan, Kelye McKinney, Jon Goetz and Peggy Vande Vooren

2. PUBLIC COMMENT

None

3. CONSENT CALENDAR

a. Minutes of the October 28, 2020 Executive Committee meeting

Motion/Second Carried (M/S/C) Mr. Yasutake moved, with a second by Mr. Bigley, to approve the October 28, 2020 Executive

Committee meeting minutes. The motion carried by the unanimous voice vote of all directors present.

4. RWA 2020 AUDIT REPORT

Ms. Vande Vooren, Gilbert Associates, Inc. gave a presentation of the RWA 2020 audit report explaining the Executive Committee Meeting Summary, the Required Communications, and the actual audit report. The auditor's opinion is a clean unmodified opinion for 2020.

M/S/C Mr. Yasutake moved, with a second by Mr. Schubert, to recommend RWA Board acceptance of the 2020 RWA financial audit report. The motion carried by the unanimous voice vote of all directors present.

5. SACRAMENTO CENTRAL GROUNDWATER AUTHORITY STAFFING PRESENTATION

Mr. Peifer gave an information update with a presentation that has been given to the SGA and SCGA.

Mr. Peifer noted that there is interest in a workshop to provide additional staffing information to the SGA members. The SGA Board gave direction to explore what a consolidated organization would look like. There was support from the Executive Committee members to further analysis the potential for a consolidation of the two authorities. An update will be given under the Executive Director's Report at the January RWA Board meeting.

6. Policy 500.3 revisions – subscriptions program fee policy

Mr. Peifer provided information saying that this policy addresses how non RWA members would be assessed a fee for participation in the Water Efficiency Program. An adjustment to this policy is being driven by concerns from some members to address how members participate in subscription programs. The proposal is to assess non-members, who otherwise could be RWA members, a 20% fee on top of what they would pay for the subscription program.

M/S/C Mr. York moved, with a second by Mr. Bigley, to recommend approval of Policy 500.3 revisions to the Board of Directors. The motion carried by the unanimous voice vote of all directors present.

7. WATER BANK PHASE 2 SUBSCRIPTION PROGRAM AGREEMENT

Mr. Swartz gave a presentation on the last phase of planning for the regional water bank. One of the key recommendations of the 2019 Regional Water Reliability Plan was to continue planning for the establishment of the Sacramento Regional Water Bank. With the program and funding commitments in place showing we have our cost share; it allows us to pursue funding.

A completed Phase 2 program draft agreement was included in the packet that incorporated comments from perspective participating agencies and RWA legal counsel. The program will be funded completely by participants.

M/S/C Mr. Greenwood moved, with a second by Mr. Bigley, to approve Sacramento Regional Water Bank Project, Phase 2 Program Agreement. The motion carried by the unanimous voice vote of all directors present.

8. 2021 POLICY PRINCIPLES

Mr. Ojakian reported that the 2020 and 2021 Policy Principles are similar. Changes were the addition of two new policy principles to support ratepayer assistance programs if funded from progressive sources of revenue and without the use of a water tax and support for ratepayer debt relief and/or prohibitions on late fees and penalties only if water agencies are made whole from state or federal funds. The document with track changes was included in the packet.

M/S/C Mr. Bigley moved, with a second by Mr. York, to recommend approval of the 2021 Policy Principles to the Board of Directors. The motion carried by the unanimous voice vote of all directors present.

9. 2021 FEDERAL AFFAIRS PLATFORM

Mr. Peifer said that the Federal Affairs Platform is updated annually for presentation to the Executive Committee for recommendation for approval by the RWA Board. Ms. Sanger has worked on the development of the Federal Affairs Platform and has made it available on the RWA website. The policies and projects will support conjunctive use and the elements of the Water Forum. The next funding package out of Washington is not certain. The Federal Affairs Committee is prepared to make the most of any Federal Infrastructure funding when available.

M/S/C Mr. Greenwood moved, with a second by Ms. Carrey, to recommend approval of the 2021 Federal Legislative Platform to

the Board of Directors. The motion carried by the unanimous voice vote of all directors present.

10. MEETING MINUTES

Mr. Peifer requested feedback from the Executive Committee on whether we should change the format of meeting minutes to more of a summary. It was suggested that a new meeting format be produced and presented to the Executive Committee for consideration.

11. JANUARY 14, 2021 RWA BOARD MEETING AGENDA

M/S/C Ms. Carrey moved, with a second by Mr. Bigley, to approve the January 14, 2021 proposed RWA Board meeting agenda. The motion carried by the unanimous voice vote of all directors present.

12. EXECUTIVE DIRECTOR'S REPORT

Mr. Peifer reported that there will be a coffee and conversation meeting between the Executive Director and the 2020 RWA Chair. There will be a link sent out with an RSVP request for those who want to attend.

The RWA is planning to conduct focus groups with residential water customers to test RWA messaging and materials. The focus groups will provide a foundation for Public Relations Programs by helping RWA to understand the public's perception, climate change, water banking, water liability and water transfers. RWA has developed an editorial calendar that will guide our external media outreach.

In January, we will report on COVID impacts on water utilities and rent affordability based on the Waterboard's survey results. The goal is to be prepared for the Water Board discussing impacts and help shape expected legislation.

The Water Forum's 20th Anniversary artwork that celebrates the Lower American River and the regions progress toward the co-equal goals is scheduled to be installed this week. The mural can be viewed virtually at www.waterforum.org.

RWA has participated in the Asian Chamber of Commerce State Sprints efforts. The Asian Chamber is working with the Metro Chamber attempting to raise the profile of the region and identify what types of infrastructure should be asked for by the region.

We will begin the hiring process for the future Manager of Strategic Affairs.

Marisa Tricas with the City of Roseville has been active with the Young Professionals Program.

At the January Executive Committee meeting, we will begin a discussion on how we operationalize the Strategic Plan and put it into action.

A COLA adjustment for staff of 1.6% is based on the November CPI for small Western Cities.

The State Water Board has released the updated water loss regulation and associated economic model. A rulemaking workshop is scheduled for December 16th to give an overview of the release materials and receive stakeholder comments.

The State Water Board anticipates the formal rulemaking process will begin in January with formal adoption of the final regulations expected by June 2021.

13. DIRECTORS' COMMENTS

Mr. Greenwood reported that due to COVID concerns for employees and their families Carmichael Water District (CWD) has developed a schedule for staggered shifts for staff at their water treatment plants. CWD have an Engineering Manager and Distribution Operations positions open.

Mr. Rich, San Juan Water District reaffirmed interest in a joint workshop with the RWA and SGA to further discuss the 3x3 issues.

Chair Schmitz thanked Mr. Peifer for his work on the Water Forum and his efforts to date with processing the annual awards.

ADJOURNMENT

Chair Schmitz adjourned the meeting at 10:16 a.m.

By:

Chairperson

Attest:

Josette Reina-Luken, Board Secretary

AGENDA ITEM 12: DIRECTORS' COMMENTS