



Regional Water Authority
BUILDING ALLIANCES IN NORTHERN CALIFORNIA

**Regional Water Authority
Executive Committee Meeting
Final Minutes
March 24, 2010**

1. CALL TO ORDER

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

Executive Committee Members

Joe Dion, Citrus Heights Water District
Ken Payne, City of Folsom
Marty Hanneman, City of Sacramento
Bill George, El Dorado Irrigation District
Paul Schubert, Golden State Water Company
Brian Martin, Placer County Water Agency
Rob Roscoe, Sacramento Suburban Water District
Shauna Lorange, San Juan Water District

Staff Members

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

Others in Attendance

Nicole Krotoski participated via conference phone.

2. PUBLIC COMMENT

None.

3. CONSENT CALENDAR

Draft minutes from the Executive Committee meeting held February 24, 2010.

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

4. FY 2010-2011 BUDGET

Each year the RWA Executive Committee reviews and makes a recommendation for adoption of the budget by the full board at its meeting in May. A proposed budget for FY 2010-2011 was included in the packet. The document separated the budgets into the core RWA program and the subscription based programs. A summary data sheet separated by both the core and subscription based program was also included. Additionally, an overall summary data sheet reflected the RWA combined budget.

In light of continued economic difficulties experienced by members, the FY11 budget proposal was developed with no rate increase. No dues increase for FY 2010-2011 will maintain the lower end of the operating reserves, as per RWA policy 500.1. The budget presented is very lean and assumes all current members will renew membership. However, the delay of dues increases places greater pressure on subsequent years for larger dues increases.

Major budget assumptions used in preparing the budget projections for FY11 include:

CORE PROGRAM

Revenues

- 1) A fee increase on general dues at 0%.
- 2) SGA service fees represents 50% cost sharing.
- 3) Other revenues represent interest income and holiday social revenues.

Expenses

1. The core program budget includes the WEP staffing position.
2. Excluding the WEP position, the staffing costs are allocated 50/50 to SGA and RWA, resulting in 3 FTEs for RWA and 2 FTEs for SGA.
3. Salary reflects a 4% projected increase, which is lower than previous years (6%), which includes COLA. In FY10 a 2% merit adjustment was authorized, but not used.
4. Office costs increases are based upon estimated specific increases in FY11. For FY12 and beyond, these costs are estimated at 3% annual increases unless specific increases have been identified.
5. Professional fees include audit, actuarial analysis, public relations, accounting, legal, and management fees.
6. Other includes office equipment purchases.

Revenues net of Expenses

- 1) Core expenses in excess of core revenues of \$194,580 are substantially funded from the subscription based programs, leaving a net cash outflow of \$33,380 for the core program (see cash reserve section, netting \$194,580 loss with \$161,200 in cash contribution from Subscription based programs). The subscription based programs pay for use of staff time as well as some allocated office costs to run these programs.
- 2) Combining subscription programs and the core program, overall expenses are expected to exceed revenues by \$176,380. Previously collected restricted subscription designations are expected to fund \$143,000 of this cash outflow. Subscription programs often collect funds in advance to pay for subscription based program expenses, such as allocated RWA staff time to manage the programs.

Designations

- 1) The operating fund is targeted at approximately 2 months for FYE 10-11, which falls in the lower end of the policy guideline of two to four months.
- 2) The designations are detailed by type. The total change in cash from Projected FY10 to Proposed FY11 by subtotal for the core program reflects the overall net cash outflow of \$33,380 and the effect on each type of designation.
- 3) The designations for the subscription program reflect a decrease of \$143,000 to pay for subscription based expenses in excess of revenues.

SUBSCRIPTION PROGRAMS

These subscription based programs are subject to approval by the individual participants. The revenues are included for total estimate purposes. Adopting the fiscal year 2010-2011 budget does not approve the subscription based programs.

