

**REGIONAL WATER AUTHORITY
REGULAR MEETING OF THE BOARD OF DIRECTORS**

Thursday, November 10, 2011; 9:00 a.m.

Regional Water Authority Board Room

5620 Birdcage Street, Ste 110, Citrus Heights, CA 95610

(916) 967-7692

***PLEASE NOTE VENUE CHANGE**

AGENDA

The public shall have the opportunity to directly address the Board on any item of interest before or during the Board's consideration of that item. Public comment on items within the jurisdiction of the Board 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 in the customer service area of the Authority's Administrative Office at the address listed above. 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 the Executive Director of the Authority at (916) 967-7692. Requests must be made as early as possible, and at least one full business day before the start of the meeting.

- 1. CALL TO ORDER AND ROLL CALL**
- 2. PUBLIC COMMENT**
- 3. CONSENT CALENDAR**
 - a. Minutes of the September 8, 2011 regular board meeting.
Action: Approve Consent Calendar Items.
- 4. EXECUTIVE COMMITTEE REPORT AND RECOMMENDATIONS**
 - a. Information: Final minutes of the August 17, 2011 and the August 31, 2011 and the draft minutes from the September 28, 2011 RWA Executive Committee meetings.
 - b. Action: Approve selection of California Employers' Benefit Trust investment strategy recommending that RWA remain with investment strategy number 1 and direct our actuary to use a 7.25% rate of return.***
 - c. Action: Approve amendment to Compensation Policy 400.2.***
- 5. EXECUTIVE DIRECTOR CONTRACT AMENDMENTS**
Action: Approve amendments to the Executive Director's employment contract.
- 6. DELTA UPDATE**
 - Information Presentation: Paul Olmstead, Water and Power Resource Specialist, SMUD.
- 7. WATER EFFICIENCY PROGRAM UPDATE**
 - Information Presentation: Linda Yager, RWA Project Manager.

8. EXECUTIVE DIRECTOR'S REPORT

- a) Grants update
- b) IRWM update
- c) Government Affairs Update
- d) Water Forum Update
- e) Public Affairs Program Update
- f) RWA Outreach
- g) RWA Holiday Social

9. DIRECTORS' COMMENTS

10. ADJOURNMENT

Upcoming meetings:

Next Executive Committee Meeting – Wednesday, December 15, 2011; 8:30 a.m. at the RWA office.

Next RWA Board of Directors' Meeting – Thursday, January 12, 2012, 9:00 a.m., at the RWA Office.

November 10, 2011

AGENDA ITEM 3a: CONSENT CALENDAR

The minutes from the RWA Regular Board meeting held September 8, 2011.

Action: Approve September 8, 2011 minutes.



1. CALL TO ORDER

Chair George called the meeting of the Board of Directors to order at 9:04 a.m. at the Carmichael Water District. Individuals in attendance are listed below:

RWA Board Members

Ron Greenwood, Carmichael Water District
Steve Nugent, Carmichael Water District
Bob Churchill, Citrus Heights Water District
Al Dains, Citrus Heights Water District
Ken Payne, City of Folsom
Dan Sherry, City of Sacramento
Debra Sedwick, Del Paso Manor Water District
Bill George, El Dorado Irrigation District
Jim Abercrombie, El Dorado Irrigation District
Mark Chrisler, Fruitridge Vista Water Company
Michael Schaefer, Orange Vale Water Company
Sharon Wilcox, Orange Vale Water Company
Brian Martin, Placer County Water Agency
Ed Crouse, Rancho Murieta Community SD
Mary Henrici, Rio Linda/Elverta Community WD
Rob Roscoe, Sacramento Suburban WD
Neil Schild, Sacramento Suburban WD
Pam Tobin, San Juan Water District
Shauna Lorange, San Juan Water District

Staff Members

John Woodling, Rob Swartz, Linda Yager, Cecilia Partridge, Monica Garcia and Ryan Bezerra, Legal Counsel.

Others in Attendance:

Frank Bradham, Shawn Huckaby, Steve Dalrymple, Casey Bigelow, Jesse Patchett, Jim Mulligan, Charles Rose, Keith Durkin, Jafar Faghih, Teji Sandhu and Trevor Joseph. Nicole Krotoski participated via conference phone.

2. PUBLIC COMMENT

Mr. Rose said that his term is up in December as the representative of special districts for LAFCO. The seat is available for anyone who is interested and meets the qualifications for serving in this capacity.

3. CONSENT CALENDAR

The minutes from the RWA Regular Board meeting held July 14, 2011.

Motion/Second/Carried (M/S/C) Ms. Sedwick moved, with a second by Mr. Martin, to approve the minutes of the July 14, 2011 regular board meeting.

4. ELECT 2011 RWA EXECUTIVE COMMITTEE MEMBER

A vacancy exists on the 2011 RWA Executive Committee. RWA Policy 200.3 requires that the makeup of the Executive Committee include:

- At least two members who are members of a governing board of a member of RWA.
- At least two members who are management staff of a member of RWA.
- At least one member who represents a city or county member of RWA.
- At least one member who represents a contracting entity of RWA.

These requirements are satisfied by the existing eight members of the Executive Committee. As a result, any RWA board member whose organization is not already represented on the Executive Committee is an eligible candidate for the vacant seat.

A Board member who is not present at the time of the election will not be included as a candidate unless the Board member or the RWA entity that he or she represents has notified the RWA Executive Director prior to the election that the Board member wishes to be included as a candidate.

Mr. Bezerra, RWA Legal Counsel, gave a brief overview of the election process. Mr. George appointed Ryan Bezerra and Cecilia Partridge to act as the Elections Committee. Each candidate was allowed two minutes to make a statement. Hard copies of all final ballots will be kept in the RWA office for anyone who wishes to review them.

M/S/C Debra Sedwick was elected as a member to the 2011 Executive Committee.

5. ELECT 2011 RWA EXECUTIVE COMMITTEE VICE-CHAIR

A vacancy exists for the position of Vice-Chair of RWA. RWA Policy 200.3 identifies the procedures for selecting a Vice-Chair from among the members of the Executive Committee.

M/S/C Pam Tobin was elected as a Vice Chair to the 2011 Executive Committee.

6. CLOSED SESSION UNDER GOVERNMENT CODE SECTIONS 54954.5(F) AND 54957.6 – CONFERENCE WITH LABOR NEGOTIATORS

Designated Representatives: Bill George and Pam Tobin
Unrepresented Employee: Executive Director

7A. EXECUTIVE COMMITTEE REPORT AND RECOMMENDATIONS

Final minutes of the May 25, 2011 and the July 27, 2011 RWA Executive Committee meetings were enclosed in the packet for information only.

7B. EXECUTIVE COMMITTEE REPORT AND RECOMMENDATIONS

A Committee made up of the chairs of RWA and SGA, the vice-chair of SGA, and an additional representative from the RWA Executive Committee conducted an evaluation of the executive director's performance for the period from June 1, 2010 through May 31, 2011. The committee sought input from all RWA and SGA board members for its evaluation, and has discussed the results with the Executive Committee.

The RWA Executive Committee, at a meeting on August 31, 2011, recommended amendments to the executive director's employment contract.

There was discussion that some of the agencies are having a difficult time supporting the recommendation while others said that the recommended increase was very minimal and well deserved. It was suggested that the recommendation was below the current COLA and it's important to retain current staff.

M/S/C Mr. Churchill moved, with a second by Ms. Tobin, to approve the amendment to the Executive Director's employment contract.

There was a roll call taken on this action item with 8 yes and 6 no votes. Eleven yes votes (a majority of the total membership) were required for purposes of approving this recommendation.

M/S/C Mr. Roscoe moved, with a second by Mr. Payne, that legal counsel review the quorum majority vote policy to see if the 8 to 6 vote just taken is binding, and if not, to agendaize the item for the November board meeting, and for the resolution effective date for the one time merit of Employee's performance be changed from "mid-September" to the "next pay period."

7C. EXECUTIVE COMMITTEE REPORT AND RECOMMENDATIONS

ACWA JPIA has relocated their office space to Roseville. RWA has been on a month to month lease while they have been in transition. Staff has been negotiating a new lease agreement, which provides for improvements to the existing office to accommodate the new staff member. The lease would also provide for refurbishing the board room and full time access to that space. The monthly lease payments would remain at the current rate, which was negotiated in 2004. The new rate is estimated at approximately 77 cents per square foot. The attached lease agreement has been reviewed and approved by legal counsel and ACWA JPIA.

M/S/C Ms. Tobin moved, with a second by Mr. Nugent, to approve the Executive Director to sign a lease agreement with ACWA JPIA.

8. AMERICAN RIVER BASIN INTEGRATED REGIONAL WATER MANAGEMENT PLAN UPDATE

RWA staff and consultants are working on a comprehensive update to the American River Basin Integrated Regional Water Management Plan (IRWMP) with a planned adoption date of January 2013. When the IRWMP initially launched in April 2004, it was known as the Regional Water Master Plan and Operational System Project (Project). The Project was set up as part of a cost-share agreement with the U.S. Army Corps of Engineers (USACE) utilizing a \$1.95 million allotment from Water Resources Development Act (WRDA) from 1999. Much of the WRDA funding was never appropriated, and the Project began using other sources to match local funds (e.g., Prop 50 planning grant, USBR SOR grant, Prop 84 planning grant). On April 25, 2011, USACE notified RWA that the cost-share agreement has been officially concluded. The total federal share over the span of the program was \$698,086.77, which matched with a local contribution of \$232,695.59 for a total project expenditure of \$930,782.36.

The conclusion of the USACE cost share created a need for fundamental changes to the existing Project Agreement. Staff recognized that this was a good opportunity to consider transitioning the program from a subscription-based project to a core RWA function. The issue of the IRWMP being a core RWA function has been raised several times in the past, with one of the biggest concerns being the source of funds to be raised to continue the project.

Staff met with the Project Committee on July 13, 2011 to discuss options for moving the Project forward through either an amendment to the existing agreement or through an entirely new agreement. The committee recommended that an amendment to the existing agreement be developed that would include the following elements:

1. Acknowledge that the agreement no longer has the USACE cost share as a source of funds.
2. The agreement would end the project on June 30, 2013.
3. The Project fund balance would be designated to RWA solely for the purpose of activities related to the update and implementation of the IRWMP.
4. Any funds collected to manage cash flow for the Project between July 1, 2011 and June 30, 2013 would be returned to Project participants.

The designation of Project funds presents a significant opportunity to move this from a project to a core RWA function beginning in FY 2013-14, because it helps overcome one of the biggest concerns expressed in the past (i.e., would there be a need for a significant dues increase to fund the IRWMP?)

Mr. Woodling said that at the July 27, 2011 Executive Committee (EC) meeting, staff presented a recommendation to amend the Project Agreement for the Regional Water Master Plan and Operational System Program to end the project on June 30, 2013 and assign remaining funds to a designation to be managed by RWA for the purposes of funding future activities related to updating or implementing the IRWMP. The EC requested that staff prepare a draft of the amendment and bring the item back for further discussion and action on August 17, 2011. At the August 17th meeting, the EC approved the Project Agreement Amendment, to move the remaining funds to a designation to be managed by RWA for future IRWMP purposes, and directed staff to bring a Full Board action for the IRWMP to become an RWA core project at its September 8, 2011 meeting.

