



Regional Water Authority
BUILDING ALLIANCES IN NORTHERN CALIFORNIA

**Regional Water Authority
Executive Committee Meeting
Final Minutes
February 25, 2009**

1. CALL TO ORDER

Vice Chair Roscoe called the meeting of the Executive Committee to order at 10:30 a.m. Individuals in attendance are listed below:

Board Members

Steve Nugent, Carmichael Water District
Joe Dion, Citrus Heights Water District
Ken Payne, City of Folsom
Bill George, El Dorado Irrigation District
Paul Schubert, Golden State Water Company
Gray Allen, Placer County Water Agency
Rob Roscoe, Sacramento Suburban Water District (Vice Chair)

Staff Members

John Woodling, Executive Director
Paul Bartkiewicz, Legal Counsel
Rob Swartz
Nancy Marrier
Linda Higgins
Cecilia Partridge

Others in Attendance

Dan Bills, Sacramento Suburban Water District.

2. PUBLIC COMMENT

None.

3. CONSENT CALENDAR

Draft minutes from the Executive Committee meeting held January 28, 2009.

Motion/Second/Carried (M/S/C) Mr. Nugent moved, with a second by Mr. George, to approve the consent calendar.

4. OTHER POST-EMPLOYMENT BENEFITS (OPEB) UPDATE

Ms. Nicole Krotoski participated via conference call for this agenda item. In preparing for compliance with GASB 45, Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions, Bickmore Risk Services and Consulting (BRS) conducted an actuarial evaluation of the Regional Water Authority's OPEB obligation. The draft report was presented to the Executive Committee at its December 10, 2008 meeting. An Ad Hoc OPEB Committee was appointed to include the following members: Rob Roscoe, Paul Schubert, Joe Dion and Derrick Whitehead. The Committee was charged with coming up with recommendations on 1) when to disclose; 2) how the organization is going to fund the liability and at what level; and 3) the appropriate investment vehicle to use if the organization decides to pre-fund.

Recommendations were brought to the Executive Committee on January 28, 2009. The Ad Hoc Committee recommended that RWA disclose and fund the past service liability (unfunded actuarially accrued liability – UAAL) at the end of fiscal year 2009. Staff looked at the reserves available from RWA and SGA to pay for both active and retired employees' health benefit promises for work conducted by the employees through the evaluation date of July 1, 2008 and concluded that there are enough reserves to fund the current actuarially determined liabilities. The available resources for funding OPEB were determined as follows:

1. Using the available OPEB designation funds that were set aside in the FY09 budget;
2. Utilizing resources resulting from better than expected budget versus actual results from FY2008; plus
3. Utilizing up to two of the four months operating funds for each entity. Utilizing these operating funds will lower the expected interest earnings for each organization. This lower interest effect as well as the prospect of building the operating fund back up to four months will contribute to increasing fees for both organizations.

The committee reasoned that since the OPEB obligation was based upon employment service up through July 1, 2008, the UAAL should logically be funded from existing reserves (if available) since the membership up to this date had benefited and utilized the employment services.

It was suggested that the additional actuarial analysis split the employees into three groups as follows: 1) RWA/SGA pool, representing one retiree that has served both organizations as well as the obligations for four of the current staff. This allocation methodology between the two organizations has mirrored the actual salary allocations between the two organizations over the last three fiscal years; 2) RWA-only pool, which would include one employee who worked exclusively for Sacramento Metropolitan Water Authority (SMWA), which was superseded by RWA; and 3) Water Efficiency Program (WEP) pool, which would include one retiree that worked exclusively for the WEP program and any

obligation for the current WEP program manager. The analysis was included in the packet.

In addition, the Ad Hoc Committee suggested that staff evaluate funding vehicles. Sacramento Suburban Water District (SSWD) recently went through the exercise of reviewing various options. Dan Bills, Director of Finance with SSWD, presented an overview of SSWD's findings. SSWD researched various OPEB trust types and Mr. Bills explained the benefits and drawbacks of each type. SSWD narrowed their selection to the Public Agency Retirement Services (PARS) and the California Employers' Retiree Benefit Trust (CERBT), which is managed by the California Public Employees' Retirement System (CalPERS). Some of the key decision factors used by SSWD were long-term earnings, safety of principal, organizational stability, liquidity, fees, investment policy, and manageable administrative functions.