- 1) Subscription program revenues are projected for the Water Efficiency Program (WEP), the Prop 50, IRWMP and ARBCUP. The revenues include fees from participants and grant reimbursements from existing grants.
- 2) The WEP program budget information is subject to additional refinement. The FY10 information does reflect the best estimate of costs. However, FY11 and beyond will be revised based upon budget information provided by the WEP manager.
- 3) Subscription program expenses represent the direct consulting and hard costs for these subscription programs. It also includes the costs of using RWA staff and allocated office costs to determine the cash flow effect on these programs. In a combined budget, these costs are netted out to avoid double counting of the costs. See Summary Table - Split Program

for a reconciliation of the individual budgets to the overall RWA budget per the Summary Table.

- 4) The subscription restrictions reflect the available funds for these programs. The use of cash projected in FY11 is reflected in the changes in the individual restrictions.
- 5) There are additional program advances that only are recognized as income as the related expenses are incurred. These advances are tracked for budgeting purposes and also included on the detail program only budget sheet. The subscription based programs collect fees in advance of expenses and often straddle several years prior to completion. The funds are held in an advance restriction until the expenses are incurred.

Outlook for FY 2012

In looking out to the future, RWA can anticipate a potential 12% increase in dues in FY12 in order to meet expenses and maintain reserves. The large rate increases are in part driven by the need to maintain reserves as well as make up for reduced earnings from lower cash balances. This significant dues increase helps catch up the FY11 expenses in excess of fees of \$33,380, making up for lower earnings from lower cash balances, and paying for the cost increases "budgeted" for FY11. However, approving the proposed budget does not approve the FY12 through FY15 budgets. This forward looking information was provided for planning purposes.

Mr. Woodling explained that the budget was prepared with no rate increase. A decision was made to enter into a long term lease versus purchasing a copier in order for the cash flow effect to be spread over five years. He noted that cash reserves are at the lower end of the adopted policy (at two months). He also noted that salary increases reflect a 4% projected increase, which is lower than previous years (6%), which includes COLA. A 2% increase was authorized last year, but not used.

Mr. Hanneman commented that the City of Sacramento's employees are not receiving any COLA or raises this year. Mr. Roscoe agreed that many RWA members are not receiving increases for labor costs. He requested a five year history of the CPI and merit increases for RWA to be brought to the next meeting. It was noted that RWA has a very small staff compared to larger municipalities that have hundreds of employees and the loss of one employee could have a major effect.

Ms. Lorange questioned whether a small increase in dues should be recommended in order to begin to raise the cash reserve balance beyond the two month minimum. RWA has been keeping the dues increases low each year as well as putting off large purchases. However, at some point in the future, we will need larger dues increases to make up for the dip in reserves. It was requested

that the financial reserve policy also be brought back to the next meeting for more discussion about a possible change from the present 2 to 4 month policy.

5. RWA COMMITTEE APPOINTMENTS

Chair Roscoe appointed an Ad Hoc 2010 Executive Director Review Committee to include Rob Roscoe, Walt Sadler, Randy Marx and Bill George.

6. REGIONAL WATER EFFICIENCY PROGRAM UPDATE

Four work teams were empanelled at the Regional Water Efficiency Leadership Summit held on December 15, 2009. The teams have met periodically, and made considerable progress.

The team led by Rob Roscoe, focusing on consistency in our water shortage contingency stages and water efficiency requirements, completed its work by developing a set of recommendations for each member agency to consider for adoption. The recommendations include standardized water shortage/drought stage nomenclature and percentage reductions in water use. Additionally, the team developed a set of common water efficiency recommendations to provide to water customers in the region. Mr. Woodling mentioned that the recommendations will be sent to the individual member agencies and be brought back to the full board as a recommendation from the committee.

The AB 1420 compliance team was reorganized somewhat to consist of a set of workshops, to be developed by RWA and Water Forum staff, to inform RWA member agency staff of the requirements of AB 1420 and of the new California Urban Water Conservation Council (CUWCC) MOU requirements and help each agency evaluate its programs and prepare documentation. Compliance with AB 1420, which calls for reporting on the status of BMP implementation and a plan for future compliance, is critical to eligibility for any state grant funding for water projects. Each member agency is urged to have appropriate staff attend these workshops.