Mr. Swartz gave a presentation update on the ARB IRWMP, including background, primary tasks, and additional outreach. Mr. Swartz said that the state released new guidelines for IRWM in July 2010 to incorporate Prop 84 requirements including region acceptance process, goals and objectives with metrics, considering the needs of disadvantage communities and climate change. There are three planning/stakeholder forums scheduled with over 150 people on the distribution list. There have been eight work group meetings on stormwater quality, watershed management, climate change, water supply/demand management, agriculture and flood/floodplain management. The next IRWM Update Workshop is scheduled for October 11, 2011.

M/S/C Ms. Lorance moved, with a second by Mr. Payne, to direct staff to establish a designation for IRWM funds and to manage the IRWMP as a

core RWA program effective July 1, 2013 to include the planning agreement.

9. DELTA UPDATE

Mr. Woodling gave a brief update on the Delta Stewardship Council's activities saying that the council has released the fifth staff draft of the Delta Plan. The draft will be the basis for the EIR to be released later this year. The release of the administrative draft EIR will be followed by a 45-day comment period. The Delta Stewardship Council will hold a series of workshops to discuss elements of the plan in September, as well as their regular council meeting. Recommendations and policies in the draft plan cause concern over water supply and economic impacts to our region. Within the primary zone of the Delta there is concern about how local land use authority will be impeded. Recommendations to the state board would limit access to local water supplies to meet future demand. The Council proposes fees for diversions and discharge of waste water. Mr. Woodling said that staff will be compiling comments for the 5th draft and possibly the EIR. There has been coordination with NCWA and Mountain Counties WRA.

Development of the Bay-Delta Conservation Plan (BDCP) is continuing. A schedule for working group meetings was recently released (attached to the packet); however the members of all of the working groups have not been identified. RWA staff is participating with other upstream water users in periodic meetings with Dr. Meral, the lead for Natural Resources Agency on BDCP development. The plan needs to have a viable financing mechanism to get approved for the permits.

There are a number of Delta issues and water issues that could be taken up by the legislature in 2012 and will need to be monitored closely. Staff will continue to track legislation. Our public affairs efforts are increasing so we build a much stronger voice.

There was discussion on the importance of continuing to be involved with all aspects of the Delta issues, water issues and conservation.

10. OTHER POST EMPLOYMENT BENEFITS (OPEB) PRE-FUNDING PROGRAM USING THE CALIFORNIA EMPLOYER'S RETIREE BENEFIT TRUST

Mr. Woodling gave an information presentation on the OPEB that covers retiree health benefits, the changes offered and our next step. Nicole Krotoski participated via conference phone. In fiscal year ending June 30, 2009, RWA contracted with the California Employers' Retiree Benefit Trust ("CERBT") to invest pre-funded asset contributions for Other Post-Employment Benefits (OPEB) payable to retirees. As part of the determination of future invested asset values,

Governmental Accounting Standards Board allowed a maximum discount rate of return of 7.75%. The CERBT has been using this maximum discount rate of return.

Due to the market volatility experienced in investments as well as anticipated inflation, CalPERS explored various asset allocation strategies to provide alternative discount rate options for the CERBT. CalPERS settled on three asset allocation strategies in May 2011. An asset allocation strategy is a planned investment strategy designed to earn a long-term expected rate of return at a given level of risk. "Long-term" means time periods commensurate with the lifespan of the employer's OPEB plan (e.g., periods of 50 years or longer).

Each of the above strategies invests in a mix of five asset classes. The public market securities that comprise the underlying asset classes do not change when the asset allocation strategy changes. Rather, the strategies differ in the extent to which each asset class is represented in a given strategy.

CalPERS has emphasized that the long-term expected rate of return for these three strategies are **not** guaranteed to be achieved. The rate of return will vary from investment period to period. All CERBT investments include a risk that employers will earn negative rather than positive investment returns during any given time period.

If the RWA Board does nothing, the pre-funded assets will be automatically invested in Strategy 1. Strategy 1 has a lower discount rate of 7.61% versus the prior discount rate of 7.75%. It also has the highest standard deviation of expected returns, and therefore the greatest volatility, both positive and negative. The lower discount rate of 7.61% will cause the valuation of the OPEB liabilities and assets to be different which may result in an increase or decrease in the current trust fund asset. Changes to the asset and liability valuations will change the required annual payment to fund the OPEB liabilities.

If the RWA Board chooses to change to Strategy 2 or Strategy 3, this strategy redeployment would occur in the first month following the fiscal year quarter in which the new OPEB cost report is accepted by the CERBT program. For example, reports accepted in July – September will lead to asset redeployment in October; reports accepted in October – December will lead to asset redeployment in January; and so forth.

Bickmore Risk Services (BRS), RWA's current actuary, has suggested rounding the discounted rates instead of using the discounted rates as outlined by CalPERS. The above discount rates may imply a precision to the discount rate that will not be realized. Following actuarial standards of practice, BRS suggested rounding the asset strategy discount rates as follows:

- 1) Strategy 1: 7.5% versus 7.61%
- 2) Strategy 2: 7.0% versus 7.06%
- 3) Strategy 3: 6.25% versus 6.36%

At its August 17, 2011 meeting, the executive committee directed staff to have BRS analyze each of the strategies using June 30, 2011 investment results and using “expected” investment results in its actuarial analysis to provide the most comprehensive information for guiding the decision. Staff had discussions with the CERBT staff about the different strategies, and CERBT provided a presentation they have used in communicating with agencies about the changes. CERBT staff offered to attend a future Executive Committee or board meeting.

Mr. Woodling suggested that we consider what the impact is on the budget and make a decision as we go through the next budget cycle.

11. EXECUTIVE DIRECTOR’S REPORT

Mr. Woodling said that on the legislation issues, AB134 was signed by the governor, and would allow SRCSD to seek water rights equivalent to the amount of water discharged in the Sacramento River. The RWA Government Affairs Committee agreed that there was one proposal in particular that could have broad support that dealt with the ability to more easily transfer/exchange water between agencies within our region. Mr. Woodling said that if we’re doing regional planning why don’t we make this streamlined for any agency within the IRWM region. There is a lot of work to go forward but ultimately this will provide some benefits and stability. We plan to be engaged in the ACWA legislative process.

SB 834 (Wolk) contained some late amendments that made it more acceptable to us. It had contained language from the Delta legislation regarding regional self reliance that caused concern.

Carmichael Water District prepared several proposals for ACWA sponsorship of legislation. The RWA Government Affairs Committee agreed that one proposal in particular could have broad support, dealing with the ability to more easily transfer/exchange water between agencies within our region.

Mr. Woodling reported that later this month the Urban Conservation Council will consider a change in the way board members are elected that will provide regional representation for the inland part of California. Lisa Brown currently represents our interests with the council. This change will be beneficial as our population grows. Mr. Woodling suggested that all agencies that have staff who work on the council make sure they get their votes in on this proposal.

Mr. Woodling said that staff has been working with SACOG, NCWA, Mountain Counties Water Resources Association, public affairs consultants and others to

develop the concept and principles for a coalition to support the region's interests in a Delta solution and other water issues. A background paper and principles was attached. A brief presentation on the potential impacts of the Delta solution on our region has been developed. Over the course of the next several months we will seek to brief city councils, county boards of supervisors, local chambers of commerce, and other groups on the Delta and potential impacts to our region. Adoption of the principles would reflect each organization's commitment to collaborate and coordinate within the region on the issue. Mr. Woodling would like the board of directors of each RWA member agency to be briefed on the Delta issues and adopt the principles. City of Sacramento adopted the principles by resolution on August 23, 2011.

RWA's consultants have developed an op-ed piece on the Delta Plan that can be modified for each local news media outlet in the region. We will be coordinating with RWA members to secure placement of this article in local newspapers.

So that all RWA board members can more effectively represent RWA, we have prepared brief message points and a pocket card to answer the question, "Who is RWA?"

Water Forum staff and consultants have completed work to correct and refine the CALSIM modeling to identify water supply impacts of the lower American River flow standard. The results will be presented at the September meeting of the water caucus, which will be held September 14th at Carmichael Water District from 11:30 a.m. – 1:00 p.m.

12. DIRECTORS' COMMENTS

Mr. Nugent said that Sandy Kozlen will be retiring as a Carmichael Water District Board member.

Mr. Sherry reported that Marty Hanneman has resigned from the City of Sacramento. Dave Brent has been appointed the Interim Director of Utilities.

Mr. Woodling said that Dan Sherry has moved from an alternate to a full RWA board member.

Mr. Schild said that Sacramento Suburban Water District appointed a couple of people to what is called a two-by-two committee to look at some possible consolidation of water districts in Sacramento County. San Juan Water District also has a two-by-two committee. Mr. Schild invited other districts to appoint members to participate on this committee.

Chair George reported that after consultation with legal counsel Agenda Item No. 6, Closed Session, is unnecessary at this time.

Adjournment

With no further business to come before the Board, Chair George adjourned the meeting at 10:54 a.m.

By:

Chairperson

Attest:

Nancy Marrier, Board Secretary / Treasurer

November 10, 2011

AGENDA ITEM 4a: EXECUTIVE COMMITTEE REPORT AND RECOMMENDATIONS

Information: Final minutes of the August 17, 2011 and the August 31, 2011 and the draft minutes from the September 28, 2011 RWA Executive Committee meetings.



Regional Water Authority
BUILDING ALLIANCES IN NORTHERN CALIFORNIA

**Regional Water Authority
Executive Committee Meeting
Final Minutes
August 17, 2011**

1. CALL TO ORDER

Chair George called the meeting of the Executive Committee to order at 8:34 a.m. Individuals in attendance are listed below:

Executive Committee Members

Ron Greenwood, Carmichael Water District
Bob Churchill, Citrus Heights Water District
Marty Hanneman, City of Sacramento
Bill George, El Dorado Irrigation District
Paul Schubert, Golden State Water Company
Kerry Schmitz, Sacramento County Water Agency
Rob Roscoe, Sacramento Suburban Water District
Pam Tobin, San Juan Water District

Staff Members

John Woodling; Rob Swartz; Nancy Marrier, Cecilia Partridge and Ryan Bezerra, RWA Legal Counsel

Others in Attendance

Nicole Krotoski participated via conference phone.

2. PUBLIC COMMENT

None

3. CONSENT CALENDAR

The draft minutes from the Executive Committee meeting held July 27, 2011.

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

4. ACWA JPIA LEASE AGREEMENT

Mr. Woodling reminded the board that ACWA JPIA has relocated their office space to Roseville. RWA has been on a month to month lease while they have been in transition. Staff has been negotiating a new lease agreement, which

provides for improvements to the existing office to accommodate the new staff. The lease would also provide for refurbishing and full time access to the board room. The monthly lease payments would remain at the current rate that was negotiated in 2004. The new rate is estimated at approximately 77 cents per square foot. The lease agreement was attached and has been reviewed and approved by legal counsel and ACWA JPIA.

Mr. Woodling said that in follow up discussions with ACWA JPIA, they have agreed to allow SGA to be a joint user of the board room, as well as allowing "limited" use of the board room to member agencies. They will not allow us to sublet the space to other groups.

