

**REGIONAL WATER AUTHORITY
REGULAR MEETING OF THE BOARD OF DIRECTORS
Thursday, March 10, 2016; 9:00 a.m.**

5620 Birdcage Street, Suite 110
Citrus Heights, CA 95610
(916) 967-7692

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 from the January 14, 2016 RWA regular board meeting
Action: Approve Consent Calendar Items
- 4. EXECUTIVE COMMITTEE REPORT AND RECOMMENDATIONS**
 - a. Information: Final minutes of the January 27, 2016 Executive Committee meeting and draft minutes from the February 17, 2016 Executive Committee meeting
- 5. DEVELOPMENT OF FISCAL YEAR 2016 – 2017 BUDGET**

Information Presentation and Discussion of FY 2016 – 2017 Budget
Action: Approve FY 2016-17 Budget
- 6. REGIONAL RELIABILITY PLAN RFQ**

Action: Approve staff recommendation for contractor selection for the Regional Reliability Plan
- 7. LEGISLATIVE UPDATE**

Information Presentation: John Woodling, Executive Director
- 8. EXECUTIVE DIRECTOR'S REPORT**
- 9. DIRECTORS' COMMENTS**
- 10. CLOSED SESSION UNDER GOVERNMENT CODE SECTIONS 54954.5(C) AND 54956.9(D) – UPDATE ON CALPERS CONTINUED OBLIGATION TO PROVIDE PENSION BENEFITS TO RWA EMPLOYEES**

ADJOURNMENT

Upcoming meetings:

Next Executive Committee Meetings – Wednesday, March 23, 2016 and Wednesday, April 27, 2016, 8:30 a.m. at the RWA office.

Next RWA Board of Directors' Meeting – Thursday, May 12, 2016, 9:00 a.m., at the RWA Office.

AGENDA ITEM 3a: CONSENT CALENDAR

The draft minutes from the RWA Regular Board Meeting held January 14, 2016.

Action: Approve minutes from January 14, 2016 RWA Regular Board meeting

1. CALL TO ORDER

Chair Sedwick called the meeting of the Board of Directors to order at 9:00 a.m. at the Regional Water Authority. Individuals in attendance are listed below:

RWA Board Members

Ron Greenwood, Carmichael Water District
Steve Nugent, Carmichael Water District
Al Dains, Citrus Heights Water District
Bob Churchill, Citrus Heights Water District
Marcus Yasutake, City of Folsom
Spencer Short, City of Lincoln
Matthew Wheeler, City of Lincoln
Pauline Roccucci, City of Roseville
Rich Plecker, City of Roseville
Jim Peifer, City of Sacramento
Stan Cleveland, City of Yuba City
Diana Langley, City of Yuba City
Ryan Saunders, Del Paso Manor Water District
Debra Sedwick, Del Paso Manor Water District
Bill George, El Dorado Irrigation District
Chuck Dawson, Elk Grove Water District
Mark Madison, Elk Grove Water District
Randy Marx, Fair Oaks Water District
Paul Schubert, Golden State Water Agency
Sharon Wilcox, Orange Vale Water Company
Robert Dugan, Placer County Water Agency
Brent Smith, Placer County Water Agency
Darlene Gillum, Rancho Murieta Community Services District
Brent Dills, Rio Linda/Elverta Community Water District
Mary Henrici, Rio Linda/Elverta Community Water District
Kerry Schmitz, Sacramento County Water Agency
Rob Roscoe, Sacramento Suburban Water District
Kevin Thomas, Sacramento Suburban Water District
Pam Tobin, San Juan Water District

RWA Associates

None

RWA Affiliate Members

Mike O'Hagan, Forsgren Associates, Inc., Chris Petersen, GEI Consultants, Vanessa Nishikawa, MWH Global, Inc. and Charles Duncan, West Yost Associates.

Staff Members

John Woodling, Rob Swartz, Nancy Marrier, Amy Talbot, Cecilia Partridge, Monica Garcia and Ryan Bezerra, Legal Counsel.

