

1. CALL TO ORDER

Chair Lorange called the regular meeting of the Board of Directors to order at 9:00 a.m. at the Carmichael Water District. Individuals in attendance are listed below:

RWA Board Members

Andy Soule¹, California American Water
Paul Selsky, Carmichael Water District
Steve Nugent, Carmichael Water District
Joseph Dion, Citrus Heights Water District, Chair
Bob Churchill, Citrus Heights Water District
Walt Sadler, City of Folsom
Spencer Short, City of Lincoln
Carol Garcia, City of Roseville
Derrick Whitehead, City of Roseville
Dan Sherry, City of Sacramento
Debra Sedwick, Del Paso Manor Water District
Bill George, El Dorado Irrigation District
Randy Marx, Fair Oaks Water District
Michael Schaefer, Orange Vale Water Company
Sharon Wilcox, Orange Vale Water Company
Ed Crouse, Rancho Murieta Community SD
Cathy Hood, Rio Linda/Elverta Community Water District
Neil Schild, Sacramento Suburban Water District
Pam Tobin, San Juan Water District
Shauna Lorange, San Juan Water District

Staff Members

John Woodling, Executive Director; Paul Bartkiewicz, Legal Counsel; Rob Swartz, Nancy Marrier and Cecilia Partridge.

Others in Attendance: Brian Martin, Chuck Rose, David Kane, Ed Formosa, Mark Salmon, Keith Wallace, Melanie Holton, Charlie Pike, Frank Bradham, Kent Nalcata, Alan Driscoll, Greg Young and Jason Jacobs.

2. PUBLIC COMMENT

None.

3. CONSENT CALENDAR

3a. The minutes from the RWA Regular Board meeting held January 8, 2009.

3b. CalPERS Deferred Compensation Plan

Currently, RWA provides a deferred compensation plan through American International Group, Inc. (AIG). The recent financial troubles reported in the news about AIG prompted staff to look into the possibility of offering an alternative plan to its employees. CalPERS offers a deferred compensation plan, and its management fees are generally lower than AIG. Employees would have the option of contributing to either plan, and employees currently in the AIG plan would have the option to move their funds to CalPERS. RWA does not contribute to the plan on behalf of its employees.

3c-3g: Other Post-Employment Benefits (OPEB)

In preparing for compliance with GASB 45, **Accounting and Financial Reporting by Employers for Post-employment 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. The final BRS report was presented to the Executive Committee on February 25, 2009 after input from the January 28, 2009 Executive Committee meeting.

BRS calculated an unfunded actuarially accrued liability (UAAL) for past service of retirees and employees through June 1, 2008. Assuming that RWA uses an irrevocable trust and intends to fund all or a portion of the UAAL, the liability was estimated to be \$381,801 on July 1, 2008. Accounting for additional interest costs and current annual funding costs for the ongoing liability (or normal costs); the total estimated liability at June 30, 2009 is \$443,949¹.

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 the liability in the financial statements; 2) how the organization is going to fund the liability and at what level; and 3) the

¹ Approximately \$15,500 of this cost will have been funded during the year since the current retiree benefits are being paid on a pay as you go basis.

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 fully fund the calculated past service liability 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 existing liabilities. The available resources for funding OPEB were determined as follows:

- 1) 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 entity².

The committee reasoned that since the OPEB obligation was based upon employment service up through July 1, 2008, it made sense to fund the UAAL from existing reserves (if available) since the membership up to this date had benefited and utilized the employment services. The Executive Committee concurred with the recommendation to fully fund the calculated past service liability subject to SGA's Board approval.

The Ad-Hoc committee also recommended allocating the liability following a sub-group actuarial analysis, splitting 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 staff³; 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. This additional sub-group analysis prepared by BRS is attached. The resulting analysis allocates 56.76% of the UAAL to RWA (which includes WEP) and 43.24% to SGA. The Executive Committee concurred with this allocation methodology.

The Ad Hoc Committee also requested that staff evaluate funding vehicles. Information gathered and presented by Sacramento Suburban Water District discussed different funding vehicles. From this analysis, the

² 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 increase fees for both organizations.