The CERBT Trust offers lower fees, higher discount rates, organizational stability and reputation and is easy to implement and use. Mr. Woodling commented that the CERBT would serve the RWA well due of the small size of the organization, the ease of use and the stability factor. Additionally, the method used to calculate the UAAL by BRS has been the accepted method by CERBT.

Mr. Roscoe asked about the SGA portion of the liability. Nicole Krotoski commented that SGA's budget for 2009 did not anticipate funding the OPEB obligation in fiscal year 2009 but that they do have resources available to fund the obligation. The SGA Budget Committee will be meeting soon and this liability will be part of the discussion. Mr. Bartkiewicz mentioned that the shared agreement with SGA provides for these costs. Mr. Roscoe also mentioned that the Committee agreed that future below-the-green-line subscription include fees for the future retirement liabilities.

M/S/C Mr. Payne moved, with a second by Mr. Nugent to recommend RWA Board approval to fund the July 1, 2008 OPEB liability by June 30, 2009 for prior employment service of current and retired employees (the Unfunded Actuarial Accrued Liability (UAAL)) plus the FY 2009 normal cost for the existing employees subject to SGA Board approval.

M/S/C Mr. Nugent moved, with a second by Mr. George, to recommend using three sub-groups within RWA to determine the UAAL and normal costs as follows: 1) RWA/SGA pool, which would represent one retiree that has served both organizations as well as the obligations for four of the current staff; 2) RWA-only pool, which would include one employee who worked exclusively for Sacramento Metropolitan Water Authority (SMWA), which was superseded by RWA; and 3) Water Efficiency Program (WEP) pool, which would include one retiree that worked exclusively for the WEP program and any obligation for the current WEP program manager.

M/S/C Mr. Allen moved, with a second by Mr. Nugent, to recommend allocating the UAAL based upon retiree service and current employee service between both organizations based upon the sub-group analysis and invoicing SGA for its share of the obligation. The actuarial calculated allocation between the organizations is 56.76% to RWA (including WEP) and 43.24% to SGA, which will be used through FY09. The OPEB labor cost allocation for time spent on any current and future below-the-green-line programs will be charged to those programs beginning in fiscal year 2009, for the actual salary costs.

M/S/C Mr. George moved, with a second by Mr. Gray, to recommend RWA Board approval to use the CERBT Trust, which is managed by CalPERS, as the Trust Administrator.

M/S/C Mr. Nugent moved, with a second by Mr. Dion, to recommend RWA adopt early implementation and adopt GASB No. 45, Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions (OPEB) for the year ended June 30, 2009.

M/S/C Mr. Nugent moved, with a second by Mr. Dion, subject to final approval of above items by the RWA Board, to approve: (1) allocation of portion of RWA UAAL to the Regional Water Efficiency Program (WEP) of 6.65%; (2) amendment of Program Plan to include WEP share of UAAL; and (3) forward amended Program Plan to the WEP Committee for allocation of the WEP portion of UAAL to each Program Participant.

5. RESOLUTION IN SUPPORT OF JERRY GLADBACH

The Association of California Water Agencies Joint Powers Authority's (ACWA JPIA) Board of Directors will be holding elections for their Executive Committee on May 18, 2009. Candidates must be elected or appointed directors of the JPIA member that they represent and must have been appointed by that member to be on the JPIA's Board of Directors. The candidates must also receive resolutions from five other JPIA members. Mr. Gladbach serves as the Castaic Lake Water Agency representative to the ACWA JPIA and is seeking reelection to the Executive Committee of the ACWA JPIA.

Joe Dion, director with Citrus Heights Water District, currently serves as RWA's representative on the ACWA JPIA Executive Committee.

M/S/C Mr. Dion moved, with a second by Mr. Nugent, to recommend RWA Board approval of Resolution 2009-02 concurring in the nomination of Jerry Gladbach to the Executive Committee of the Association of California Water Agencies Joint Powers Authority ("ACWA JPIA").

6. MEMORANDUM OF UNDERSTANDING WITH CABY REGIONAL ENTITY

RWA and CABY have coordinated their respective planning efforts since early 2006. As part of implementing the Prop 84 grant funding program, DWR is looking to self-determined Integrated Regional Water Management (IRWM) planning groups to demonstrate high levels of coordination. This is particularly the case where distinct IRWM groups represent only portions of complete watersheds. This demonstrated coordination will also be an important part of the Region Acceptance Process (discussed under Item 7). RWA and CABY staff has conferred on the content of an MOU, which was recently recommended for approval by the CABY Planning Committee.

