

1. CALL TO ORDER

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

RWA Board Members

Ron Greenwood, Carmichael Water District
Steve Nugent, Carmichael Water District
Joe Dion, Citrus Heights Water District
Bob Churchill, Citrus Heights Water District
Walt Sadler, City of Folsom
Ken Payne, City of Folsom
Derrick Whitehead, City of Roseville
Robert King Fong, City of Sacramento
Dan Sherry, City of Sacramento
Debra Sedwick, Del Paso Manor Water District
Bill George, El Dorado Irrigation District
Randy Marx, Fair Oaks Water District
Tom Gray, Fair Oaks Water District
Michael Schaefer, Orange Vale Water Company
Sharon Wilcox, Orange Vale Water Company
Mike Lee, Placer County Water Agency
Brian Martin, Placer County Water Agency
Ed Crouse, Rancho Murieta Community Services District
Rob Roscoe, Sacramento Suburban Water District
Neil Schild, Sacramento Suburban Water District
Pam Tobin, San Juan Water District
Shauna Lorange, San Juan Water District

RWA Associates

Arthur Starkovich, Sacramento Municipal Utility District

Staff Members

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

Others in Attendance: Steve Dalrymple, Evan Jacobs, Richard Shatz, Jim Crowley, Charlie Pike, Jafar Faghih, Ed Kriz, Ed Formosa, David Kane, Charles Rose, Tom Gohring, Karl Brustad, Stephane de la Rue du Can, Larry Dale, David Purkey and John Dracup. Nicole Krotoski participated via conference phone.

2. PUBLIC COMMENT

None.

3. CONSENT CALENDAR

Minutes of the March 11, 2010 regular board meeting.

M/S/C Mr. George moved, with a second by Mr. Nugent, to approve the minutes of the March 11, 2010 regular board meeting.

4a. EXECUTIVE COMMITTEE REPORT AND RECOMMENDATIONS

Final minutes of the March 24, 2010 and draft minutes of the April 28, 2010 RWA Executive Committee meetings were included in the packet for informational purposes.

4b. FISCAL YEAR 2010-2011 BUDGET

At its March 24, 2010 and April 28, 2010 meetings the RWA Executive Committee reviewed the proposed budget for FY 2010-2011. In light of continued economic difficulties experienced by members, the FY11 budget proposal was developed with no rate increase. No dues increase for FY 2010-2011 will maintain the lower end of the operating reserves, as per RWA policy 500.1. The budget presented is very lean and assumes all current members will renew membership. However, the delay of dues increases places greater pressure on subsequent years for larger dues increases.

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

CORE PROGRAM

Revenues

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

Expenses

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

Revenues net of Expenses

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

Designations

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

SUBSCRIPTION PROGRAMS

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

- 1) Subscription program revenues are projected for the Water Efficiency Program (WEP), the Prop 50, IRWMP and ARBCUP. The revenues include fees from participants and grant reimbursements from existing grants.
- 2) The WEP program budget information is subject to additional refinement. The FY10 information does reflect the best estimate of costs. However, FY11 and beyond will be revised based upon budget information provided by the WEP manager.
- 3) Subscription program expenses represent the direct consulting and hard costs for these subscription programs. It also includes the costs of using RWA staff and allocated office costs to determine the cash flow effect on these programs. In a combined budget, these costs are netted out to avoid double counting of the costs. See Summary Table - Split Program for a reconciliation of the individual budgets to the overall RWA budget per the Summary Table.
- 4) The subscription restrictions reflect the available funds for these programs. The use of cash projected in FY11 is reflected in the changes in the individual restrictions.
- 5) There are additional program advances that only are recognized as income as the related expenses are incurred. These advances are tracked for budgeting purposes and also included on the detail program only budget sheet. The subscription based programs collect fees in advance of expenses and often straddle several years prior to completion. The funds are held in an advance restriction until the expenses are incurred.