M/S/C Ms. Tobin moved with a second by Mr. Greenwood to recommend Full Board Approval to Enter into a Lease Agreement with ACWA JPIA.

5. INTEGRATED REGIONAL WATER MANAGEMENT PLAN UPDATE

Mr. Woodling said that at the July 27, 2011 Executive Committee (EC) meeting, staff presented a recommendation to amend the project agreement for the Regional Water Master Plan and Operational System Program to end the project on June 30, 2013 and assign remaining funds to a designation to be managed by RWA for the purposes of funding future activities related to updating or implementing the American River Basin Integrated Regional Water Management Plan (IRWMP). At their July 27th meeting, the Executive Committee requested that staff prepare a draft of the amendment and bring the item back for further discussion and action at the August 17, 2011 meeting. A draft of the proposed amendment was attached. Staff requested action on the amendment and direction on the appropriate action for the RWA Board to take regarding the future of the IRWMP.

Mr. Woodling asked the Executive Committee what their recommendation is to take to the full Board concerning the designation to a core program and the future of the program. It was agreed that the IRWM should be established as a core RWA function.

M/S/C Ms. Tobin moved with a second from Mr. Greenwood to approve the Project Agreement Amendment, move the remaining funds to a designation to be managed by RWA for future IRWM purposes and Recommend Full Board action for the IRWM Plan to become an RWA core project.

6. OTHER POST EMPLOYMENT BENEFITS (OPEB) PREFUNDING PROGRAM USING THE CALIFORNIA EMPLOYER'S RETIREE BENEFIT TRUST (CERBT)

Mr. Woodling gave a PowerPoint presentation that was given to staff by CERBT. At the July 27, 2011 Executive Committee meeting, staff discussed changes that

the California Employers' Retiree Benefit Trust (CERBT) was making to invest pre-funded asset contributions for Other Post-Employment Benefits (OPEB) related to health benefits payable to retirees. As part of the determination of future invested asset values, Governmental Accounting Standards Board allowed a maximum discount rate of return of 7.75%. The CERBT has been using this maximum discount rate of return. Beginning August 2011, the CERBT will provide for three asset allocation strategies with different rates of return.

Bickmore Risk Services (BRS), RWA's current actuary, has suggested rounding the discounted rates instead of using the discounted rates as outlined by CalPERS. Following actuarial standards of practice, BRS suggested rounding the asset strategy discount rates as follows:

- 1) Strategy 1: 7.5% versus 7.61%
- 2) Strategy 2: 7.0% versus 7.06%
- 3) Strategy 3: 6.25% versus 6.36%

The employer's asset allocation choice is a financial decision. There are plan conditions that might cause an employer to consider an asset allocation with a lower expected return. The selection of a strategy will be tied to the OPEB cost report process. Issues to consider are change in expected investment return, funded status volatility and ARC volatility.

There was discussion about how this has been funded previously and how it should be funded in the future. It was suggested that we look at the middle range. Mr. Woodling said that once we have the numbers we'll know better how to move forward.

Mr. Woodling said that staff had discussions with the CERBT staff about the different strategies, and CERBT staff offered to attend future Executive Committee or Board meetings. Mr. Woodling suggested that the information presented today be presented to the Board at the next meeting and have additional information to present at the next Executive Committee meeting.

7. SEPTEMBER 8, 2011 RWA BOARD MEETING AGENDA

There was discussion that with the 5th draft comment period close a Delta Update should be added to the agenda. Action item #6 needs to be completed after today's discussion. It was suggested that the OPEB agenda item be moved to the last item on the agenda.

M/S/C Mr. Churchill moved with a second by Ms. Tobin to approve the September 8, 2011 proposed RWA Board Meeting agenda completing the

action item under #6, moving #5 regarding OPEB to the last item on the agenda and adding a Delta Update item to the agenda.

8. CLOSED SESSION UNDER GOVERNMENT CODE SECTIONS 54954.5(E) AND (F), 54957 AND 54957.6 TO DISCUSS THE EXECUTIVE DIRECTOR'S PERFORMANCE REPORT AND CONFER WITH THE EXECUTIVE DIRECTOR REVIEW COMMITTEE

9. REPORT FROM CLOSED SESSION

The Executive Director Review Committee has completed the 2011 performance review process and has discussed findings and recommendations with the Executive Director.

An additional Executive Committee meeting was scheduled for 9:00 a.m. on Wednesday, August 31, 2011 for further discussion of the Executive Director's Evaluation Process and contract. The discussion will result in an action for recommendation to the full Board for approval of the Executive Director Review Committee's Performance Report of the RWA Executive Director.

There was no action taken at this time.

10. EXECUTIVE DIRECTOR'S REPORT

Mr. Woodling reported that the RWA Government Affairs Committee continues to meet by conference call every other Tuesday at 10:00 a.m., and in person the last meeting of each month. At the direction of the Executive Committee the Government Affairs Committee will discuss alternatives to the "unanimous consent" provisions of the RWA joint powers agreement at its August 30, 2011 meeting.

RWA continues to confer with other upstream agencies on federal legislation, HR 1837 (Nunes), which would limit the responsibility of the CVP and SWP in meeting requirements of the endangered species act and preempt state law, potentially undermining water rights priorities and area-of-origin protections. Most agencies are not taking formal "oppose" positions until it is clear whether the bill is moving forward.

The Delta Stewardship Council released the fifth draft of the Delta Plan, which will be the basis of the administrative draft EIR, to be released by September 1st for a 45-day comment period. The 200-plus page document contains 12 regulatory policies and 61 recommendations. While the fifth draft claims less regulatory authority for the Council than previous drafts, there are a number of troubling recommendations for actions of other agencies, most notably the

recommendation to the SWRCB to require “all other feasible water supply alternatives” to be evaluated and implemented before increasing diversions from the Delta watershed.

Three critical issues of concern are the recommendation that the board not approve any new point of diversion or purpose of use for water rights permit, the recommendation for the State Water Resources Control Board to adopt a flow objectives for the Delta and the proposal for user fees.

A copy of the memo was attached from Carmichael Water District directing a consultant to develop possible legislative proposals to respond to ACWA’s call for proposals. Mr. Woodling sought direction from the Executive Committee regarding RWA pursuing any of these proposals. Mr. Woodling said that we need to consider participation in the comment period.

Mr. Woodling said that he has been working with SACOG, NCWA, and others to develop the concept and principles for a coalition to support the region’s interests in a Delta solution and other water issues. A draft background paper and principles was attached. Over the course of the next several months this group will seek to brief city councils, county boards of supervisors, local chambers of commerce, and other groups on the Delta and potential impacts to our region. Mr. Woodling said that he would like to get our message out to local newspapers and other media. There will be coordination between the consultants and the RWA members to contact these groups. Mr. Woodling briefed Sacramento Suburban Water District on August 15, 2011 and would like to brief the board of directors of each RWA member agency. Mr. Woodling and city staff briefed the City of Sacramento’s ad hoc water committee on Delta issues and the coalition concept. The council members making up the committee directed staff to bring the item to the August 23, 2011 Council meeting.

Mr. Woodling and staff met with the general manager of Elk Grove Water District regarding possible RWA membership. They have maintained their membership in the Water Efficiency Program and appear to be on the verge on wanting to rejoin RWA. Mr. Woodling is scheduled to provide an update on RWA activities to the PCWA Board today. RWA’s tenth anniversary was featured in the attached version of the ACWA News.

11. DIRECTORS’ COMMENTS

Ron Greenwood said that he may be of assistance with the Public Relations Program in getting our message out in local newspapers and publications.

Rob Roscoe thanked Mr. Woodling for his presentation at the Sacramento Suburban Water District board meeting.

Bob Churchill reported that Citrus Heights Water District will be holding a special meeting for their Mariposa Avenue project.

Paul Schubert said that a well was found to have contamination by Cordova High School that will now need to be dealt with. They were told by the city that the well will need to be abandoned.

Kerry Schmitz reported that their new county executive has started in his new position.

ADJOURNMENT

With no further business to come before the Board, Chair George adjourned the meeting at 10:50 a.m.

By:

Chairperson

Attest:

Nancy Marrier, Board Secretary / Treasurer



Regional Water Authority
BUILDING ALLIANCES IN NORTHERN CALIFORNIA

**Regional Water Authority
Special Executive Committee Meeting
Final Minutes
August 31, 2011**

1. CALL TO ORDER

Chair George called the meeting of the Executive Committee to order at 9:04 a.m. Individuals in attendance are listed below:

Executive Committee Members

Ron Greenwood, Carmichael Water District
Ken Payne, City of Folsom
Bob Churchill, Citrus Heights Water District
Bill George, El Dorado Irrigation District
Paul Schubert, Golden State Water Company
Kerry Schmitz, Sacramento County Water Agency
Rob Roscoe, Sacramento Suburban Water District
Pam Tobin, San Juan Water District

Staff Members

John Woodling; Cecilia Partridge and Ryan Bezerra, RWA Legal Counsel

Others in Attendance

None.

2. PUBLIC COMMENT

Mr. Woodling informed the Executive Committee that Mrs. Marrier is recovering from major surgery.

3. CLOSED SESSION UNDER GOVERNMENT CODE SECTIONS 54954.5(E) AND 54957 – PUBLIC EMPLOYEE PERFORMANCE EVALUATION

Title: Executive Director

4. CLOSED SESSION UNDER GOVERNMENT CODE SECTIONS 54954.5(F) AND 54957.6 – CONFERENCE WITH LABOR NEGOTIATORS

**Designated Representatives: Bill George and Pam Tobin
Unrepresented Employee: Executive Director**

There was no action taken at this time.

5. EXECUTIVE DIRECTOR COMPENSATION

Action: Recommend RWA Board Approval of Proposed Executive Director Compensation for Fiscal Year 2011-2012.

The Committee recommended an amendment to the Executive Director's Contract for a 1% increase effective July 2011 and a one time employee recognition of \$3,000.

M/S/C Mr. Roscoe made a motion with a second by Mr. Selsky to recommend to the RWA full board an amendment to the Executive Director's Contract to change the salary by a 1% increase retroactive to July 1, 2011 and a one time employee recognition of \$3,000 to be effective the first pay day after full board approval. A roll call vote was taken with a vote of 5 yes to 3 nos.

6. DIRECTORS' COMMENTS

Mr. Roscoe suggested an agenda item be added to the September 8, 2011 RWA Board meeting for election of a new RWA Executive Committee member and RWA Vice Chair to replace Marty Hanneman who recently resigned his position with the City of Sacramento. Mr. Bezerra explained the election procedures and said that the item would be added to the September 8, 2011 RWA Board meeting agenda.

Mr. Roscoe said that his board of directors has appointed committees to talk with other agencies that might be interested in functional consolidations. This would be cost effective allowing agencies to pool their resources.

Mr. Selsky said that his agency filed for a 13% rate increase for 2013 through 2015.

Mr. Churchill mentioned the Citrus Heights Water District project on Mariposa Avenue where workers are laying new pipeline.

Mr. Payne said that City of Folsom has a \$4 rate increase out. A LAFCO annexation packet went in last week.