³ This allocation methodology between the two organizations has mirrored the actual salary allocations between the two organizations over the last three fiscal years.

Executive Committee agreed that the California Employers' Retiree Benefit Trust (CERBT) was a prudent choice for RWA. The CERBT, which is managed by the California Public Employees' Retirement System (CalPERS), offers lower fees, higher discount rates, organizational stability and reputation and is easy to implement and use. Additionally, the method used to calculate the UAAL by BRS has been an accepted method by CERBT.

The Executive Committee also agreed that future below-the-green-line subscription programs should include fees for these future retirement liabilities.

3h. 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. A copy of the Castaic Lake Water Agency Resolution and Statement of Qualifications for Mr. Gladbach as well as RWA's Resolution No. 2009-02 concurring in the nomination of Jerry Gladbach to the Executive Committee of the ACWA JPIA were included in the packet.

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

3i: 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 have conferred on the content of an MOU, which was recently recommended for approval by the CABY Planning.

3j: 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.

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. A draft governance structure was included in the packet for discussion purposes.

3k. Resolution in Support of Lou Reinkens

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. Reinkens serves as the Director of the Tahoe City Public Utility District representative to the ACWA JPIA and is seeking reelection to the Executive Committee of the ACWA JPIA.

Motion/Second/Carried (M/S/C) Mr. George moved, with a second by Mr. Soule', to approve the consent calendar items as follows:

3 a) The minutes from the RWA Regular Board meeting held January 8, 2009.

3 b) Approve Resolution 2009-01 approving adoption of California Public Employees' deferred compensation plan.

3 c) Approve funding 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.

3 d) Approve 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.

3 e) Approve 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. 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.

3 f) Approve using the CERBT Trust, which is managed by CalPERS, as the Trust Administrator.

3 g) Approve RWA early implementation and adopt GASB No. 45, Accounting and Financial Reporting by Employers for Post-employment Benefits Other Than Pensions (OPEB) for the year ended June 30, 2009.

3 h) Approve 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").

3 i) Authorize staff to enter into an MOU 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.

3 j) 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.

3 k) Approve Resolution 2009-03 concurring in the nomination of Lou Reinkens to the Executive Committee of the Association of California Water Agencies Joint Powers Authority ("ACWA JPIA").

4. EXECUTIVE COMMITTEE REPORT

Final minutes of the January 28, 2009 and draft minutes of the February 25, 2009 RWA Executive Committee meetings.

5. STRATEGIC PLANNING WORKSHOP UPDATE

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.

John Woodling, RWA Executive Director requested any comments from the board on the January 20, 2009 Strategic Planning Workshop summary be forwarded to him. Mr. Woodling said that the goal of the Strategic Planning Workshop was to define the vision, core values and fundamental goals that are included in the summary. The Strategic Planning Committee and Executive Committee have both reviewed the summary and have come to a consensus to move forward with these values and goals. The next steps will be for Mr. Woodling and Mr. Swartz to begin to develop quantifiable objectives that relate to each of the goals. The final list of objectives will be presented to the board at the May board meeting, which will coincide with the adoption of the Fiscal Year 2010 budget. The objectives will be presented to the board for adoption of the Strategic Plan at the July board meeting.

6. EXECUTIVE DIRECTOR'S REPORT

- **RWA Financial Report** - A financial report for RWA for the period July 1, 2008 through December 31, 2008 was included in the packet. All budget categories are within expectations for midyear.
- **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 technical information, 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 held hearings on the Delta Vision and Bay Delta Conservation Plan. RWA staff attended the meeting of the Senate Natural Resources and Water Committee on the morning of February 24. The Assembly Water Parks and Wildlife Committee met the same afternoon. The hearings provided an overview of Delta Vision and BDCP to the committees, in what was likely the first of many hearings on the Delta.

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.

Paul Bartkiewicz, legal counsel, commented that the Delta Vision is a hot issue with the legislature. Senator Steinberg said that water would be the number one priority and there are several pages of legislation relating to the Delta Vision, along with several water bonds. All of the legislation relating to Delta Vision is being covered by RWA members or the coalition.