Mr. Roscoe suggested a change to item number 3 of the Principles of Agreement of the MOU to say that if boundaries change that the MOU does not have to be revised in the future. He suggested that the item be changed to say “as may be amended by mutual agreement without modification of these principles”.

M/S/C Mr. Allen moved, with a second by Mr. Dion to recommend the RWA Board enter into an MOU (if there are no substantive changes) with the CABY (Cosumnes, American, Bear, Yuba) Regional Entity to better coordinate integrated regional water management plans (IRWMP) for the upper and lower American and Cosumnes Rivers, and authorize the Executive Director to sign the MOU on behalf of RWA. Additionally, make a change to item number 3 of the Principles of Agreement as discussed above.

7. INTEGRATED REGIONAL WATER MANAGEMENT PLAN UPDATE

In 2008, the California Department of Water Resources Integrated Regional Water Management (IRWM) Program was required through California Water Code amendments to develop standards for identifying a region for the purposes of developing or modifying an IRWM Plan. The process developed by DWR, known as the Region Acceptance Process (RAP), consists of an application to be reviewed and accepted by DWR before an IRWM group is eligible to apply for Prop 84 implementation grant funds. DWR is expected to release the final RAP application in late February with a due date in March 2009. DWR expects to conduct interviews of each IRWM group in April or May 2009 prior to determining the eligibility of each group. The major source of funding for this project is the Proposition 50 Planning Grant, which has been frozen at this time. The deadline for adoption of the IRWMP is tentatively the middle of the year but may be moved depending on the funding.

An important aspect of the RAP application is to define the governance structure for the IRWM group. As part of the current update to the 2006 American River Basin IRWMP, staff has developed a draft governance structure based on feedback from DWR and revised draft IRWM guidelines from DWR. The

governance structure shows that RWA is the final authority to adopt and make decisions related to the plan. The deadline for the RAP application is early to mid-April, so this item needs to be brought to the RWA Board for comment and approval in March.

M/S/C Mr. Allen moved, with a second by Mr. Nugent, to recommend the RWA board authorize staff to prepare and submit an application to the California Department of Water Resources under the “region acceptance process” to make the American River basin (ARB) Region eligible for Proposition 84 funding

8. STRATEGIC PLANNING WORKSHOP FOLLOW UP

RWA held a strategic planning workshop on January 20, 2009 at the North Ridge Country Club. Participants adopted a set of objectives for the process that targets completion and adoption of a Strategic Plan for RWA in July 2009, and developed Values and Core Strategies. The Strategic Planning Committee met on Monday, February 23rd, 2009 to refine the Values, Vision, and Goals of the plan, and begin work on Objectives. A copy was included in the packet. This item will be discussed at the March 12, 2009 RWA full board meeting.

9. MARCH 12, 2009 RWA BOARD MEETING AGENDA

Approve March 12, 2009 proposed RWA Board meeting agenda.

M/S/C Mr. Allen moved, with a second by Mr. George, to approve the consent calendar.

10. EXECUTIVE DIRECTOR’S REPORT

- **AB 28 (Jeffries)** – AB 28 proposes to prohibit air quality management districts from restricting the use of natural gas powered generators for emergency water operations. At the January RWA Board meeting, there was a request to develop comments on the legislation to extend it to all fossil fuel powered emergency equipment, and to extend the coverage to investor owned utilities. A letter to the bill’s author, unanimously approved by RWA members, was sent to Assemblyman Jeffries on February 2, 2009.
- **Delta Vision Update** – RWA staff and representatives of several RWA members met with lobbyists for the Cities of Sacramento, Folsom and Roseville and Sacramento County Regional Sanitation District on February 10, 2009. The group discussed development of a regional legislative strategy, including both issues of concern and a plan for outreach. Water rights and water quality implications of Delta Vision implementation and a call for 20% water conservation remain the highest concerns. The discussion with lobbyists will help to guide the work of Brown and Caldwell in evaluating technical data to develop a proactive message for the region. Following

development of the message, we will reconvene with the lobbyists and further discuss outreach.