Outlook for FY 2012

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

Mr. Whitehead suggested that we forgo the budget presentation and move to take action on the fiscal year 2011 budget given that no dues increase

was being proposed and that the Executive Committee discussed the budget at length on two separate occasions. Mr. Schild asked if there was an increase included for salaries over the previous fiscal year. Mr. Woodling confirmed that 4% was included in the budget for the upcoming fiscal year for COLA plus merit increases. Ms. Lorance explained that there was a lot of discussion at the Executive Committee level about this line item and they made the decision to leave the 4% increase in the budget based on the fact that the rates will be remaining flat and given that there is an increase in the CPI this year. There was a suggestion that the budget presentation still be given. However, a majority of the attendees agreed to skip the presentation.

M/S/C Mr. Whitehead moved, with a second by Ms. Lorance, to forgo the presentation and approve the proposed FY 2010-2011 Budget and Fees.

Oppose: Mr. Gray, Mr. Schild and Mr. Schaefer.

5. WATER FORUM UPDATE

The Water Forum Agreement marks its tenth anniversary in 2010. The Successor Effort is strong, and a number of important activities are underway. Water Forum staff and consultants are in the process of developing environmental documentation to implement the Lower American River Flow Management Standard, one of the seven elements of the Agreement. A modified Water Conservation Element was adopted in late 2009. Water Forum staff is working on an update to the Agreement, to fully incorporate changes that have occurred over the last ten years.

Mr. Tom Gohring, Executive Director Water Forum, gave a presentation on the Water Forum's progress over the past 10 years, the accomplishments and the future challenges. He summarized some of the projects that the Water Forum has been involved with, the major goals, and the progress of the ongoing projects. Future challenges for the Water Forum include 1) the flow standard; 2) groundwater contamination; 3) water conservation; 4) reallocations/water transfers; and 5) climate change. Mr. Gohring gave a brief overview of the work that is being done on the EIR for the flow standard.

There was discussion about a possible RWA public statement in support of the Parkway. There was also talk about local water agencies collaborating to help support projects for the preservation of the American River Parkway.

6. INTEGRATED ENERGY-WATER MODELING

Researchers at Lawrence Berkeley National Laboratory are proposing to build water and electricity models of the Sacramento and Upper American River systems, including water use and supply in Greater Sacramento, and

electricity use and generation by SMUD and EID. The energy and water demands and supplies in these models will be climate sensitive; to show how changes in climate (both climate change and variability) affect energy and water systems in the region. The water and energy models will be linked to evaluate future hydropower generation, water demands and energy demands and potential management options.

Mr. Larry Dale and Mr. David Purkey, researchers with Lawrence Berkeley National Laboratory, gave a presentation on their integrated energy-water modeling study. There are three development plan phases. Phase 1 will develop a WEAP (Water Evaluation and Planning) model for the American River basin; Phase 2 will develop a LEAP (Long-range Energy Alternatives Planning System) model for the SMUD service area; and Phase 3 will link both models using a new software package. The objectives of the project include studying the water-energy nexus in an “almost” closed system of the American River basin; studying the impacts of climate change on this nexus; and studying different water and energy management strategies and their trade-offs.

The model developed would allow for the study of several issues including 1) estimating the direct impacts of climate change on energy supply, energy demand, water demand and water supply; 2) estimating the indirect energy needed to match the increased water demand and offset the decreased water supply; 3) estimating the water needed to supply additional energy and the induced energy needed to supply that water; and 4) estimating possible water and energy management scenarios, including conservation and climate change mitigation programs, new supply sources and water storage options.

Mr. Woodling commented that in order to update our IRWMP that we need to evaluate climate change and this is an opportunity to link to a study that is already funded. We would be able to work to get better data into the study with respect to our water systems and target what our questions might be. He next asked members if they have concerns about giving SMUD permission to share their electric records as well as giving DWR this data.

7. EXECUTIVE DIRECTOR'S REPORT

Water Efficiency Program Update – AB1420 Compliance: RWA and Water Forum staff gave a workshop on AB1420 compliance on April 13, 2010. Agencies were provided a packet and CD of agency specific materials. Materials included: Tables 1 and 2, AB1420 FAQ's, and a spreadsheet detailing the agencies' 2007-08 compliance with the CUWCC BMP's. Staff and Mark Roberson will schedule technical assistance sessions with each agency to help answer questions regarding interpretation of the compliance materials.