Mr. Greenwood said that a new director has been chosen for Carmichael Water District has to replace retiring director Sandy Kozlen.

Ms. Tobin said that their solar project has exceed their expectations with a huge long term savings.

ADJOURNMENT

With no further business to come before the Board, Chair George adjourned the meeting at 11:24 a.m.

By:

Chairperson

Attest:

Nancy Marrier, Board Secretary / Treasurer

1. CALL TO ORDER

Chair George called the meeting of the Executive Committee to order at 8:32 a.m. Individuals in attendance are listed below:

Executive Committee Members

Bob Churchill, Citrus Heights Water District
Ron Greenwood, Carmichael Water District
Debra Sedwick, Del Paso Manor Water District
Bill George, El Dorado Irrigation District
Kerry Schmitz, Sacramento County Water Agency
Rob Roscoe, Sacramento Suburban Water District
Pam Tobin, San Juan Water District

Staff Members

John Woodling; Rob Swartz; Nancy Marrier, Linda Higgins, Cecilia Partridge and Monica Garcia

Others in Attendance

Dan Sherry. Nicole Krotoski participated via conference phone.

2. PUBLIC COMMENT

None

3. CONSENT CALENDAR

The draft minutes from the Executive Committee meeting held August 17, 2011 and the draft minutes from the Special Executive Committee meeting held August 31, 2011.

Mr. Woodling commented that there are changes to the minutes. On the August 17, 2011 minutes, agenda item #7 on the first line change it to read "...that with the 5th draft comment period....", the fourth paragraph, item #10, change the reference to the board to "State Water Resources Control Board". On the August 31, 2011 minutes, agenda item #5, show the roll call vote 5 yes to 3 no, and under the Director's comments, Ken Payne's comments in the fifth paragraph, delete "for annotation."

Motion/Second/Carried (M/S/C) Mr. Greenwood moved, with a second by Mr. Roscoe, to approve the consent calendar as amended.

4. CALIFORNIA EMPLOYER'S RETIREMENT BENEFIT TRUST ("CERBT") STRATEGIC DISCOUNT OPTIONS FOR CALCULATING OTHER POST-EMPLOYMENT BENEFITS ("OPEB") LIABILITES

Mr. Woodling said that at the July 27, and August 17, 2011 Executive Committee Meetings, staff discussed strategic investment changes that California Public Employer's Retirement System (CalPERS) is implementing with the CERBT assets. These strategic investment changes are resulting in employers having three investment strategy choices in deploying pre-funded OPEB assets. Each distinct strategy results in a different discount rate to calculate OPEB liabilities. As discussed at the August 17, 2011 meeting, RWA is not making an investment decision as the investment choices for each strategy have already been determined by CalPERS. However, RWA is deciding which strategic investment choice and corresponding discount rate best suits the needs of the RWA's OPEB trust. This choice has future cash flow impact that will need to be considered in the annual budget process.

Nicole Krotoski gave a presentation via conference phone. She summarized the three investment strategies expected returns and risk assuming a 50 year investment horizon, noting that CalPERS does not guarantee the rates of return. Each strategy calculates the expected OPEB liability and annual required contributions for RWA based upon the expected return assumptions. Since the inception of CERBT, a maximum discount return rate of 7.75% was used and allowed by the Governmental Accounting Standards Board. RWA funded a significant portion of the OPEB liability in June 2009 using the 7.75% discount rate. The changes in these new strategies will increase the liability amounts and subsequent annual contributions because a lower rate of return is now assumed under each of the three strategies.

Ms. Krotoski noted that CalPERS will automatically invest employers' assets in Strategy 1 unless employers request otherwise. New asset deposit will be invested immediately in the new strategy. Old assets are more systematically deployed to the new strategy due the market volatility and declines since June 30, 2011.

Ms. Krotoski provided reasons to invest in strategy 1:

- 1) Strategy 1 is most similar to the previous CalPERS CERBT investment strategy and now does reflect a lower discount rate than previously used (i.e. a more conservative investment target).

- 2) CalPERS added to the investment categories (inflation linked bonds and commodities) so as to improve asset diversification and lower volatility of the expected returns during inflation.
- 3) The OPEB liability is required to be measured every two years. This re-measurement provides an opportunity for RWA to stay on top of its liability and potentially choose to pay additional funds if an unfunded actuarial accrued liability does result due to poor market performance.
- 4) CalPERS recently implemented new actuarial information in regards to expected retirement age (lowered it) and life expectancy (increased it). These two factors also have increased the calculated OPEB liability and added an element of reality into the calculation as well.
- 5) RWA's trust fund assets currently exceed the OPEB liabilities due to the timing of the June 30, 2009 deposit made at the bottom of the previous investment cycle.
- 6) Ms. Krotoski corrected the staff report information indicating that under the "expected" investment return results analysis for June 30, 2011, the liability **would now** exceed assets due to updated information regarding new staff and health plan data.

Bickmore Risk Services (BRS), RWA's current actuary, has suggested rounding the discounted rates instead of using the discounted rates as outlined by CalPERS. The discount rates can imply a precision to the discount rate that will not be realized. Following actuarial standards of practice, BRS suggested rounding the asset strategy discount rates down as follows:

- 1) Strategy 1: 7.5% versus 7.61%
- 2) Strategy 2: 7.0% versus 7.06%
- 3) Strategy 3: 6.25% versus 6.36%

At the July 27, 2011 Executive Committee Meeting, members received a two page illustration of the liabilities and annual required contributions using the above rounded discount rates which was also included in the Executive Committee packet. The additional actuarial adjustment is called the Margin for Adverse Deviation (MFAD). The MFAD is a downward adjustment of the discount rate and acceptable actuarial standards of practice. By rounding down the discount rate, it will result in calculating higher liabilities and annual required contributions which may result in some overfunding of the OPEB liabilities over the long-term. Overfunding could help mitigate poor investment performance.

While rounding the discount rates does have some benefit, there is no assurance that these discount rates are any more representative of expected results. Additionally, further research indicated that the discount rates on the CalPERS website for CERBT are even lower than those listed above because

the website lists rates over a 20 year investment cycle versus the liability calculation over a 50 year cycle. Essentially, CalPERS is anticipating lower rates of returns over the next 20 years than over the next 50 years. Ms. Krotoski stated that an MFAD is an actuarial sound practice and asked whether RWA wants to implement an MFAD. Alternatives to applying a lower discount rate could include funding additional money than is required into the OPEB while still choosing strategy 1. For example, instead of amortizing the current asset (which reduces cash flow requirements), RWA could pay the full annual required contribution.

Mr. Woodling said that if RWA chooses strategy 1 without implementing the MFAD, BRS will then re-run the liability and asset values to determine the required annual contribution and the unfunded actuarial accrued liability, if any. There are some administrative procedures RWA will need to complete with CalPERS. The OPEB funding policy will need to be modified to reflect RWA's choice of strategy 1. Mr. Woodling said that after discussions that he and Ms. Krotoski have had with a number of people the recommendation would be strategy 1 with the adjustment recommended by the actuary.

There was discussion regarding the difference in the strategies offered and the expected returns and possible risks. Mr. Roscoe commented that RWA is not a normal organization and it would be beneficial to overfund rather than underfund employee retirement obligations. Ms. Tobin commented that we have the option to go with strategy 1 and pay the entire normal cost instead of making annual payments. Mr. Woodling said that we will be working with this every two years where the numbers and our options are going to change.

M/S/C Mr. Roscoe moved, with a second by Ms. Tobin, to recommend to the RWA Board to make an active choice of an asset allocation strategy recommending that RWA remain with investment strategy number 1 and direct our actuary to use a 7.25% rate of return.

5. COMPENSATION SURVEY PURSUANT TO RWA POLICY 400.2

Policy 400.2, Employee Compensation, states RWA's intent "to provide employee compensation that is fair and equitable and that is comparable...with that of similar water and public agencies regionally." Further, the policy calls for the Executive Committee to conduct a compensation survey at least every five years. RWA last completed a compensation survey in 2007. There was discussion whether a salary survey in 2012 would be advisable.

Mr. Roscoe suggested collaboration with other agencies/districts for a regional salary survey. This would reduce the cost of the salary survey for everyone while producing useable data. Direction was given to the Executive Director to see if there is interest in a regional salary survey in 2012 or 2013.

M/S/C Ms. Tobin moved, with a second from Mr. Roscoe, to direct staff with regard to pursuing a compensation study to amend the policy to include the wording that the Executive Committee can use their discretion to waive the five year commitment.

6. WATER EFFICIENCY PROGRAM UPDATE

Linda Yager, RWA Project Manager, gave a PowerPoint presentation highlighting the Blue Thumb Campaign, Green Gardener Program, updated plant database and RWA member outreach. The top priority of the Water Efficiency Program (WEP) for FY12 is the review of current and planned future conservation activities discussed in the Urban Water Management Plans (UWMPs) and 2009-10 California Urban Water Conservation Council (CUWCC) Best Management Practice (BMP) reports. This review will enable RWA to plan for the next 3-5 years of the RWEF. The information collected will help RWA understand the current baseline gallons per capita per day (gpcd) usage for each member's service area, and which conservation BMP's will be emphasized to meet Senate Bill (SB) X7 7 targets. RWA staff has received a majority of RWA members 2010 UWMP's from DWR and is working with Water Forum staff on an outline of the summary reports needed for future planning. Staff anticipates to present findings and draft recommendations for the WEP by February 2012.

RWA will be hosting the December 14, 2011 plenary meeting of the CUWCC in the Sacramento area. The Plenary will be another opportunity for RWA and its members to discuss our commitment to water efficiency in a statewide forum. RWA staff encourages General Managers and Board members to attend with their Conservation Managers.

Ms. Yager reported that after 15 months of work, the CUWCC Group 1 Regional Voting Structure Proposal passed on September 16, 2011 with a vote of 78-Yes and 3-No. The new voting structure splits the State into 3 regions and increases the Group 1 Board to nine seats. The three regions are Coastal, Inland and South. The Board seats are allocated based upon the number of Signatory Members and Retail Signatory Member Population within a region. The City of Roseville currently occupies the Inland board seat, until December 2012.

7. NOVEMBER 10, 2011 RWA BOARD MEETING AGENDA

Mr. Woodling said that under agenda item #4 an additional item will be added as 4.c. to include amendments to policy 400.2 that was discussed under agenda item #5 previously. On agenda item #6 it has yet to be determined who will give the Delta Update presentation.

Mr. Woodling clarified agenda Item #5 saying that the result of the action item for the Executive Director contract amendment at the September RWA Board meeting was an 8 to 6 roll call vote. With RWA's 20 members, 11 votes are required to pass an action item. There was a motion and vote to bring this back to the RWA Board at the next board meeting.

M/S/C Mr. Churchill moved, with a second by Ms. Tobin, to approve the November 10, 2011 proposed RWA Board Meeting agenda with the suggested amendment.

8. EXECUTIVE DIRECTOR'S REPORT

Mr. Woodling reported that only a relatively small handful of bills we were tracking this year passed the legislature. AB 134 (Dickinson) that provides the opportunity for Sacramento Regional County Sanitation District to apply for water rights equivalent to the volume of their wastewater discharge has been signed by Governor Brown. In addition, the following bills are enrolled. The Governor has until October 9th to sign or veto legislation.