Others in Attendance:

Hilary Straus, Kelye McKinney, Dennis Rogers, Neil Schild, Joe Duran, Mark Salmon, Brett Ewart and Keith Durkin. Nicole Krotoski participated via conference call.

2. PUBLIC COMMENT

None

3. CONSENT CALENDAR

- a. Minutes of the November 12, 2015 regular board meeting

It was noted that AI Dains should be listed under the RWA Board Members in the minutes.

- b. Adopt proposed RWA Board Meetings Scheduled for 2016

- c. Approve the amended RWA pay schedule for the period January 1, 2013 to include the Executive Director's position

Motion/Second/Carried (M/S/C) Mr. Short moved, with a second by Mr. Greenwood, to approve the consent calendar items with the above noted changes.

4. EXECUTIVE COMMITTEE REPORT AND RECOMMENDATION

- a. Information: Final minutes from the October 28, 2015 Executive Committee meeting and draft minutes of the December 9, 2015 Executive Committee meeting

- b. Adjust Designations for Pension Plan Unfunded Liability and Operating Fund

M/S/C Ms. Tobin moved, with a second by Ms. Roccucci, to approve to adjust the designations as follows for June 30, 2015 for budget purposes in developing the FY17 budget: Pension Plan Unfunded Liability - \$126,000; Operating Fund - \$411,500.

- c. Ingrid Shepline, Richardson and Company, gave a presentation on the 2015 RWA Financial Audit Report. Included in the packet was a one page summary of the audit that issued a clean opinion on the financial statement. Ms. Shepline noted that it is the first year that the GASB 68 pension liability had to be recorded in RWA's financials. The report on internal control and compliance was also a clean report. There was one management letter comment recommending RWA to compare the census and contribution data submitted to CalPERS and reported by CalPERS to RWA's records since this data is used as a basis for calculating the GASB 68 net pension liability. The overall conclusion was that the organization has good internal controls and was issued a clean report.

M/S/C Ms. Tobin moved, with a second by Mr. Dugan, to accept the 2015 RWA Financial Audit Report.

John Woodling, Executive Director, reported that the CERBT manages the investments for RWA's other post-employment benefits (OPEB) through CalPERS. Even though CERBT manages the investments for RWA's OPEB assets, RWA is responsible for determining the most appropriate actuarial assumptions and the resulting discount rates. There are three investment strategies with different expected long-term rates of return offered for the CERBT. RWA chose Strategy 1, using a lower discount rate of 7.25% than the target discount rate of 7.61%. Strategy 1 was considered an aggressive strategy, with the most risk and potential volatility over the long-term. Choosing this strategy also meant the Board had to have tolerance for volatility. Some of this volatility was designed to be mitigated by using a lower discount rate for determining funding requirements.

In September 2014, CalPERS lowered the target discount rate from 7.61% to 7.28%. Lowering the expected discount rates effectively increases the required contribution of assets by employers to fund the OPEB benefits. Since RWA chose a lower discount rate, the CERBT change in discount rate for Strategy 1 will not necessarily impact RWA costs if RWA chooses to keep the 7.25% discount rate. However, keeping the discount rate at 7.25% reduces the cushion RWA currently has from 36 basis points to 3 basis points (7.28% versus 7.25%).

Since RWA may want to maintain a similar discount rate cushion, then RWA would want to consider lowering the discount rate from 7.25% to 7.0% or 6.75% for the next actuarial report. Lowering the discount rate

will reduce RWA's excess assets, while increasing required contributions. The exact amount or impact of this change would need to be calculated by an actuary. RWA's annual actuary report is set to begin again for the July 1, 2015 period sometime after January 1, 2016. This new actuary report will be the basis for the OPEB payment for the FY2017 and FY2018 budgets. Modeling additional discount rates will increase the cost of actuarial services.

At the time of hiring the CERBT to manage the OPEB assets, the Executive Committee recommended re-visiting the decision after 5 years. RWA now has 5 years' experience with CERBT. The November 2015 published report from CalPERS for each of the funds was attached to the staff report. Based upon CalPERS report, over the five year period, the CERBT is meeting its benchmark return.