Sacramento County received a \$773,000 grant to expand and promote the River Friendly Landscaping program to reduce greenhouse gases. RWA will receive \$7,500 each year for the life of the grant to host 2 additional Green Gardener Training Sessions. Staff is assisting County staff in reviewing existing tools that calculate greenhouse gas reduction from water and energy saving measures.

The WEP launched the Blue Thumb regional outreach campaign with a media event on April 14, 2010 in the City of Sacramento. The campaign design is based on the outcome of the telephone survey completed in September 2009 and is focused primarily on recognizing and encouraging water use efficiency in outdoor landscaping. The Blue Thumb launch included a press event at a local residents' home, who appeared in the campaign. The campaign features local community influencers and water district customers who have done their part to be water efficient in their landscape. Television and radio advertisements as well as partnerships with The Home Depot, ACWA, DWR, and the Sacramento Rivercats are the first component of the campaign. The television ad, radio interview, and radio public service announcements can be viewed and heard at www.BeWaterSmart.info. A more extensive presentation on the outreach program will be given at the next board meeting.

Sacramento Metro Chamber Cap to Cap Report – The 2010 Cap-to-Cap trip to Washington D.C. was April 17-21. Co-Chairs of the Water Resources Team were John Woodling, Derrick Whitehead, and Ed Winkler. The Water Team had 27 participants, up from 21 last year. The team conducted 29 lobbying meetings with legislators and their staff, administration agencies, and legislative committee staff. The Water Resources Team developed policy papers on the following topics 1) Regional Water Infrastructure Needs; 2) The Local Impacts of Folsom Operations and the Biological Opinions; 3) Groundwater Contamination; 4) Central Valley Salts; 5) Legacy Mercury; and 6) Delta Solution.

Government Affairs Update – RWA's Government Affairs Committee meets every other Tuesday at 10:00 by conference call. The last meeting of the month is in person at Sacramento Suburban Water District. The next scheduled meeting is May 11, 2010.

An updated table of bills being tracked by RWA staff was included in the packet. The Government Affairs Committee has recommended that positions on policy and specific bills be developed to seek support from the full RWA membership.

The Delta Stewardship Council has been formed and met on April 22nd and 23rd. David Eggerton has agreed to track the Council and report to the Government Affairs Committee. To be informed of Council activities, you may subscribe to a list server at www.deltacouncil.ca.gov.

RWA staff will submit WRDA Authorization requests to Senator Boxer for regional water meters installation and for modification of temperature control facilities at Folsom Dam, to support implementing the lower American River Flow Standard.

Ms. Lorance talked about the need for action on the legislative front. She reported that back in 2009 agencies were scrambling because they realized that there wasn't a presence at the state capitol representing the Sacramento region and our interests. Several agencies came together and began the process of a joint lobbying effort. When lobbying bills, time is of the essence and getting approval through RWA is very time consuming. Therefore San Juan Water District, Sacramento Suburban Water District, Placer County Water Agency and the Cities of Roseville, Folsom, and Sacramento felt immediate action was necessary and agreed to retain a lobbyist to represent our water interests at the Capitol. The future intent is to have a regional activity coordinated through RWA. RWA staff would attend meetings and work with the group on legislative activities. Ms. Lorance also noted that the group feels that there needs to be an RWA adopted policy that allows Mr. Woodling to move forward quickly when the need arises. Mr. Whitehead commented that Mr. Woodling is integral to this effort and it has been difficult to get unanimous consent.