AB 275 would authorize residential, commercial, and governmental landowners to install, maintain, and operate rain barrel systems and rainwater capture systems provided that the systems comply with specified requirements. AB 359 would require a map identifying the recharge areas, as defined, for the groundwater basin to be included in a groundwater management plan for purposes of the state funding requirements. The bill would require the local agency to provide the map of the recharge areas to local planning agencies and notify DWR and other interested persons when a map is submitted to those local planning agencies. SB 263 would authorize DWR to provide well completion reports to licensed professionals and academic researchers for specified purposes. The well logs will remain confidential for other purposes. SB 834 would require an integrated regional water management plan to identify the manner in which the plan furthers a specified state policy concerning reducing reliance on the Sacramento-San Joaquin Delta for water supply and improving regional self-reliance for water, if the region depends on water from the Delta watershed.

Mr. Woodling said that the Delta Stewardship Council held a series of workshops on specific topics related to the fifth staff draft of the Delta Plan. RWA Staff attended the workshop on financing. In addition, staff and some RWA members attended the Council meeting on September 22 and 23, and offered public comment on the draft plan. The Council plans to release the draft EIR near the end of September. Comments on the fifth draft Delta Plan are due September 30. RWA submitted the attached comment letter.

Mr. Woodling said that the RWA Public Affairs Program is gaining momentum. RWA staff and consultant developed a set of principles for formation of a regional coalition to protect our interests as a Delta solution moves forward. Several entities have agreed to participate, including Sacramento City Council, Folsom City Council, PCWA, and Metro Chamber. Presentations to solicit participation from a number of other organizations are scheduled. Mr. Woodling met with a number of business and labor interests on September 22nd to discuss the participation of the business community. Mr. Woodling will present a Delta update

to a joint meeting of the Citrus Heights, Carmichael, and Del Paso Manor Water District Boards. RWA staff and consultants developed an op-ed article, which several member agencies have modified and are seeking to have placed in local newspapers. Mr. Woodling is tentatively scheduled to meet with the Bee's editorial board next week with a group from ACWA.

Mr. Woodling reported that the Water Forum staff and consultants have completed the analysis of modeling results to identify the water supply impacts of implementing the lower American River flow standard. Participants at the September 14th Water Caucus meeting expressed a desire to have a closed water caucus meeting prior to the beginning of cross-caucus discussion. The next Water Caucus meeting is scheduled for October 13, 2011.

RWA received a commitment letter from DWR for \$16 million from Proposition 84 for implementation on the 15 projects submitted in an IRWM Implementation Grant application. Staff held a kickoff meeting for the project proponents on September 21, 2011. SAFCA, the City of Sacramento and Placer County Flood Control submitted applications for the Stormwater Flood Management Project. SAFCA and the City of Sacramento were successful in getting recommendations for grants based on the IRWM Plan. Within the course of the year the plan that we put together has brought in \$23 million to the region.

Mr. Swartz gave a brief presentation on the problems associated with DIR's (Department of Industrial Relations) labor compliance program. All of the grant activities have to be accomplished under a certified labor compliance program through DIR. In 2009 a law was passed directing DIR to build their own compliance unit called the CMU (Compliance Monitoring Unit). DIR is developing this unit to become active on January 1, 2012. There are questions on the charges and what constitutes the total project costs as well as tracking the third parties. It's unknown how this program will be facilitated. Prop 50 and Prop 84 will be affected by this program unless there is currently an approved plan to operate under. Mr. Roscoe suggested that we recommend to DIR and DWR that a workable solution be found. This may be an opportunity to build relationships with our local officials and request their assistance to work towards a solution for a path to compliance.

9. DIRECTORS' COMMENTS

Mr. Woodling welcomed Ms. Marrier back after being out for medical reasons. He also welcomed Debra Sedwick as the newest member of the RWA Executive Committee.

Debra Sedwick thanked John Woodling for his presentation at the Del Paso Water District board meeting. She said it was well received.

Rob Roscoe said that regarding the Delta Principles they're looking for everyone to adopt the suggested RWA resolution or something similar and work with public outreach to get the message out.

Ron Greenwood said his agency is working on getting our Delta Principles message out.

ADJOURNMENT

With no further business to come before the Board, Chair George adjourned the meeting at 10:21 a.m.

By:

Chairperson

Attest:

Nancy Marrier, Board Secretary / Treasurer

AGENDA ITEM 4b: EXECUTIVE COMMITTEE REPORT AND RECOMMENDATIONS

BACKGROUND:

In fiscal year ending June 30, 2009, RWA contracted with the California Employers' Retiree Benefit Trust¹ ("CERBT") to invest pre-funded asset contributions for Other Post-Employment Benefits (OPEB) payable to retirees. As part of the determination of future invested asset values, Governmental Accounting Standards Board allowed a maximum discount rate of return of 7.75%². The CERBT has been using this maximum discount rate of return.

Due to the market volatility experienced in investments as well as anticipated inflation, CalPERS explored various asset allocation strategies to provide alternative discount rate options for the CERBT. CalPERS approved three asset allocation strategies in August 2011. An asset allocation strategy is a planned investment strategy designed to earn a long-term expected rate of return at a given level of risk. "Long-term" means time periods commensurate with the lifespan of the employer's OPEB plan (e.g., periods of 50 years or longer).

The asset allocations strategies are:

	Strategy 1	Strategy 2	Strategy 3
Discount Rate	7.61%	7.06%	6.36%
Standard Deviation of Expected Returns	11.73%	9.46%	7.27%

Each of the above strategies invests in a mix of five asset classes. The securities that comprise the underlying asset classes do not change when the asset allocation strategy changes. For example, the composition of the Global Equity asset class is the same for each asset allocation strategy. Rather, the strategies differ in the extent to which the Global Equities asset class is represented in a given strategy. CalPERS does not guarantee the achievement of the rates of returns.

The RWA Executive Committee discussed and reviewed these different strategies at the July, August and September 2011 meetings. RWA is not making an investment decision as the investment choices for each strategy have already been determined by CalPERS. However, RWA is deciding which strategic investment choice and

¹ The CERBT is administered by California Public Employee Retirement System (CalPERS).

²GASB Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other than Pensions*.

November 10, 2011

corresponding discount rate best suits the needs of the RWA's OPEB trust. This choice has future cash flow impact that will impact the annual budgets for RWA and SGA. The changes in these new strategies will increase the liability amounts and subsequent annual contributions because a lower rate of return is now assumed under each of the three strategies.

If the RWA Board does nothing, new pre-funded asset deposits will automatically be invested in Strategy 1 using the CalPERS stated discount rate. Existing assets will be deployed into Strategy 1 over time with the goal of maximizing investment performance.

Bickmore Risk Services (BRS), RWA's current actuary, has suggested rounding the discounted rates instead of using the discounted rates as outlined by CalPERS. The above discount rates may imply a precision to the discount rate that will not be realized. The additional actuarial adjustment is called the Margin for Adverse Deviation (MFAD). The MFAD is a downward adjustment of the discount rate and acceptable actuarial standards of practice. By rounding down the discount rate, it will result in calculating higher liabilities and annual required contributions which will result in some overfunding of the OPEB liabilities over the long-term. Over-funding can help mitigate any potential poor investment performance.

After much discussion and analysis, the RWA Executive Committee recommends choosing strategy 1 and using a rounded discount rate of 7.25%. Attached is a summary actuarial analysis of the various strategies, including using strategy 1 with a 7.25% discount rate. RWA and SGA will share in any additional costs that likely will result from the new lower discount rate. These costs will be part of the next budget cycle for fiscal years 2013.

Action: Approve selection of California Employers' Benefit Trust investment strategy recommending that RWA remain with investment strategy number 1 and direct our actuary to use a 7.25% discount rate of return.



Bickmore Risk Services

Prepared by Bickmore Risk Services

Regional Water Authority
Comparison of 2011 OPEB Valuation Results for Different Asset Allocation Strategies
Applied to the Fiscal Year Ending June 30, 2013
Illustration Using Actual June 30, 2011 Assets - Projected to 2013

	Prior Discount Rate	Strategy 1				Strategy 2		Strategy 3	
Discount Rate	7.75%	7.50%	\$ Increase/ (Decrease) from old rate	7.25%	\$ Increase/ (Decrease) from old rate	7%	\$ Increase/ (Decrease) from old rate	6.25%	\$ Increase/ (Decrease) from old rate
Actuarial Accrued Liability	579,674	596,511	16,837	614,139	34,465	632,610	52,936	693,608	113,934
<u>Estimated</u> Actuarial Value of Assets¹	672,097	670,529	(1,568)	668,961	(3,136)	667,393	(4,704)	662,689	(9,408)
Unfunded Actuarial Accrued Liability (UAAL)²	(92,423)	(74,018)	18,405	(54,822)	37,601	(34,783)	57,640	30,919	123,342
Normal Cost³	39,526	41,223	1,697	43,013	3,487	44,904	5,378	51,248	11,722
Amortization of UAAL ⁴	(12,639)	(10,031)	2,608	(7,362)	5,277	(4,628)	8,011	4,001	16,640
Interest to 6/30/11	2,084	2,339	255	2,585	501	2,819	735	3,453	1,369
Annual Required Contribution (ARC)	28,971	33,531	4,560	38,236	9,265	43,095		58,702	29,731
Estimated Contributions to CERBT	4,045	8,605		13,310		18,169		33,776	

November 10, 2011

AGENDA ITEM 4c: EXECUTIVE COMMITTEE REPORT AND RECOMMENDATIONS

BACKGROUND:

Policy 400.2, Employee Compensation, states RWA's intent "to provide employee compensation that is fair and equitable and that is comparable...with that of similar water and public agencies regionally." Further, the policy calls for the Executive Committee to conduct a compensation survey at least every five years. RWA last completed a compensation survey in 2007.

It was suggested that there be collaboration with other agencies/districts for a regional salary survey. This would reduce the cost of the salary survey for everyone while producing useable data. Direction was given to the Executive Director to see if there is interest in a regional salary survey in 2012 or 2013. The Executive Committee recommended amending the policy to include the wording that the Executive Committee can use their discretion to waive the five year commitment.

EXECUTIVE COMMITTEE RECOMMENDATION:

Action: Approve amendment to Compensation Policy 400.2.

REGIONAL WATER AUTHORITY POLICIES AND PROCEDURES MANUAL

Policy Type : Human Resources
Policy Title : Employee Compensation Policy
Policy Number : 400.2
Date Adopted : September 9, 2004
Date Amended : September 13, 2007
November 10, 2011

EMPLOYEE COMPENSATION POLICY

It is the intent of the Authority to provide employee compensation that is fair and equitable and that is comparable, based upon an employee's experience, skills and performance consistent with established job descriptions, with that of similar water and public entities regionally. As a small professional management-focused organization, it is the intent of the Authority to provide employee compensation at or above the labor market mean for the industry.

The compensation practices of the Authority will be competitive within the industry and geographical area to attract the most qualified candidates and to minimize turn over of its employees.

Salary classifications shall typically be established with a 20% range between the minimum and maximum of the range. The Executive Director shall recommend salary ranges for all regular employment positions with the Authority, subject to review and approval by the Board of Directors.