Staff has been satisfied with the ease of administration in using the CERBT and the low costs to manage the funds.

M/S/C Mr. Churchill moved, with a second by Ms. Tobin, to approve actuaries to model existing Strategy 1 and reduced discount rates of 7.28%, 7.00% and 6.75% when commencing the next actuarial report.

M/S/C Mr. Nugent moved, with a second by Mr. Churchill, to continue using CERBT to manage RWA's OPEB asset trust fund.

5. REGIONAL RELIABILITY UPDATE

Rob Swartz, Manager of Technical Services, reported that staff is currently developing a scope of work for a Regional Water Reliability Plan as called for in the 2013 RWA Strategic Plan. Staff provided a background presentation to the Board on the general approach to plan development in which key vulnerabilities and potential mitigation actions with respect to water supply of regional agencies will be identified. Staff also provided a background presentation on the concept of potentially establishing a "water bank" in the region, which could serve as a key mitigation action to address water supply vulnerabilities of agencies in the region.

Basin reliability planning will include determining two levels of service desired for each agency under both current and future conditions, identifying near and long-term vulnerabilities for each agency, identifying near and long-term mitigation actions that enable agencies to increase reliability, and evaluating on a regional basis the ability to implement the mitigation actions from an operational perspective. Additional reliability considerations include evaluating the maximum potential of conjunctive use operations in the region to increase regional storage and evaluating establishing a Reclamation-

acknowledged water bank. A regional water bank could be a key tool for reducing impacts of future droughts and investing in facilities needed for local reliability.

Mr. Swartz said that the next steps are to release a request for qualifications for technical support, complete a scope, schedule and budget for a Regional Water Reliability Plan, develop a funding plan and continue local agency outreach. A portion of the Central Valley-wide model currently being updated by DWR could be downscaled for this region and used to support water bank applications for both technical and environmental impacts. This could also support the Sustainable Groundwater Management Act (SGMA) requirements.

The vulnerabilities of our region's water resources are substantial, however, mitigation of the vulnerabilities is possible and cost and funding is uncertain. We have a unique opportunity to pursue funding partnerships that this region has not previously pursued or had access to. A regional water bank could be a tool for reducing impacts of future droughts and investing in facilities needed for local reliability. Participation in a regional water bank would be an individual agency decision, would require study to demonstrate "banking" and "recovery" capacity and to demonstrate no harm to other users of groundwater, and would require programmatic environmental analysis.

6. ELECT 2016 RWA EXECUTIVE COMMITTEE

A copy of the procedures for selection of the Executive Committee of the Board of Directors was included in the packet. The election process involves multiple rounds of balloting to achieve a total of nine members.

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

Pursuant to the RWA Policy 200.3, the Board of Directors elected the following members to the 2016 Executive Committee:

- Pam Tobin, San Juan Water District
- Robert Dugan, Placer County Water Agency
- Jim Peifer, City of Sacramento
- Rob Roscoe, Sacramento Suburban Water District
- Audie S. Foster, California American Water
- Spencer Short, City of Lincoln
- Kerry Schmitz, Sacramento County Water Agency
- Marcus Yasutake, City of Folsom

- Debra Sedwick, Del Paso Manor Water District

7. ELECT 2016 RWA CHAIR AND VICE-CHAIR

Pursuant to the RWA Policy 200.3, the Board of Directors elected the Chair and Vice-Chair from the membership of the Executive Committee.

Mr. Spencer Short was elected as the 2016 Chair.

Mr. Jim Peifer was elected as 2016 Vice-Chair.

8. EXECUTIVE DIRECTOR'S REPORT

Water Efficiency Program Update – RWA members are continuing their efforts to contribute to the statewide goal of 25% water savings compared to 2013. Sacramento area water providers have conservation targets ranging from 20% to 36% reduction in water use compared to the same period in 2013. Regional savings were 27% for both September and October, and rose in November to 33%. The cumulative regional savings from June through November 2015 is 33%. As of November, all RWA member water providers were within 5% of their cumulative targets, with most exceeding their cumulative targets. Recent storms bringing rain and snow are expected to further alleviate drought conditions and boost savings in December and January. January water use in 2014 was higher than January 2013 due to extremely dry conditions. January 2015 savings was 3.5%, the lowest savings month in 2015. Savings need to continue into February 2016, when the current Emergency Regulation expires.

