

ASSOCIATION OF CALIFORNIA WATER AGENCIES
REGION 5 BOARD OF DIRECTORS MEETING'
MARCH 1, 2019

TELEPHONE CONFERENCE MEETING

Agenda item was election of a candidate to fill a vacancy on the Region 5 Board arising from the election loss of David Hodgin.

The candidates were:

Jack Burgett, Director of North Coast County Water District, San Mateo County
Pete Le director of Marina Coast Water District, Monterey County
Richard Lohman, Montara Water and Sanitary District, San Mateo County
John H. Weed, Alameda County Water District, Alameda County
Kirk Wheeler, Mid-Penninsula Water District, San Mateo County

Mr. Burgett was elected unanimously.

BOARD OF DIRECTORS EXECUTIVE COMMITTEE
March 15, 2019

The Executive Committee discussed the plans for 910 K Street, the headquarters of ACWA and the alternatives that would be available. This preliminary discussion was open to all board members. The alternatives were rent space at 980 J Street, Rehab the first and second floors of 910 K Street or tear down 910 K Street and replace it with a new building.

910 K Street

The Good: Location, Asset Value, Public Transportation, Parking, One Facility
The Bad: Old Building, Extensive Costly Renovation, Maintenance and Repairs and Limited Parking. Employee Safety
Strategy: Avoid Dues Impact; Payoff OPEB and pension obligations, repay member contribution

980 9th Street

The Good: Location, Parking, Security, Shared conference facility (reducing leased space), modern facility with state of art technology and employee space allocations.

After discussion the committee recommended lease of 980 9th Street with 10 year lease and renewal option.

BOARD OF DIRECTORS
March 29, 2019

GOLETA AG V GOLETA WATER DISTRICT

I conveyed the appreciation of the assistance and support of ACWA in the Goleta Ag case. Attached is the comments contained in the agenda. No action was taken because the court denied the request to publish its opinion.

910 K Street: After further additional discussion, the Board of Directors approved the listing of 910 K Street for sale and the lease fo 980 9 th Street as the new permanent headquarters of ACWA. There was much discussion about retaining the building as an asset and leasing it but this position was not accepted because it was not within the role of ACWA. While the building was an asset its cost and management would be a distraction from the principle role of ACWA. Attached is a cost analysis of the sale of 910 K Street versus other alternatives.

Executive Director Assimilation

- Board and membership consists of members with varying positions that must be understood and appreciated. ED must recognize different perspective and needs to work to invorporate them into stroger positions for organization.
- Past President’s Council is an important resource for the organization.
- Expectations of role and responsibilities of ED being team leader, communicator, mentor to staff and builder of morale
- And other concerns.

ED is meeting with member agencies including GWD

Priority Goals.

See attached

FINANCIAL: \$7+ Million cash, Unfunded OPEB reduced. Annual interest income - \$40k, earned in 2 months of 2019 \$33k.

2021 Fall Conference now scheduled for Pasadena.

SAFE DRINKING WATER FOR DISADVANTAGED COMMUNITIES.

This subject encompasses the continuing fight to avoid a water tax. ACWA has been successful in the past to have avoided the enactment of the tac. Gov Newsom’s budget started with the inclusion of the water tax. Water tax proposal is a volitile issue. The current three bills are SB200 proposes a Safe and Affordable Drinking Water Fund but omits the funding mechanism. AB134 is in the formation stage. AB217 also has a Safe and Affordable drinking Water Fund but add an agricultural assessment, a modified water tax and the creation of the trust. All of these proposals will be subject to change.

LOW-INCOME WATER RATE ASSISTANCE AB401 has been discussed in the past and is subject to stakeholder meetings.

WATER FIX UPDATE. Twin tunnels are now referred to One-nel to reflect the possible modifications of the proposal. Bya-Delta Voluntary Agreements are proceeding with the objective of a collaborative agreement

GROUNDWATER RECHARGE ADMINISTRATIVE PERMIT – State Water Resources Control Board will release a proposed administrative permit to facilitate permanent groundwater replenishment projects using peak flood flows by June.

As is usual other recurring issues were discussed.

The terms of all directors and officers of ACWA end this year. I have advised that I will not seek re-election as Chair or Vice-Chair of Region 5.

June 13, 2019 is the South Region 5 Event on Disaster Preparedness held at Montecito Water District. This one-day event will be held at the Miramar Hotel. All members are urged to attend. A North Region 5 event will be held in September.