To avoid penalizing any employees at or near the top of his or her salary range, the salary ranges established in accordance with this section will be automatically increased as required to reflect any annual Cost of Living Allowance (COLA) awarded to regular employees pursuant to "RWA Salary Cost of Living Adjustments (COLA) Policy".

It is the Authority's policy to provide a program for advancement of its employees within the salary range of their position using a merit based system based on objective regular goal setting and performance evaluations.

The Executive Director will have the authority to fix and alter employee compensation in accordance with the intent of this policy and within the budgetary guidelines approved by the Board of Directors. As part of the annual

budget review process, the Executive Director will be responsible for preparing and presenting a labor budget to the Board of Directors in accordance with this Policy. The Board of Directors will consider, amend as required, and approve the annual labor budget submitted by the Executive Director.

The Executive Committee will conduct a compensation survey at least every five years to ensure that the compensation offered by the Authority is consistent with this policy; provided however that a compensation survey may be commissioned at any time if directed by the Executive Committee or if recommended by the Executive Director and approved by the Executive Committee. The Executive Committee may use its discretion to waive the five year commitment.

November 10, 2011

AGENDA ITEM 5: EXECUTIVE DIRECTOR CONTRACT AMENDMENT

BACKGROUND:

The RWA Executive Committee recommended amendments to the executive director's employment contract at the RWA Board meeting that was held on September 8, 2011.

There was discussion that some of the agencies are having a difficult time supporting the recommendation while others said that the recommended increase was very minimal and well deserved. It was suggested that the recommendation was below the current cost of living increases and it's important to retain current staff. The Committee recommended an amendment to the Executive Director's Contract for a 1% increase retroactive to July 1, 2011 and a one time employee recognition of \$3,000.

There was a roll call taken on this action item with 8 yes and 6 no votes. Eleven yes votes (a majority of the total membership) were required for purposes of approving this recommendation. This item was requested to be brought back to the board at the November 10, 2011 meeting for further discussion and voting.

EXECUTIVE COMMITTEE RECOMMENDATION:

Action: Approve amendments to the Executive Director's employment contract.

**AMENDMENT TO RWA-SGA EMPLOYMENT AGREEMENT
WITH EXECUTIVE DIRECTOR**

2011-2012 COMPENSATION

This Amendment to RWA-SGA Employment Agreement with Executive Director is executed as of November _____, 2011, by and between the Regional Water Authority, a joint powers authority ("RWA"), and John K. Woodling.

Recitals

WHEREAS, RWA Board of Directors and Mr. Woodling desire to adjust Mr. Woodling's compensation, effective for RWA's 2011-2012 fiscal year;

WHEREAS, RWA's 2011-2012 fiscal year began July 1, 2011;

WHEREAS, section 6.a of the June 30, 2008 RWA-SGA Employment Agreement with Executive Director ("2008 Agreement") among RWA, the Sacramento Groundwater Authority ("SGA") and Mr. Woodling authorizes RWA's Board of Directors to agree to adjust Mr. Woodling's compensation after consulting with SGA;

WHEREAS, RWA's Executive Committee has recommended an adjustment to Mr. Woodling's compensation;

WHEREAS, the members of RWA's Executive Committee who are members of RWA's *ad hoc* Evaluation Committee have consulted with SGA on this subject; and

WHEREAS, RWA's Board of Directors and Mr. Woodling desire to enter into this Amendment to adjust Mr. Woodling's compensation.

WHEREFORE, the parties agree as follows:

1. The above recitals are true and correct and are incorporated here.
2. The first sentence of section 6.a of the 2008 Agreement, as it has been amended, is further amended to read as follows:

Effective July 1, 2011, salary in the amount of \$164,832 annually or \$13,736 monthly, as well as, for RWA's 2011-2012 fiscal year, a one-time payment of \$3,000 to be made with RWA's next payroll period after approval to reflect the merit of Employee's performance.

THEREFORE, the parties agree as of the date first written above.

REGIONAL WATER AUTHORITY

EMPLOYEE

By: _____
Bill George
Chair, Board of Directors

By: _____
John K. Woodling

November 10, 2011

AGENDA ITEM 6: DELTA UPDATE

BACKGROUND:

The 2009 Delta Reform Act required the State Water Resources Control Board to “develop new flow criteria for the Delta ecosystem necessary to protect public trust resources.” In August 2010, the Board released their final report, Development of Flow Criteria for the Sacramento-San Joaquin Delta Ecosystem. In the executive summary of that report, the Board clarified that the extent of evaluation included only “protection of aquatic species in the Delta.” No analysis was conducted to identify water supply and economic impacts nor impacts to the environment outside the Delta. Sacramento Municipal Utility District (SMUD), along with a consortium of others, conducted hydrologic modeling and other evaluations to determine the potential impact of the Board’s flow criteria recommendations on hydropower generation in the Delta watershed.

STAFF RECOMMENDATION:

Information Presentation: Paul Olmstead, Water and Power Resource Specialist, SMUD.

November 10, 2011

AGENDA ITEM 7: WATER EFFICIENCY PROGRAM UPDATE

BACKGROUND:

The Blue Thumb campaign is wrapping up for this year and staff is currently reviewing the results of the follow up regional telephone survey. The major components that led to the campaign's success include: research, partnerships, a campaign website, advertising, use of community influencers, celebration of our own customers, water provider outreach, and the Blue Thumb pledge. To date the campaign has received 800 pledges. Last year the campaign received 240 pledges.

While the Blue Thumb campaign is geared towards residential customers, the WEP has conducted six Green Gardener Training Programs for landscape professionals over the past two years. The training program is 2 hours per week for 10 weeks. While the training program is for landscape professionals, water agency staff, master gardeners, and homeowners have participated. We've had 158 registered participants over the last six classes. We are currently recognizing 46 landscape professionals via our Qualified Green Gardener Training Business Professionals handout and through our website.

Due to the excitement and success of the Green Gardener program, the WEP Landscape Committee intends to pilot a homeowner training program for residential customers with the City of Roseville. The Green Gardener at Home program will start in March at the Roseville Exploration Center and will be available for residential customers throughout the region.

STAFF RECOMMENDATION:

Information Presentation: Linda Yager, RWA Project Manager.

November 10, 2011

AGENDA ITEM 8: EXECUTIVE DIRECTOR'S REPORT

- a) Grants update
- b) IRWM update
- c) Government Affairs Update
- d) Water Forum Update
- e) Public Affairs Program Update
- f) RWA Outreach
- g) RWA Holiday Social

NOVEMBER 10, 2011

TO: REGIONAL WATER AUTHORITY BOARD

FROM: JOHN WOODLING

RE: EXECUTIVE DIRECTOR'S REPORT

- a) **Grants Update** – An updated summary table of current RWA grants is attached. Staff has been working with Department of Industrial Relations and Department of Water Resources on how to comply with Prop 50 and Prop 84 labor compliance program (LCP) requirements resulting from DIR's decision to eliminate third party LCPs. Most projects in the region have relied on third party LCPs to comply with these requirements to date. Staff will provide recommendations and compliance options at the December EC meeting. Staff continues to coordinate with DWR to develop the final funding agreement for the recently awarded Prop 84 Implementation Grant.

- b) **IRWM Update** – Progress continues on the American River Basin IRWMP Update. RWA held a second update workshop for IRWMP stakeholders on October 11th. The workshop was attended by 20 stakeholders representing a diverse group of planning interests. RWA staff and our consulting team used the workshop to continue to discuss the vision, guiding principles, and goals for the IRWMP update. We also used the workshop to review and comment on a specific example project, including how to modify it to achieve more integrated benefits. Work is nearing completion on the development of a project database and web-based IRWMP interface. When the interface is complete, we will request of all stakeholders to begin entering their projects that they want considered for inclusion in the IRWMP.

- c) **Government Affairs Update** – The Delta Stewardship Council is now targeting November 4th for release of the Draft EIR for the Delta Plan. At its October meeting, the Council discussed longer comment periods, and the period has been extended to 60 days. Staff will be coordinating with a number of other entities in commenting on the Delta Plan EIR.

Mr. Woodling is serving on the Finance workgroup for the BDCP. The first meeting of the group, led by Jerry Meral, was held on October 27th. There was a wide ranging discussion on a number of topics, including defining "public benefits," financing options, the responsibilities of the export contractors, and whether around-Delta conveyance should be referred to as a conservation measure. The close relationship of the state agencies and the export contractors in developing the BDCP has been getting media and congressional scrutiny

(attachment). Natural Resources Agency is seeking public comment on the memorandum of agreement for the BDCP.

Staff is developing a legislative and regulatory agenda for 2012, with the hopes of getting unanimous RWA support for general principles (attached). The Government Affairs Committee has provided input. Carmichael Water District presented two proposals to the ACWA State Legislative Committee for consideration of ACWA sponsorship of legislation. Neither was approved by the committee. The proposal to streamline in-region water transfers will be further evaluated by ACWA's Water transfers Task Force.

- d) **Water Forum Update** – The Water Forum held the first of what may be a series of cross-caucus discussions centered primarily on implementation of the lower American River flow standard. Participants from the four caucuses attended. All recommitted to the coequal objectives, and agreed that a second meeting should be held. The second meeting is scheduled for November 16 from 1:00 – 5:00 p.m. The water caucus will meet next on November 9th from 11:30 – 1:00 at RWA.
- e) **Public Affairs Program Update** – We have had a number of recent successes in the Public Affairs program, aimed at increasing the visibility, credibility, and influence of RWA in representing the region's interests. Most RWA members have adopted a resolution containing a set of general principles (attached) and supporting of formation of a regional coalition. Other participants in the coalition to date include Sacramento Metro Chamber, Rocklin Area Chamber of Commerce, Placer County, and Mountain Counties Water Resources Association. The principles are scheduled for consideration by a number of other organizations in November and early December.

Mayors Roccucci (Roseville) and Morin (Folsom) authored an opinion article on the regional impacts of the Delta Plan that was published in the Sacramento Bee. It was promptly responded to by Phil Isenberg, Chairman of the Delta Stewardship Council (attachments). The Sacramento Business Journal covered RWA's efforts to form a broader regional coalition on Delta issues.

The first formal meeting of coalition participants was held November 1st. Numerous RWA members, NCWA, SACOG, Mountain Counties WRA members, and business representatives attended. The group discussed the principles on which the coalition is formed, common interests, and the role a coalition can serve. Subcommittees were set up to develop informational materials and legislative/regulatory positions.

- f) **RWA Outreach** – Mr. Woodling was a speaker at a recent workshop on storage held by the California Water Commission. He discussed the development of the American Basin Conjunctive Use Program, SGA and RWA. Mr. Swartz was a

speaker at the Biennial Groundwater Conference, discussing the SGA Water Accounting Framework. Mr. Woodling spoke at the City of Roseville's "Fully Metered for the Future" event, marking installation of the final residential water meter.

- g) RWA Holiday Social** – The RWA/SGA Holiday Social will be held Thursday evening, December 8th at the North Ridge Country Club. Our guest speaker will be familiar to many of you. Mr. Marshall Davert is a vice president for AECOM, managing the company's water business in the Americas. A flyer on the event is attached. Please RSVP and pay by December 5, 2011.