The Regional Water Efficiency Program is continuing advertising buys from the previously approved Extended Public Outreach Plan, funded for \$150,000. The Public Outreach Committee has decided to continue limited advertising buys into January and February 2016, holding the remaining \$30,000 for additional advertising buys later in the year.

Government Affairs Update – RWA staff and a number of member agencies spoke at the State Water Resources Control Board's Urban Water Conservation Workshop on December 7th. The purpose of the workshop was to solicit input on the types of changes to the emergency conservation regulatory framework the State Board should consider in extending the Emergency Regulations it adopted in May 2015. RWA comments focused on 1) the need to consider an adjustment for climate to reflect the naturally higher water need in hotter, inland areas of the state, and 2) explicitly identifying a process to evaluate hydrologic and water supply conditions in April and reducing or eliminating mandatory water conservation standards if warranted. Mr. Woodling also authored an opinion article that appeared in the Sacramento Bee on the morning of the workshop. In addition to working with State Board members and staff, RWA briefed our local legislators and

solicited their support. Our local delegation of State elected representatives submitted a joint letter to the State Board members in advance of the workshop encouraging them to consider climate adjustments and to recognize investments in drought resilient water supplies through the use of credits to offset conservation targets.

State Board staff subsequently released a proposal for extending the regulation that included a climate adjustment. Every RWA member would receive a 3% reduction in the standard based on the proposal. RWA submitted comments on the proposal, supporting the climate adjustment.

DWR continues to develop regulations for the implementation of the Sustainable Groundwater Management Act (SGMA). Mr. Woodling represented RWA and SGA as well as ACWA at the Practitioner Advisory Panel meeting on December 8, 2015. There is widespread concern that DWR's approach to the regulations is overreaching both the statute and the need, and would result in overly prescriptive requirements that could limit local efforts to comply. Mr. Woodling will attend a follow-up meeting on January 8, 2016.

In the final quarter of 2015, the Board adopted the "Policy Principles on Public Goods Charges." These principles were brought forward by the RWA Advocacy Program in preparation for engagement on SB 20 (Pavley) and possibly other legislation that would pave the way for some sort of public goods charge on water users in California. In general, the adopted principles direct RWA staff to oppose any public goods charges that would make it harder to fund local water supply projects and diminish local control.

On November 2nd, RWA hosted local legislators and legislative staff on a tour of Folsom Reservoir and the City of Sacramento's E.A. Fairbairn Water Treatment Plant. The tour was well received and further developed our relationship with key decision makers. The information shared on the tour about the need for climate adjustments and drought resiliency investments made by RWA agencies was instrumental in gaining the support for the local delegation letter to the State Board members mentioned above.

Active engagement on the ACWA State Legislative Committee will continue to be an element of our advocacy efforts. Mr. Woodling was appointed to the committee to represent ACWA Region 4 for the 2016-17 term. In addition, Brian Paulson of EID and Sean Bigley of Roseville will represent Region 3.

Grants Update – Staff is managing seven grants totaling \$54.7 million. RWA recently completed the USBR CalFed Meter Grant awarded in 2013 through Sacramento Suburban Water District. RWA has received a final executed contract for a \$2.5 million award from the DWR 2014 Water-Energy Grant Program.

Powerhouse Science Center Update – RWA continues to support its commitment to the Powerhouse Science Center with an annual contribution of \$25,000. When completed, the Powerhouse Science Center will hold two RWA sponsored exhibits focused on water conservation and water supply issues. Powerhouse Science Center management is currently working on securing bond financing needed to break ground on the project. As a result, construction has been delayed and will result in a late opening, expected in late 2017. The RWA exhibits were expected to be located in the new building located on the site, but will now be moved to the historic building that will be renovated first when construction starts. RWA will continue to follow the progress of this project.