Legal Affairs Committee: Request for Assistance

Goleta Ag Preservation v. Goleta Water District

Meeting Date: March 29, 2019	Item No.: IV.B.2.a.
Board Action Required: YES	Chairperson: Jennifer Buckman
Fiscal/Budgetary Impact: NO	Prepared By: Kristopher Anderson

BACKGROUND

The Legal Affairs Committee is requesting that ACWA file a letter requesting publication of a recently filed Second District Court of Appeal opinion in *Goleta Ag Preservation v. Goleta Water District*.

The case presented several questions, including (1) whether notice of proposed water rates to customers under Government Code section 53755 is permissible under Proposition 218 or must notice be mailed to property owners at addresses on the property tax roll, and (2) whether a flat-rate drought surcharge complies with the cost of service principles of Proposition 218.

Petitioner Goleta Ag Preservation (Petitioner), an unincorporated association whose members are agricultural customers of respondent Goleta Water District (Goleta), challenged Goleta’s decision to provide notice of the ratemaking hearing via an agency’s regular billing statement to customers as permitted by Government Code section 53755. Petitioner claimed that under article XIII D, section 6(a) of the California Constitution, notice must be sent to property owners at the addresses on the property tax roll.

The Court of Appeal determined the petitioner’s members received timely notice and, therefore, lacked standing to challenge notice provided to other customers. Since petitioners lacked standing, resolving the procedural notice question was not necessary. However, the court did address the flat-rate drought surcharge issue.

It found that Goleta’s flat-rate surcharge imposed on each unit of water, during a drought, complied with Proposition 218 because the surcharge is correlated to the system-wide cost of meeting the drought. This is a benefit that is common to all customers.

In addition, the court confirmed that providing updated and additional cost of service and other information to the governing body after the 45-day notice, but before the close of the public hearing, is not a violation of the procedural provisions of Proposition 218.

Publication of this opinion would be an important addition to Proposition 218 jurisprudence, will provide guidance to local agencies and ratepayers, and could potentially limit future litigation of the same issues. The League of California Cities and California Special Districts Association have already agreed to join the letter, and it is anticipated that California State Association of Counties will join as well.

ACTION REQUIRED

A vote to ratify the Executive Committee's approval that ACWA prepare and file an letter requesting publication of the Second District Court of Appeal opinion in *Goleta Ag Preservation v. Goleta Water District* and that Kelly Salt of Best Best & Krieger, LLP and Daniel Hentschke prepare and file the letter at no cost to ACWA.

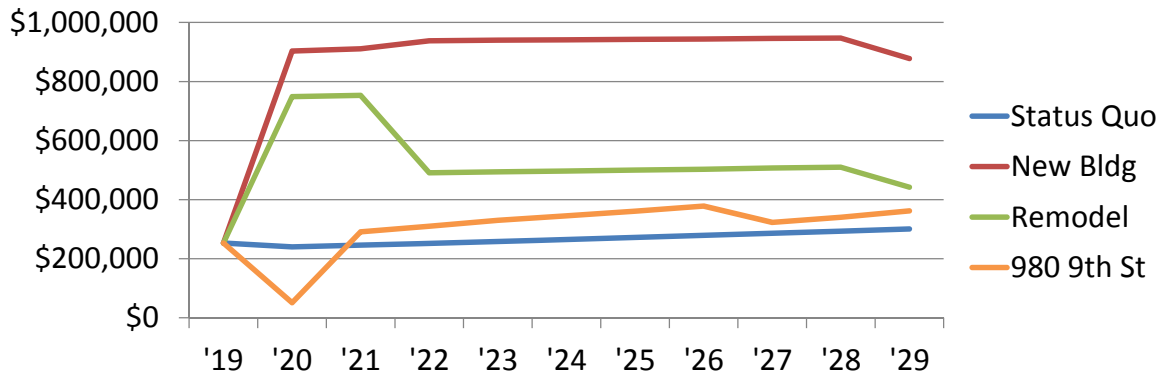
RECOMMENDATION

The Legal Affairs Committee recommends that the ACWA Executive Committee approve the request for ACWA to prepare and file a letter requesting publication of the Second District Court of Appeal opinion and that committee vice chair Kelly Salt of Best Best & Krieger, LLP and Daniel Hentschke prepare and file the letter at no cost to ACWA. The Executive Committee unanimously approved the request for assistance.

CASE UPDATE

On February 20, the Second District Court of Appeal denied ACWA's request to publish the opinion in the case.