The team led by Keith Durkin, tasked with evaluating regional approaches to urban water management plans (UWMP), has met twice. There are opportunities for regional collaboration on developing UWMPs; however, there is not widespread agreement yet on what the scope of a regional effort should encompass. A sample table of contents that outlines the complete scope of requirements in UWMPs was included in the packet. Mr. Woodling talked about a regional approach to UWMPs. He mentioned that there were items that RWA staff could develop that each agency could use in the development of their UWMPs. He reported that Mr. Swartz has talked with DWR about having them review and approve those pieces prior to agencies using them in their UWMP. Mr. Roscoe commented that it would be beneficial for common pieces of all UWMPs to be produced by one consultant instead of each agency hiring individual consultants

to do the same work. This would be a savings for all agencies and could be a good below-the-green-line effort and would show that we are united as a region for a common goal.

The existing Public Outreach Committee of the Regional Water Efficiency Program was tasked with continuing development of a two-year plan for outreach that encompassed not only RWA budget and activities, but those of member agencies as well. The result would be a comprehensive and coordinated outreach plan. Staff and the committee have compiled information on each agency's outreach activities on water efficiency and are working to identify opportunities for additional coordination, cost savings, and increased effectiveness.

Currently the team is working with staff on the regional Blue Thumb Campaign. Television ad spots were filmed during the weeks of March 8th and March 15th. Photos of filming are attached. 30 second TV ads will air on Comcast beginning in April. Radio public service announcements will air from mid April to August on National Public Radio and KNCE, KGBY, KQJK, KFBK, and KHYL. The majority of radio psa's will air in May to promote Water Awareness Month and the Home Depot water efficiency events.

RWA and ACWA have partnered with the River Cats to increase awareness of water efficiency and to assist the state wide outreach program for the Save Our Water campaign.

A follow-up to the Leadership Summit was originally scheduled for March 5, 2010; however, given the varying progress of the work teams, that meeting will be postponed until it can be most useful.

Staff participated in the CUWCC's 2011-2015 Strategic Plan meeting during a recent Board retreat. Letters from RWA member agencies regarding the Group 1 Board selection process were provided and discussed. A new committee will be formed to discuss modifications to the Group 1 Board selection process, with the goal of establishing a more effective and regionally represented Board. The committee will comprise both the current Board members and members of underrepresented areas. Recommendations will be presented during the September plenary and voted on by the membership in December.

During the March 17, 2010 Plenary, the Chair announced that the Board is seeking member input on the CUWCC's new vision, mission, and primary objectives. Primary objectives are 1) Identify and promote cutting edge, innovative conservation and water use efficiency strategies; 2) Support CUWCC's membership to achieve their conservation and water use efficiency goals; 3) Engage uninformed or under-involved governments, institutions and private sector partners who could contribute to, or are required to meet, conservation and water use efficiency goals; 4) Develop partnerships with institutions and organizations

which can effectively promote and/or require conservation and water use efficiency; and 5) Expand public awareness, education and technical assistance through a comprehensive repository and clearinghouse for conservation and water use efficiency innovations, best practices, emerging research, policy advances and other resources that advance CUWCC's mission.

7. EXECUTIVE DIRECTOR'S REPORT

Government Affairs Update – RWA's Government Affairs Committee meets every other Tuesday at 10:00 by conference call. The last meeting of the month will be in person at Sacramento Suburban Water District. The next meeting is March 30, 2010. On the March 16, 2010 call, David Witter reported that El Dorado Irrigation District had adopted positions on 12 bills. Shauna Lorange provided highlights of the highest priority bills being tracked by the group of six RWA members (Cities of Folsom, Roseville, and Sacramento, San Juan Water District, Sacramento Suburban Water District, and Placer County Water Agency).