RWA Awards – At the holiday social on December 9, 2015, RWA awarded the Water Statesperson of the Year Award to Tom Gohring, Executive Director of the Water Forum, for his work in developing the modified Lower American River Flow Management Standard. Mary Henrici, General Manager of Rio Linda/Elverta Community Water District received the Distinguished Service Award for her efforts to improve the District and expand their regional participation. The Distinguished Service Award was also awarded posthumously to Joe Dion, for his long service to Citrus Heights Water District, RWA, and ACWA JPIA. The award was accepted by his son, Mitch Dion.

RWA 15th Anniversary – July 2016 will mark the 15th anniversary of the creation of RWA as a successor to the Sacramento Metropolitan Water Authority. RWA is planning a number of activities for the first half of 2016, culminating in an event to commemorate the anniversary. A special RWA logo was developed to use during 2016.

RWA Outreach – Mr. Woodling has been selected by ACWA President Kathy Tiegs to serve as Chair of the ACWA Groundwater Committee. Mr. Woodling, along with Sean Bigley from the City of Roseville, Jim Peifer from the City of Sacramento, and Andy Fecko from PCWA, will serve as the core team for preparing the Water Resources Team for the 2016 Metro Chamber Cap-to-Cap Program. In addition to meetings with legislators, staff, and federal agencies, the team is planning for a facilities tour and meetings with DC Water, the public agency that provides water and wastewater services to the District of Columbia and surrounding areas of Maryland and Virginia.

RWA Income Statement – The Regional Water Authority Income Statement through December 2015 was included in the packet.

9. DIRECTORS' COMMENTS

Mr. Saunders thanked Chair Sedwick and the 2015 Executive Committee for a great job and thanked them for their support for 2016.

Ms. Tobin thanked everyone for their support in electing her to the Executive Committee for 2016.

Mr. Greenwood thanked everyone for their LAFCO votes. On February 8, 2016 Carmichael Water District will be celebrating their 100th anniversary.

Ms. Henrici thanked everyone for the Distinguished Service Award that she received at the Holiday Social.

Mr. George congratulated the 2016 Executive Committee members. El Dorado Irrigation District held a rate hearing on Proposition 218.

Mr. Short thanked everyone for welcoming him to the Executive Committee and voting him in as the 2016 RWA Chair.

Ms. Schmitz thanked everyone for their hard work on the Executive Committee.

Mr. Madison thanked Chair Sedwick for her service in 2015 and the Executive Committee for continuing to move forward.

10. CLOSED SESSION

It was determined that a closed session was not necessary at this time.

Adjournment

With no further business to come before the Board, Chair Sedwick adjourned the meeting at 11:19 a.m.

By:

Chairperson

Attest:

Nancy Marrier, Board Secretary / Treasurer

AGENDA ITEM 4a: EXECUTIVE COMMITTEE REPORT AND RECOMMENDATIONS

EXECUTIVE COMMITTEE RECOMMENDATION:

Information: Final minutes of the January 27, 2016 Executive Committee meeting and draft minutes of the February 17, 2016 Executive Committee meeting

1. CALL TO ORDER

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

Executive Committee Members

S. Audie Foster, California American Water
Marcus Yasutake, City of Folsom
Spencer Short, City of Lincoln
Jim Peifer, City of Sacramento
Debra Sedwick, Del Paso Manor Water District
Robert Dugan, Placer County Water Agency
Kerry Schmitz, Sacramento County Water Agency
Rob Roscoe, Sacramento Suburban Water District
Pam Tobin, San Juan Water District

Staff Members

John Woodling, Nancy Marrier, Cecilia Partridge, Monica Garcia and Ryan Bezerra, legal counsel.

Others in Attendance

Michael O'Hagan. Nicole Krotoski participated via conference phone.

2. PUBLIC COMMENT

None

3. CONSENT CALENDAR

The minutes from the Executive Committee meeting held December 9, 2015.

Motion/Second/Carried (M/S/C) Mr. Peifer moved, with a second by Ms. Sedwick, to approve the minutes from the December 9, 2015 Executive Committee meeting. Ms. Tobin abstained.