Net Occupancy Costs



Summary of Occupancy Costs

Property	SF	Price/Sf	Lease/Own	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029
910 K Street - New Construction	19,200	\$ 381	Own	903,926	911,029	938,203	939,722	941,252	942,792	944,343	945,905	947,478	877,634
	Existing 910 K Street costs			239,991	245,933	252,056	258,366	264,872	271,582	278,506	285,652	293,030	300,650
	variance from 910 K			663,935	665,095	686,147	681,356	676,380	671,209	665,837	660,253	654,448	576,984
	Dues Increase Required			13%	13%	13.5%	13.5%	13.5%	13.0%	13.0%	13.0%	13.0%	11.5%
910 K Street - Complete Remodel	15,000	\$ 125	Own	748,679	753,496	491,088	494,106	497,164	500,264	503,405	506,590	509,818	441,662
	Existing 910 K Street costs			239,991	245,933	252,056	258,366	264,872	271,582	278,506	285,652	293,030	300,650
	variance from 910 K			508,688	507,563	239,032	235,740	232,292	228,681	224,899	220,938	216,788	141,012
	Dues Increase Required			10%	10%	5.0%	5.0%	4.5%	4.5%	4.5%	4.5%	4.0%	3.0%
980 9th Street	12,000	\$3.05	Lease	50,879	291,074	309,696	330,006	345,461	360,929	377,851	323,359	340,309	361,996
	Existing 910 K Street costs			239,991	245,933	252,056	258,366	264,872	271,582	278,506	285,652	293,030	300,650
	variance from 910 K			(189,113)	45,140	57,640	71,640	80,589	89,346	99,345	37,707	47,279	61,346
	Dues Increase Required			0%	0%	0%	0%	0%	0%	0%	0%	0%	0%
10 YR Total				6,601,645									
10 YR Total				2,755,634									
10 YR Total				400,919									



Policy-Related Goals

ACWA will take advantage of opportunities to advance comprehensive solutions, protect local agency decision-making and promote an integrated, comprehensive approach to water management that is key to California's future.

Promote Safe Drinking Water Solutions for Disadvantaged Communities

ACWA member agencies are committed to providing their communities with safe drinking water and find it unacceptable that some disadvantaged communities in California do not have access to safe drinking water. ACWA will continue to develop and advance solutions in this area that are reasonable and effective without unjustly impacting ACWA's members. ACWA will continue to oppose any proposed tax on drinking water and advance more appropriate funding solutions.

Promote Policy Advances on Headwaters & Forest Management

The catastrophic wildfires of 2017 and 2018 underscored the fact that California's forests are in a state of crisis. With climate change, the recent drought, insect infestations and inadequate forest management, the wildfires have been more frequent and severe and have resulted in pollution to receiving streams that feed the public water supply, in addition to the lost lives and communities. ACWA will continue to work with coalitions to educate audiences and promote policies at the federal and state levels to increase the pace and scale of forestry management, benefiting our headwaters and California water users.

Provide Leadership on Bay-Delta Flows & Conveyance Solutions

ACWA has made a strong policy statement supporting long-term Bay-Delta solutions as part of a comprehensive plan that works for the entire state and meets the coequal goals. ACWA will continue participating in the State Water Resources Control Board's update of the Bay-Delta Water Quality Control Plan, encouraging support for collaborative processes and advocating against proposals that would unnecessarily restrict water availability for the public, agriculture and business.

Identify Strategies to Increase Groundwater Sustainability & Replenishment

ACWA will continue to advocate for ACWA members' interests in state processes for Sustainable Groundwater Management Act (SGMA) implementation. ACWA will also lead by identifying strategies to increase groundwater replenishment.

Promote Water Storage Investments

ACWA will continue its leadership in advocating for effective processes at the California Water Commission in

order to help the state succeed in allocating \$2.7 billion in Proposition 1 funding for the public benefits of storage.

Advance Sound Energy Policies

ACWA will advocate for actions in the area of greenhouse gas emissions reductions and renewable energy that are reasonable and effective, taking into account that some ACWA members generate energy from large and small hydroelectric facilities, solar power and other sources of energy.

Promote Long-Term Water-Use Efficiency Measures

ACWA will advocate with the Newsom Administration for reasonable implementation of the new state water-use efficiency laws. ACWA will advocate for policies that protect local decision-making, recognize the role of water supply investments, and promote sound policy on conservation and water-use efficiency.

Organizational-Related Priority Goals

ACWA will pursue opportunities to meet the needs of member agencies and ensure the organizational success and financial sustainability of the association.

Improve Organizational Stability

ACWA will strive to create a work culture and environment designed to attract and retain the best and brightest, becoming an employer of choice. ACWA will explore opportunities to increase competitive benefits offered to staff and continue developing and implementing programs that provide professional growth for employees.