Regional Water Authority Status of Grant Awards

November 2011

	Prop 50 Implementation Grant	Prop 50 Drought Grant	Prop 84 Planning Grant	Prop 84 Implementation Grant (1)	ET Controller Grant	Prop 50 Toilet Grant
Awarding Agency	DWR	DWR	DWR	USBR	USBR	DWR
Award/Effective Date	1/18/2007	5/1/2009	1/17/2011	8/16/2011	9/25/2009	2/11/2008
Completion Date	12/31/2014	12/31/2013	1/13/2013	12/31/2015	12/31/2012	12/31/2010
Grant Award Amount	\$25,000,000	\$1,997,000	\$403,848	\$16,030,766	\$294,000	\$1,100,000
Reimbursement Requests Currently Being Reviewed	\$198,948	\$280,485	\$0	\$0	\$16,996	\$0
Reimbursements Received During Previous Quarter	\$0	\$0	\$0	\$0	\$0	\$380,216
Reimbursements Paid to Participants to Date	\$18,278,629	\$0	\$0	\$0	\$0	\$1,100,000
Grant Award Outstanding	\$6,522,423	\$1,716,516	\$403,848	\$16,030,766	\$277,004	\$0

(1) Contract not yet executed with DWR

Water agencies seek to control Delta project studies

By Mike Taugher
Contra Costa Times

Posted: 10/19/2011 05:29:38 PM PDT
Updated: 10/19/2011 05:51:50 PM PDT

An agreement that paved the way for \$100 million to study and plan a new Delta aqueduct gives customers an unusual edge over state water officials, a legislative analyst testified Wednesday.

The agreement gives big farm and urban water agencies in the San Joaquin Valley and Southern California the ability to review studies before they are released to the public.

And that makes it possible for them to withdraw funding if changes they want are not made, Legislative Analyst's Office staffer Anton Favorini-Csorba told legislators Wednesday.

"It does create some leverage for the contractors," he said.

So far, those water agencies have spent about \$125 million in studies and planning for the Bay Delta Conservation Plan. The next round of \$100 million is expected to be enough to complete draft environmental studies by next summer.

Increasing environmental pressures and concerns about multiple levee failures led water contractors to pursue an aqueduct to route Sacramento River water around the Delta to the pumps that send it south.

Water now pumped from the Delta irrigates 1 million acres of farmland and supplies at least some drinking water to about 24 million Californians.

The aqueduct to circumvent vulnerable levees and lessen dependence on the giant south Delta pumps would cost \$12 billion or more.

At an Assembly hearing in Sacramento on Wednesday, lawmakers expressed skepticism about the plan's costs and whether it would meet environmental goals.

"What this process needs is a really heavy dose of realism," said Sen. Lois Wolk, D-Davis, a longtime critic of the plan.

"This is not the era of great projects," Wolk added. "We're in a different economy, a different reality."

The hearing was convened by Assembly Water, Parks and Wildlife Committee Chairman Jared Huffman, D-San Rafael.

Later Wednesday, another legislative hearing in Los Angeles focused on one of the main justifications for the project -- that the Delta's levees could fail, putting at serious risk the reliability of Southern California's water supplies unless a new aqueduct is built.

One expert warned state officials not to allow their uncertainty about earthquake danger to lead to inaction.

"There is a tendency to gravitate to the rosy scenario," said Jeff Mount, a geologist at UC Davis.

At the Sacramento hearing, the Bay Delta Conservation Plan's leader countered suggestions that state officials are committed to the largest version of the aqueduct, which environmentalists and Delta residents fear could drain the Delta.

State Natural Resources Deputy Secretary Jerry Meral said other alternatives, including one that is one-fifth the size of the version receiving the most attention, would be considered.

The agency is considering all alternatives, Meral said.

Earlier this year, Meral pledged to open planning to more members of the public, and despite criticism that decisions continue to be made out of the public eye, he repeated his commitment to doing things in the open on Wednesday.

Regional Water Authority
2012 Legislative and Regulatory Agenda

The Regional Water Authority (RWA) and its members support improvements in water supply reliability, water quality, and the environment for all of California. Our highest priority is to sustainably provide high quality water to our customers at affordable rates. To this end, we will promote and support legislative and regulatory actions that are consistent, and may oppose such actions that are inconsistent, with the following objectives and principles.

Water Rights Protection

- Support and enhance the area-of-origin protections provided in California law and policy.
- Maintain the current water rights priority system and current definitions of reasonable and beneficial use. We oppose any involuntary or uncompensated reallocation of water rights and entitlements.
- Assure that no new or modified flow or diversion requirements are placed on upstream water users as a result of the Bay-Delta Conservation Plan (BDCP) and that the current and future water supplies of RWA's members are not diminished as a result of modified operations of state and federal projects.
- Require an open, transparent public process that is supported by sound scientific understanding in setting flow requirements related to the Sacramento-San Joaquin Delta and tributaries.

Regional Self-Sufficiency

- Support locally cost effective actions to improve water supply reliability.
- Support water transfers between willing sellers and buyers.
- Streamline the process for exchanges and transfers of water among water users, particularly within an integrated regional water management planning region.
- Recognize the importance of local and regional actions in the Sacramento River watershed in providing benefits to the Bay-Delta system. Recognize the inherent differences in “net” water use between those users within a watershed and those who import water from another hydrologic region.
- Recognize the current and ongoing self-reliance on local supplies of water users in the Sacramento region.
- Promote increased development of groundwater storage and conjunctive use programs.

Water Use Efficiency

- Ensure that conserved water is available to benefit the conserving user.
- Implement the 20x2020 requirements in a manner that is equitable and locally and regionally feasible.

Financing

- Promote the “beneficiary pays” concept for Delta activities and other actions.
- Streamline state regulatory activities to reduce the burden on fee payers.
- Require the direct beneficiaries of the BDCP to pay for facilities and all related mitigation measures. No other water supplier should be required to contribute to the funding of: (1)

facilities proposed by BDCP; (2) any related mitigation, restoration or physical improvements; or (3) any related federal or state agency actions.

- Halt the trend toward shifting costs of state agency operations to new or increased regulatory fees. Water suppliers have experienced significant increases in fees over the past two years.
- Do not impose fees on local agencies to fund state agency activities intended to benefit the public generally.
- Limit the potential fees assessed on “Delta stressors” to those impacts that can be adequately demonstrated through sound scientific evidence and appropriately quantified. Ensure that all stressors are addressed to ensure equitable contributions. Do not assess impact fees on activities that are already regulated through one or more regulatory mechanisms or impose multiple state fees on the same local agency activity.

Local Authority

- Promote local water provider authority to plan for and implement local and regional water supply projects and programs.
- Streamline and/or consolidate state and federal regulatory processes.
- Streamline, consolidate or reduce reporting requirements wherever possible.
- Promote local water provider control of water rates, property tax revenues, and other financing mechanisms.
- Use general obligation bond funds to promote projects and programs that can provide local, regional, and statewide benefits.

Sacramento Region Water Resource Coalition Framework

FINAL DRAFT - September 19, 2011

Background

Recent Delta legislation, regulations, and plans pose serious risks to the economy, environment, and quality of life in the six-county Sacramento region and beyond in northern California. These efforts raise concerns about water rights and supplies, land use, flood protection, economic development, water and wastewater rates, local environmental resources, water quality, agricultural viability, power generation, financing for Delta improvements, and related impacts.

In November 2009, the Legislature passed, and Governor Schwarznegger signed, five water-related bills. One, SBx7 7 (Steinberg), required our region to reduce per capita water use 20% by 2020, whether or not it made economic sense locally. Another bill, SBx7 1 (the Sacramento-San Joaquin Delta Reform Act), established the Delta Stewardship Council (DSC) and called for the development of a Delta Plan to achieve statewide water supply reliability and Delta ecosystem restoration. Five drafts of the Delta Plan have been released this year and have raised the concerns noted above. It is generally agreed that the problems of the Delta must be solved, but many stakeholders are concerned about impacts to our region. Stakeholders are calling for a regional coalition that can help us get ahead of issues and address concerns as a region, with a stronger voice and common objectives.

Regional Water Coalition Concept

As envisioned, founding members of the coalition, responsible for much of the initial coordination, outreach, and management would include SACOG, Regional Water Authority (RWA), Northern California Water Association (NCWA), and Mountain Counties Water Resources Association (MCWRA), and others. Since the impacts of a Delta solution could be widespread and pervasive in our region, the coalition would seek support from a broad and diverse group of interests, including business, labor and local governments. The coalition would focus on shared regional concerns and would not be intended to replace or constrain individual actions on issues, but to complement and strengthen such efforts. The coalition could evolve to serve a number of functions including:

- Educating and informing interested parties on the status and potential impacts of Delta activities and related land use and water management issues,
- Aligning and coordinating the individual actions of coalition partners on issues,
- Identifying and educating those seeking a more active role in advocating for the region, and
- Providing a more influential voice before the legislature and the administration.

Specific activities of the coalition for the near-term could include:

- Outreach to broaden solution-focused input and participation.
- Periodic meetings to discuss issues and develop regional positions and workable solutions.
- Disseminating information and status updates through email or newsletters.
- Providing a clearinghouse for comment letters, positions, and other information from individual coalition members to improve communication.
- Suggesting content for letters and comments from coalition members.
- Convening a regional forum on water issues.
- Coordinating legislative advocacy efforts.

A draft resolution and principles, intended to reach the widest possible audience of potential coalition participants is attached.

Proposed Resolution for Participation in a Regional Water Resources Coalition

Whereas, the six-county Sacramento Region and adjacent areas of northern California can benefit from regional coordination and collaboration in developing implementable solutions to future water resources challenges and opportunities, and

Whereas, conditions in the Sacramento-San Joaquin Delta have reached a state of crisis that threatens the environment of the Delta and the economy of California, and

Whereas, proposed solutions for the Delta could pose serious risks to the water supplies, economy, environment, and quality of life of the Sacramento region and northern California, and

Whereas, in order to protect these interests (name of organization) seeks to promote regional cooperation on water issues, and to be a part of a collaborative and comprehensive solution to the issues facing the Delta,

Therefore, be it resolved that we support a regional coalition based on the following principles:

Water rights priorities and area-of-origin assurances must be recognized and protected to ensure reliable supplies for all water uses and environmental needs in our region.

Stakeholders in the Sacramento region and northern California must be given the opportunity to be fully included in and consulted on all aspects of development of a Delta solution and other state and federal water policies that affect the region.

A Delta solution and other state or federal actions must honor and not reduce or preempt the authority and responsibilities of cities, counties, and other local agencies.

The Sacramento region and northern California will continue to invest in and implement water supply, water efficiency, recycling and re-use, storage, and other water management projects and programs that are cost effective and improve our regional self-sufficiency.

We will support a Delta solution that:

- Is based on sound science to ensure it is effective and implemented in an equitable manner,
- Requires the beneficiaries of any actions associated with a Delta solution to fully fund the costs of such actions, and
- Does not shift negative economic, environmental, or societal impacts to areas in our region.