Mr. Woodling asked members what they see as RWA's ultimate role in the area of advocacy. He explained that last year RWA received recognition at the capitol for its coordinated efforts. He said that agreement on previous policy principles allowed him to testify at legislative hearings and to propose amended language. Going forward we need to be able to take positions on bills quickly and show our support or opposition. Mr. Roscoe explained that a list of approximately eight bills of interest had recently been sent to each agency with recommended RWA positions for the purpose of seeking unanimous written approval from members. All agencies have not yet responded. The downside to unanimous written consent is that it is time consuming and challenging to reach agreement. This struggle has been going on for years. Ms. Tobin reminded members that while we continue to work on this issue other organizations are happy to roll over us. She said that we need to quit tying Mr. Woodling's hands and give him the authority he needs. The ability for members to abstain would be a benefit in a lot of cases.

Mr. Roscoe recommended that Mr. Woodling bring this item to the RWA Executive Committee for discussion and recommendation of an action by the RWA Board at its next meeting.

Integrated Regional Water Management Update – Work on the IRWM update is ongoing. Staff has executed a not-to-exceed task order for \$10,000 with CKB Consulting to help staff develop objectives and work with

stakeholders related primarily to habitat improvement, resources stewardship, and floodplain management. DWR conducted a public meeting on April 12 on its draft IRWM guidelines, draft IRWM implementation and planning grant proposal solicitation packages (PSP), and the draft storm water flood management PSP. Final comments on these documents were due April 23, 2010, and RWA submitted comments. While no date for the release of final documents has been announced, DWR indicated that it expects planning grant and the first round of implementation grants to be released by early summer 2010. The IRWM Management Committee will meet next on May 12, 2010.

Grant Funding Update – Ongoing grants include: Prop 50 Implementation Grant (\$25 million); Prop 50 Drought Grant (\$1.97 million); Prop 50 Toilet Rebate Grant (\$1.12 million); USBR Meter Grant (\$5 million); USBR ET Controller Grant (\$294,000).

RWA Outreach Activities – Mr. Woodling, along with Lisa Brown (City of Roseville) and Liz Mansfield (EID) have been selected to serve on the Urban Stakeholder Committee (USC), which will provide input to DWR in implementing the water conservation requirements of SBX7 7. Einar Maisch (PCWA) will serve as an alternate. The first meeting of the USC was held by webinar on April 15, 2010. The committee consists of over 30 members, and public participation on the webinar brought the total attendance to over 100. The next meeting of the group will be May 18, 2010.

Mr. Woodling attended a forum held by state and federal agencies to seek input on their involvement in promoting recycled water and water conservation. Ruben Robles (SRCSD) also represented the Sacramento region. The half-day roundtable included Commissioner of Reclamation Mike Connor, EPA Deputy Pete Silva, DWR Director Mark Cowin, SWRCB Member Fran Spivey-Weber and other agency executives. A large focus of the meeting was collaboration in implementing the Interim Federal Action Plan. More information and meeting summaries are available at: <http://www.usbr.gov/mp/PA/h2ogols/>.

Mr. Woodling gave a presentation at the ACWA Spring Conference on the Sacramento Groundwater Authority relative to the new state groundwater monitoring requirements under SBX7 6. Mr. Woodling also gave a presentation on ACWA's proposal for Option 4 for SBX7 7 (20% water conservation) compliance to ACWA Region 8 at the spring conference. The ACWA proposal was included in the packet.

Mr. Woodling will represent RWA at the kickoff of the Mayor Kevin Johnson's (Sacramento) Green Initiative on May 18th. The mayor's green initiative will include a water efficiency component that will be aligned with RWA's regional program.

Future RWA Meeting Presentation Topics – Staff are seeking input for future presentation topics for RWA board meetings or special workshops. Some potential future topics include the SGA Water Accounting Framework in July and a panel discussion on the status of the BDCP and Delta Stewardship Council in the fall. Staff is working with Water Forum staff to develop a bus tour of the region to highlight some of our water infrastructure, water efficiency efforts, and water related restoration measures. The target audience will be Water Forum caucus members, media, legislative staff, state agency staff, and local elected officials.

8. DIRECTORS' COMMENTS

None

Adjournment

With no further business to come before the Board, Chair Roscoe adjourned the meeting at 11:15 a.m.

By:

Chairperson

Attest:

Nancy Marrier, Board Secretary / Treasurer