The group discussed the BDCP and Delta Issues and agreed that briefing Sacramento County Supervisor Don Nottoli on our water issues would be an important priority. Supervisor Nottoli is a member of the Delta Stewardship Council as a result of his chairmanship of the Delta Protection Commission. Ken Payne suggested Folsom Mayor Jeff Starsky should be included in a meeting with Supervisor Nottoli.

RWA and some members continue to work closely with ACWA to develop a proposed methodology for the "fourth alternative" to complying with SBX7 7. ACWA, along with John Woodling and Einar Maisch presented aspects of the proposal at a "listening session" held by DWR on March 8th.

Mr. Woodling is seeking input from the Government Affairs Committee and Executive Committee on the highest priority bills and issues on which to seek support from the full RWA membership.

Integrated Regional Water Management Update – Work on the IRWM Update is ongoing. The IRWM Management Committee met on March 10, 2010. The committee authorized staff to enter into a not-to-exceed task order for \$10,000 with CKB Consulting to help staff develop objectives and work with stakeholders related to habitat improvement, resources stewardship, and floodplain management. DWR released draft IRWM guidelines, draft IRWM implementation and planning grant proposal solicitation packages (PSP), and the draft storm water flood management PSP. A public meeting will be held April 12, and final comments will be due by April 23, 2010. No date for the release of final packets has been announced.

Grant Funding Update – Ongoing grants include: Prop 50 Implementation Grant (\$25 million); Prop 50 Drought Grant (\$1.97 million); Prop 50 Toilet Rebate Grant (\$1.12 million); USBR Meter Grant (\$5 million); USBR ET Controller Grant

(\$294,000). RWA recently received payment of \$1,072,862.90 on behalf of Freeport Regional Water Authority Sacramento River diversion, which is partially funded by the Prop 50 implementation grant. Additionally, RWA recently received payment of \$182,496.53 from the DWR toilet rebate grant. Reimbursement will be distributed to fourteen participating agencies.

Sacramento Metro Chamber Cap to Cap Update – The 2010 Cap-to-Cap trip to Washington D.C. is scheduled for April 17-21. Co-Chairs of the Water Resources Team are John Woodling, Derrick Whitehead, and Ed Winkler. The Water Resources Team is developing policy papers on the following topics 1) Regional Water Infrastructure Needs, 2) The Local Impacts of Folsom Operations and the Biological Opinions, 3) Groundwater Contamination, 4) Central Valley Salts, 5) Legacy Mercury, and 6) Delta Solution. The final issue papers will be distributed after approval of the Metro Chamber Executive Committee.

Future RWA Events – Executive Director Woodling is seeking input on topics for future RWA board meetings and events. There was a suggestion made at the last RWA Board meeting that we convene a panel discussion of BDCP parties to get more detailed information later in the year. In addition, Director Gray recommended arranging a bus tour as has been done in past years. This could showcase our accomplishments to the media, environmental caucus, legislative staffers and others. The May RWA meeting may include an update from Water Forum Executive Director Tom Gohring, and we are also seeking to arrange a presentation for a future meeting from staff of the California-Nevada River Forecast Center explaining their use of predictive hydrology tools. Mr. Woodling will participate on a panel discussion on water conservation at the Water Education Foundation Executive Briefing on March 26th.

8. DIRECTORS' COMMENTS

Mr. George announced that Dave Witter will be retiring from El Dorado Irrigation District.

Mr. Dion reported that Citrus Heights Water District employees entertained an idea to work 4 ten hour work days per week. The board voted to retain the existing 5 day a week schedule since they are a service organization.

Ms. Higgins informed the committee that newly filmed advertisements will be on Comcast channels in the next few weeks. Announcements will also be on the radio and public television.

ADJOURNMENT

With no further business to come before the Board, Chair Roscoe adjourned the meeting at 9:31a.m.

By:

Chairperson

Attest:

Nancy Marrier, Board Secretary / Treasurer