4. 2016 RWA EXECUTIVE COMMITTEE MEETING SCHEDULE

RWA Executive Committee meetings are held on the fourth Wednesday of each month at the RWA office, 5620 Birdcage Street, Suite 110 in Citrus Heights. The meetings begin at 8:30 a.m. A copy of the proposed schedule of meetings for 2016 was included in the packet. It was agreed that the Executive Committee would

continue to meet on the fourth Wednesday of each month with the exception of February, November and December. February's meeting will be held on Wednesday, February 17, 2016 to accommodate the 2016 ACWA DC Conference trip and the November and December meetings will be combined and held on December 7, 2016.

M/S/C Mr. Peifer moved, with a second by Mr. Dugan, to adopt the proposed schedule of Executive Committee meetings for 2016.

5. DEVELOPMENT OF FISCAL YEAR 2016 – 2017 BUDGET

Each year the RWA Executive Committee (EC) reviews and makes a recommendation for adoption of the budget by the full board. Mr. Woodling discussed the major issues and asked for guidance in developing and presenting a draft budget to the RWA Board on March 10, 2016. The strategic plan was adopted in 2013 and drives the activities and the required financial resources to accomplish those objectives.

Last year, the board directed RWA staff to transition to a more active role in advocacy. The board approved budget resources for a government relations program based upon the adopted goals of the strategic plan. It was agreed that RWA was an appropriate vehicle and voice to advocate on legislative and regulatory issues on behalf of the region. The FY16 budget provided \$100,000 in the consulting budget to provide for government affairs contract services. RWA hired retired annuitant Dave Brent to temporarily the role of water policy advisor. Due to the retired annuitant status, RWA can only use Mr. Brent for a finite duration of time on a defined "project." Therefore, RWA will need to start implementing a transition to a permanent staffing solution as early as the next fiscal year.

It was suggested that a two-year budget be discussed. It was agreed that with so many evolving issues the board could only adopt the first year's budget, but could include a detailed framework projection for the second budget year. The first step in resolving some of the budget issues would be to present the list of needs to the board and then follow up with the costs involved for implementation at its next meeting.

Last year the operating reserves were set at four months, which is the lower limit of RWA's financial designation reserve policy. Additionally, there was a new designation added in fiscal year 2016 for the Strategic Plan Implementation Fund to begin setting aside money for future implementation activities. The intent of the designation was to support future activities while limiting large single-year fee increases. In the long term, rates will need to be increased to create an ongoing funding source for the advocacy position if the Board elects to make the position permanent. The financial impact on rates has not yet been analyzed, and is dependent on the timing and scope of activities. In the previous budget cycle, it was estimated that the additional cost for fully funding this position was approximately \$300,000, which included salary, benefits, consulting support, and increases in the reserve designation.

There was discussion about the benefits of having a full time permanent staff member who could be fully engaged in the advocacy and regulatory efforts. An enormous amount of time is required to stay on top of state legislation and regulatory processes to be successful in gaining recognition for our area of the state. There are organizational benefits to have permanent staff hired before the new legislative cycle begins in calendar year 2017. The EC agreed in principle that we need to move forward with the Strategic Plan Implementation, which would include a full time staff person who will be engaged with advocacy where and when needed.

The IRWMP program was previously a subscription based program and has been considered a core activity of RWA since FY15. Since its transition to a core program, the budget reflects funding of this work from the remaining designation. The remaining designation will be used in the current fiscal year. RWA will need to consider increasing fees by approximately \$25,000 for costs associated with this program in fiscal year 2017, which could represent approximately a 3.5% increase in dues.

It was suggested that when the proposed budget is presented to the full board that each agency can see the proposed increase of their dues along with the grants and benefits that they have and will be receiving in the future.

In the past, RWA has been very successful in obtaining grant funding and has secured advances from the participating agencies primarily through local match funding to pay for consulting and staff time for managing the grants. Recently RWA executed a contract for a \$2.5 million award from the DWR 2014 Water-Energy Grant Program. The grant is focused on assisting disadvantaged communities (DACs), as defined by the CalEnviroScreen 2.0 online mapping tool, by replacing high-water-using and high-energy-using fixtures with USEPA WaterSense labeled efficient fixtures through two different delivery and monitoring mechanisms – direct installation and fixture distribution to lower income households. The DAC areas in the RWA region overlap with portions of City of Sacramento, West Sacramento, California American and Sacramento Suburban Water District's service areas. The grant is managed through RWA's Water Efficiency Program (WEP).