VIEWPOINTS

WRITING FOR THE BEE

The Bee is interested in local and state commentary. Because of the volume of submissions, you will not be contacted unless the article is chosen for publication. To submit an article go to sacbee.com/sendoped.

ANDY MORIN and PAULINE ROCCUCCI | Special to The Bee

New Delta plan is not a responsible solution

Water is a critically important resource that has played a vital role in California history from the Gold Rush era to modern times. Over the years, water management has contributed to the evolution of parched deserts into productive farms and dry lots into thriving home sites for millions of California families.

Now our state's demand for water is outstripping supplies and, as a result, the health of our economy and environment is threatened. Making the most of our water resources requires us to rebalance and refocus. This is no simple task. We must take a hard look at California's many natural climates, assess the environmental and economic costs and benefits of moving water across the state and decide how to best and fairly allocate responsibilities.

Northern California and the Sacramento region have some of the state's most abundant water resources, which are already allocated to meeting needs throughout the state. The region serves itself and supplies water to San Joaquin Valley farms and Southern California cities through the Sacramento-San Joaquin Delta.

Now, the Delta is overworked and the amount of water being



Andy Morin is the mayor of Folsom. Pauline Roccucci is the mayor of Roseville.

pumped to dry areas of California is reduced as a result. The Legislature formed the Delta Stewardship Council in 2009 and called for a new Delta plan to balance state water supplies with a healthy Delta ecosystem. We are ready to participate in a responsible Delta solution, integrating our current water management efforts into a solution that works for all. Unfortunately, the Delta plan that is currently under development would make no clear environmental gains and would impose serious restrictions on water supplies in our communities.

Decades ago, Northern California agreed to share water with other regions of the state for the benefit of all. Part of the deal was that Northern California water suppliers would always be able to use our local water to meet local de-

mands. Recent state legislation seeks to restrict Northern California water use. The Delta plan proposes to make it more difficult for us to use water supplies generated by conservation and increased system efficiencies needed to meet future water demands. State law allows local agencies to retain the benefits achieved by conserving water. But the proposed Delta plan threatens those benefits.

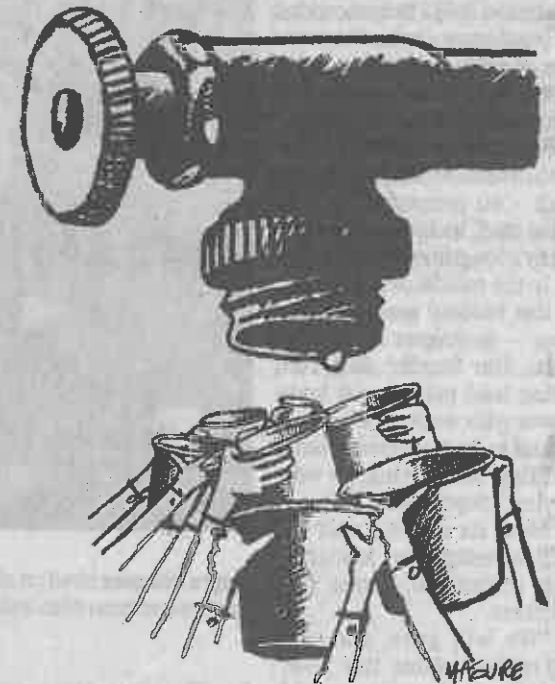
Our region has already adopted innovative solutions to balance the local economic demands for water supplies and the environmental needs of our rivers and wetlands. As one example, water suppliers, governments, environmentalists, businesses and civic groups signed the Water Forum Agreement in 2000. Through this agreement and other innovations, our region continues to make investments to store surplus water for future use, reduce water demands and use alternative water sources when appropriate. These efforts improve our local environment and directly benefit areas downstream by improving the environment for fish like salmon that migrate through the Delta.

Some Northern California jurisdictions, including Roseville and Folsom, have long-standing, locally sourced water supplies. The draft

Delta plan proposes to impose fees on these water supplies to help pay for the bureaucracy needed to implement the Delta plan. We believe it would be unfair to ask our residents to pay more - especially during these tough economic times - when we have worked hard to manage our water resources responsibly.

We acknowledge that California needs a responsible Delta solution. More efficient water use, additional storage, water recycling and a host of other measures are all part of it. But Northern California, already the water source for much of the state, should not be subjected to a plan that would threaten our region's economy by unfairly limiting our ability to use our local water and burdening us with new bureaucratic costs.

Our region will, of course, do our part to help develop water solutions for our state. However, undoing hard-fought regional gains is not progress for anyone. Any solution that fails to honestly acknowledge real impacts and the true beneficiaries and to uphold California's fundamental water priority is no solution at all.



Barrie Maguire NewsArt

Another View: Delta plan is a fair way to balance water supply



By Phil Isenberg
Special to The Bee

Published: Sunday, Oct. 16, 2011 - 12:00 am | Page
2E

Last Modified: Sunday, Oct. 16, 2011 - 11:23 am
Phil Isenberg is chairman of the Delta Stewardship Council.

Phil Isenberg, chairman of the Delta Stewardship Council, is responding to the Oct. 11 Viewpoints article "New Delta plan is not a responsible solution," which said the "Delta plan that is currently under development would make no clear environmental gains and would impose serious restrictions on water supplies in our communities."

California law requires that the Delta Stewardship Council adopt an enforceable Delta plan to achieve the state's co-equal goals: water supply reliability for California and a healthy and protected Delta ecosystem. The recent Viewpoint article by the mayors of Folsom and Roseville was encouraging in that local stakeholders are paying attention to the Delta plan, but it's also clear they should broaden their perspective.

The mayors state two main concerns about the Delta plan: It "would impose serious restrictions on water supplies in our communities" and "proposes to impose fees on (our) water supplies to help pay for ... the Delta plan."

The Delta plan supports the required-by-law update of Delta water flows standards by 2014. Much has changed since the last update, including the adoption of co-equal goals as state water policy and advanced scientific understanding. "Serious restrictions" on local water supplies are an unlikely outcome and serve only to foster fear and opposition to a process that is necessary and important to the Delta ecosystem and predictable water supplies.

The draft Delta plan also says local water agencies should comply with existing state laws and use local supplies efficiently and responsibly. I hope the mayors support this approach. On water conservation, for example, it's encouraging to hear the mayors support it, but the inconvenient truth is per capita water use in their cities – and in Sacramento – is far higher than the state average. Even after the state-mandated 20 percent urban conservation, their use will remain among the highest in California.

The draft Delta plan does recommend the Legislature impose fees. The plan follows the principle of beneficiary pays and suggests that fees also be charged to those who damage the Delta ecosystem. The twin notions of "beneficiaries pay" and "users pay" are fair and should be supported by everyone.

A last point: Those of us who live in Northern California like to complain about Delta water used by agriculture in the Central Valley and urban users in Southern California. I agree that exporters should pay a good share of the cost of improvements to the Delta ecosystem. But it is unreasonable for those of us up north to ignore the fact we use far more water than is exported through the Delta. Since we are part of the problem, we have to be part of the solution. It's that simple.

© Copyright The Sacramento Bee. All rights reserved.

Letters to the editor – Sacramento Bee

[Share](#)

Published: Thursday, Oct. 13, 2011 - 12:00 am | Page 12A

Last Modified: Thursday, Oct. 13, 2011 - 6:42 am

Delta plan harms our region

Re "New Delta plan is not a responsible solution" (Viewpoints, Oct. 11): Mayors Andy Morin and Pauline Roccucci were right on the money, literally, in their assessment of the draft Delta Plan.

The draft plan would require the Sacramento region to develop expensive alternative water supplies for the future, rather than relying on our local water sources and the infrastructure investments we have already made.

On top of that cost, we'd pay a water tax to fund the very bureaucracy that hopes to impose the restrictions.

The Delta plan could raise water bills and limit the economic growth of our region. It could undermine environmental protections for the American River and reduce recreational opportunities. Residents and businesses in the Sacramento region need to understand the potentially devastating impacts.

All Californians need to support a solution to the water supply and environmental crisis in the Delta – but not one that puts an unfair share of the burden on Northern California.

– John Woodling, Citrus Heights

Serve local water needs first

Two local officials reveal the negative side of having a 2009 "Delta Stewardship Council" designed to bring all parties to the table to work out the ongoing problem of balancing state water supplies with a healthy ecosystem.

They fear that their cities will no longer be able to "use our local water to meet local demands." They want to protect "hard-fought regional gains."

They have a point, yet seem to miss the larger issue: growing Southern California demand, represented by Rep. Tom McClintock and agricultural interests.

In the face of scarce resources, I vote for local needs before growing out-of-region demands.

Lastly, where are our local state representatives in all this? Why is the burden on the local cities to explain this issue, anyway?

– Reginald Bronner, Lincoln

*Please complete and return
with payment to:*

**REGIONAL WATER AUTHORITY
BY MONDAY, DECEMBER 5, 2011**

NAME(S): _____

SPOUSE/GUEST: _____

ORGANIZATION: _____

Cost:

\$55 PER PERSON / \$100 PER COUPLE

PLEASE INDICATE CHOICE(S) BELOW:

HONEY MUSTARD SALMON

PRIME RIB

VEGETARIAN

Mail to:

**REGIONAL WATER AUTHORITY
5620 BIRDCAGE STREET
SUITE 180
CITRUS HEIGHTS, CA 95610
(916) 967-7692**

**REGIONAL WATER AUTHORITY
5620 BIRDCAGE STREET, STE. 180
CITRUS HEIGHTS, CA 95610**

*You Are
Cordially
Invited to
Attend the*

**REGIONAL
WATER
AUTHORITY
&
SACRAMENTO
GROUNDWATER
AUTHORITY**

*Annual
Holiday Social*

December 8, 2011



RWA/SGA

*Annual
Holiday Social*

**THURSDAY
DECEMBER 8, 2011**

*at the
North Ridge
Country Club
Fair Oaks, California*
**7600 MADISON AVENUE
FAIR OAKS, CALIFORNIA**

6:00 PM

Cocktails
(NO HOST BAR)

7:00 PM

Dinner

*Spouses & Guests
Welcome*



Guest Speaker
MARSHALL DAVERT



EXECUTIVE VICE PRESIDENT FOR
AECOM, RESPONSIBLE FOR THE WATER
BUSINESS LINE IN THE AMERICAS.

FORMERLY BASED IN SACRAMENTO,
MARSHALL WAS INSTRUMENTAL TO
THE FORMATION OF THE SACRAMENTO
GROUNDWATER AUTHORITY AND THE
REGIONAL WATER AUTHORITY;
EFFORTS WHICH HE CONSIDERS HIGH
POINTS IN HIS CAREER.

MARSHALL IS AN ENTERTAINING AND
ENGAGING SPEAKER. DON'T MISS THIS
SPECIAL OPPORTUNITY TO SEE THE WORLD
THROUGH THE LENS OF SACRAMENTO.



*Musical
Entertainment by*
JEFF MARCELO

*Final Deadline to
Respond:*

**MONDAY, DECEMBER 5, 2011
NO EXCEPTIONS**

*Return this portion
with payment to:*

**REGIONAL WATER AUTHORITY
5620 BIRDCAGE STREET
SUITE 180
CITRUS HEIGHTS, CA 95610**

(916) 967-7692