The Public Water Coalition of California (PWCC), an ad hoc consortium of water users from throughout the state, continues to lobby for an alternative solution for the Delta. Recently the Sacramento Metro Chamber and the Association of California Water Agencies came out in support of the PWCC position. The PWCC policy position was circulated for unanimous RWA consent to adopt. To date 15 members have approved adoption of the position and four responses are still outstanding.

Both the Assembly and Senate have scheduled hearings on the Delta Vision and Bay Delta Conservation Plan. The Senate Natural Resources and Water Committee met on February 24, 2009 in the morning, with the Assembly Water Parks and Wildlife Committee following the same afternoon.

John Woodling and Paul Bartkiewicz participated in a Delta workshop for the Sacramento City Council on February 17, 2009. The council received an overview of the Delta and the Delta Vision Strategic Plan, as well as a discussion of potential impacts to the city's interests that could result from a Delta solution.

- **Water Conservation Policy Update** – The state's development of the 20x2020 program has been quiet for the past two months. The schedule still calls for an additional public meeting in February/March and a draft document later in 2009.

The ACWA Board of Directors recently adopted a set of water conservation policy principles. Work by ACWA's consultants continues on the "roadmap" for water conservation. The "roadmap" will be an alternative plan to meet the state's goal of 20% water conservation by 2020. On February 13, 2009, RWA staff attended a meeting of the Technical Advisory Committee that is guiding the study.

Brown and Caldwell has begun work under a task order to evaluate technical information to help develop a proactive message for the region that identifies our water conservation accomplishments to date, characterizes some of the challenges to water conservation in our region, and identifies a reasonable set of next steps in the region.

- **Legislation Update** – With the ongoing budget debate in the legislature, work on policy bills has been minimal. RWA staff is tracking a number of bills, but no amendments have been entered. Both the Assembly and Senate have scheduled hearings on the Delta Vision and Bay Delta Conservation Plan.
- **Water Efficiency Program Update** - Staff, assisted by Christine Kohn of IN Communications, has developed a press release, talking points, and public

service announcements to remind the public that we are facing a dry year, and it is important to use water wisely.

RWA staff is assisting the City of West Sacramento in performing a commercial and landscape water audit for Raley Field. The audit was conducted February 19, 2009 by Waterwise Consulting. RWA is coordinating with the media in an attempt to take advantage of the visibility of Raley Field and the Rivercats to get the water efficiency message out.

The Water Efficiency Program held a very successful Site Water Management Class at Sacramento Suburban Water District's Antelope Garden on February 10, 2009 for landscape professionals. There were 46 attendees.

RWA staff hosted a booth at the Ecolandscape Seminar for landscape professionals on February 7, 2009. Staff promoted the Water Wise Gardening database on RWA's website and spoke with landscape professionals about services like Water-Wise House Calls that water agencies are promoting.

- **Economic Stimulus Update** - President Obama signed HR1, The American Recovery and Reinvestment Act of 2009 (Stimulus Bill). The legislation includes \$2 billion that will be distributed through the States' Drinking Water Revolving Funds. California's share of this funding is approximately \$160 million. The allocation for California's Clean Water Revolving Fund is \$284 million. Although these programs are traditionally loan programs, the Stimulus Bill calls for at least 50% of the funds to be in the form of grants. The California Department of Public Health (for Drinking Water) and State Water Resources Control Board (for Clean Water) will administer the funds. The Corps of Engineers and Bureau of Reclamation will receive \$2 billion and \$500 million respectively. RWA staff, at the request of the Corps of Engineers, provided a listing of 137 projects compiled from members that are ready to proceed.
- **Grant Funding Update** – On January 21, 2009, the California Department of Water Resources notified RWA and SGA to stop work on a number of ongoing bond-funded projects, including the Proposition 50 IRWM grant, water efficiency grants, and an SGA groundwater contamination study. In addition, work already conducted will not be reimbursed at this time.

9. DIRECTORS' COMMENTS

Mr. Payne reported that the City of Folsom is declaring a stage 3 water warning.

ADJOURNMENT

With no further business to come before the Board, Vice Chair Roscoe adjourned the meeting at 12:20 p.m.

By:

Chairperson

Attest:

Nancy Marrier, Board Secretary / Treasurer