Promote Financial Stability

ACWA will develop and implement a plan to address both short- and long-term liability issues, including funding post-employment health benefits (OPEB) and reducing interest costs. Additionally, ACWA will continue to develop new non-dues revenue sources and pursue solutions for ACWA headquarters.

Enhance Value to Members

ACWA will continue serving as California's premier member organization on water issues. ACWA will focus on growing and retaining membership by building the value of participation through leadership, advocacy, education and service. ACWA will also ensure membership continues to provide relevance, value and affordability.

Develop Long-Term Goals to meet the needs of the Association

ACWA will develop a five-year strategic vision plan, working with the Board of Directors to identify key issues and goals for the organization that benefit from a broader forecast of resources and will guide the association into the future ensuring the greatest value to members.

RESOLUTION NO. 2019-

INTRODUCED BY DIRECTOR ROSEN

**RESOLUTION OF GOLETA WATER DISTRICT BOARD OF DIRECTORS
SUPPORTING SB 649 (CABALLERO), THE SAFE DRINKING WATER TRUST**

WHEREAS, the Association of California Water Agencies (ACWA) and the California Municipal Utilities Association (CalUA) are sponsoring SB 669 (Caballero) to create the Safe Drinking Water Trust (the Trust); and

WHEREAS, drinking water is essential to life and the lack of access to safe drinking water in disadvantaged communities is a public health issue that the state should address; and

WHEREAS, a funding solution for operation and maintenance and consolidation costs is needed that can complement existing federal and state funding sources for capital costs; and

WHEREAS, ACWA and CMUA have developed the Trust proposal to provide the needed funding solution; and

WHEREAS, SB 669 would create the Trust is in the state Treasury; and

WHEREAS, the Trust would be funded with an infusion of General Fund dollars during a state budget surplus year; and

WHEREAS, there is a record General Fund budget surplus for the 2019-20 fiscal year and a portion could be used to fund the Trust's principal; and

WHEREAS, the net income from the Trust would provide the needed durable source of funding; and

WHEREAS, a statewide water tax on local water bills of approximately 3,000 community water systems would work against the common goal of keeping water affordable.

NOW THEREFORE BE IT RESOLVED, that the Board of Directors of GOLETA WATER DISTRICT formally supports SB 669.

PASSED AND ADOPTED by the Board of Directors of the Goleta Water District this 9th day of April, 2019 by the following roll call vote:

AYE:

NAY:

ABSENT:

ABSTAIN:

ATTEST:

**JOHN D. MCINNES
DISTRICT SECRETARY**

**LAUREN HANSON, PRESIDENT
BOARD OF DIRECTORS**



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GENERAL MANAGER
JOHN D. MCINNES

April 10, 2019

The Honorable Bill Dodd
California State Senate
State Capitol 4032
Sacramento, CA 95814

RE: SB 669 (Caballero): Safe Drinking Water Trust - SUPPORT

Dear Chair Dodd,

The Goleta Water District supports SB 669 (Caballero), which would create the Safe Drinking Water Trust (Trust) at the state Treasury. The purpose of the Trust would be to provide a durable funding source to help community water systems in disadvantaged communities provide their customers with access to safe drinking water. The Trust is a better approach than a statewide water tax.

There currently exists a funding gap for operation and maintenance (O&M) costs for the treatment of drinking water by community water systems in disadvantaged communities. O&M costs generally cannot be financed with existing federal and state safe drinking water funding sources that are available for capital costs. In some situations, the consolidation of a failing community water system with one or more systems may be the most effective solution. The Safe Drinking Water Trust proposed in SB 669 would provide a durable funding source to provide financial assistance for replacement water as a short-term solution, consolidation and ongoing O&M costs.

The Trust would be funded with an infusion of General Fund dollars during a budget surplus year. With the record budget surplus for the 2019-20 Fiscal Year, this is the perfect year to create and fund the Trust. The state would invest the Trust's principal, and the net income from the Trust would be transferred on an ongoing basis to a Safe Drinking Water Fund that would be administered by the State Water Resources Control Board.

The Trust is a better approach than a statewide water tax because it is not sound policy to tax a resource that is essential to life.

Unlike a regressive water tax, the Trust would not drive up water costs and work against the state's Human Right to Water policy of affordable water.

For the above reasons, the Goleta Water District respectfully asks you to vote "Aye" for SB 669.

Sincerely,

Lauren Hanson
Board President

cc: The Honorable Anna Caballero
Honorable Members, Senate Governmental Organization Committee
Mr. Brian Duke, Committee Consultant
Mr. Richard Paul, Senate Republican Caucus Consultant