- **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. RWA staff and members were actively involved in tailoring the principles to reflect our interests. 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.

Governor Schwarzenegger issued an emergency drought proclamation on Friday, February 27. The Governor called for all urban agencies to conserve 20% immediately, and implied that if voluntary measures were not successful the state may mandate the conservation target.

John Woodling gave a presentation to the Sacramento City Council on March 3, 2009 at a Water Conservation Workshop, addressing state and regional water supply conditions, as well as the regional water efficiency program. City staff was seeking direction on conservation measures to be implemented in a revised ordinance. Council members were generally in agreement that the city needed to be more aggressive on water conservation.

- **Legislation Update** - With completion of the budget and the deadline for submittal of bills, a flood of water legislation was introduced in the last days of February. RWA staff is tracking a number of bills. Staff has initially prioritized bills as high, medium, or low for tracking purposes, but is seeking input on the prioritization from members.

The docket now includes five water bonds, six Delta Vision related bills, and nine water conservation bills. Of interest to RWA is AB 419 (Caballero), which would change the water code to allow investor-owned water companies to be members of joint powers agencies.

The Senate Natural Resources and Water Committee will hold a hearing on water rights on March 10th at 9:00 a.m.

Senator Lois Wolk introduced SB 460 which is ACWA sponsored. ACWA is working on an alternative mechanism to get 20% conservation. This is driven by what is reasonable use in a given area, what are reasonable conservation actions to take and how does that add up to 20% savings statewide. The tone of SB 460 is that local agencies should drive conservation programs. Chair Lorange is on the committee for the ACWA sponsored SB 460.

AB 49 is driven by the concept that you don't have a right to waste water or use it unreasonably. Perhaps this bill will define what the level of reasonable use is. Staff has engaged Brown & Caldwell to work on some technical information for our region. We want this information to tell the story of what we're doing to conserve water, how we use water, what our overall water management strategies are so that we can generate some kind of conservation legislation that's workable. We need to prepare information so that we have some impact with legislation.

Mr. Bartkiewicz reported that he has been recommending that agencies adopt a resolution declaring their intent to retain control of conserved water. Mr. Woodling asked Mr. Bartkiewicz to provide a model resolution to send to the agencies for their use. Mr. Woodling said that our approach is three fold; 1) try to minimize the impact of the legislation to what is reasonable for the region, 2) to maintain the right to transfer the water, and 3) to try to get state funding to accomplish the things that are above and beyond what we might do just for our own benefit.

- **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. Staff has or will be on a number of radio and television programs in the coming weeks, and the PSAs are airing on a number of radio stations.

RWA staff assisted 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. Due to the visibility of Raley Field and the Rivercats, we were able to get two television stations to cover the water conservation story and urge homeowners to get a similar audit. We are exploring opportunities to partner with the River Cats for a longer term conservation promotion.

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. With the recent passage of a state budget, we are hopeful that this situation will change soon.
- **ACWA / National Geographic Bulk Purchase**
The ACWA Board of Directors has approved a partnership with National Geographic Publishing to produce a first-ever California water magazine targeted to California consumers. ACWA must receive commitments from members to purchase at least 1 million copies of each issue for this project to proceed. The minimum order per agency member is 4,000 copies.

7. DIRECTORS' COMMENTS

Andy Soule, California American Water, suggested that RWA entertain the idea of putting up a billboard on one of the main freeways to promote water conservation.

Derrick Whitehead, City of Roseville, reminded the board that he is finalizing Cap-to-Cap documents. Mr. Whitehead suggested that agencies who will not be attending forward any issues they have to him to include in the effort. Mr. Whitehead also suggested that agencies be involved in State Advocacy Day for the Sacramento Metro Chamber scheduled for June 15.

Adjournment

With no further business to come before the Board, Chair Lorance adjourned the meeting at 9:40 a.m.

By:

Chairperson

Attest:

Nancy Marrier, Board Secretary / Treasurer