The 2014 Water-Energy Grant Program has a two year timeframe with no local match funding requirement. This grant is different from previous RWA grants in that it relies on third party contractor agreements to perform grant activities. Most contractors require 30-60 day payment periods. DWR's reimbursement period for invoices ranges from three to six months. RWA anticipates that the monthly grant expenditures will average around \$100,000, which could result in a cash requirement need prior to reimbursement ranging from \$300,000 to \$600,000 at any one time in fulfilling the grant deliverables. The total annual Category 1 budget for WEP is \$400,000 which is insufficient to meet the working cash needs of this grant and the ongoing WEP program objectives. There was discussion on whether RWA should be relied on for reserves to cover this or have the grant recipients determine how to cover the cash flow until reimbursement is received.

The combination of a two year grant period, no local match funding and the necessity of paying outside contractors sooner than receiving grant reimbursement funds creates a cash flow issue for RWA's WEP. Without sufficient cash flow, the grant cannot be fully implemented. RWA is currently working with DWR, the participating water agencies and other partners to collectively reach a solution. Some of the ideas to solve the temporary working cash flow shortage could include borrowing funds from RWA designations, obtaining a line of credit, borrowing from SGA, and advances from participants. This issue will be brought back to the EC for further discussion at the February meeting.

Over the last year, the WEP Program Manager has been assisting with RWA core functions. Some of these activities have included State Water Resources Control Board emergency regulations, water supply data collection, the water-energy study, and the development of a RWA annual report. During the upcoming budget cycle, approximately 10% of the staffing costs associated with this position should be considered to be paid for by RWA core dues. This shift in costs will also increase RWA dues by approximately 2%, but will dedicate more funding directly to WEP deliverables.

As discussed above, the decision that the operating fund designation would be maintained at four months creates an even greater need to project future funding for specific programs. Additional increased expenses in a few areas will need to be considered in the FY2017-18 budget. RWA's lease will be coming up for renewal in fiscal year 2018. RWA staff negotiated a very favorable lease rate at the time ACWA JPIA moved out of the building. RWA needs to plan for a significant increase in our lease in 2018.

The Employee Compensation Policy 400.2 states that "The Executive Committee (EC) will conduct a compensation survey at least every five years to ensure that the compensation offered by the Authority is consistent with this policy." RWA last completed a compensation survey in November 2012 and will need to budget for a compensation survey to be completed early in fiscal year 2018, as well as potential increased payroll costs as a result of the survey.

6. LEGISLATIVE UPDATE

Staff are tracking the introduction of new bills, as well as the progress of two-year bills. The deadline for bill introduction is February 19, 2016. Subsequent to that date, staff will bring bill positions to the Executive Committee for approval. Pursuant to RWA policy, positions will be consistent with policy principles adopted by the full board of directors. A listing of bills being tracked is available in the member only section of the RWA website.

7. EXECUTIVE DIRECTOR'S REPORT

Government Affairs Update – Staff are reviewing proposed emergency regulations for water conservation. Comments will be submitted by the January 28th deadline, and staff will comment at the public hearing of the SWRCB on February 2, 2016. An adjustment for climate was included in the proposal, in

response to comments by RWA and other inland agencies. A very limited adjustment for water supplies that are not sensitive to drought was included, but the proposal falls far short of recognizing the significant investment agencies throughout the state have made in drought resilient supplies. RWA member agencies are urged to provide written and verbal comments.

Regulations governing the evaluation of groundwater sustainability plans under SGMA are expected to be released in draft in early February. RWA/SGA staff will be reviewing and commenting, and also organizing a response through the ACWA Groundwater Committee.

Water Efficiency Program Update – RWA members are continuing their efforts to contribute to the statewide goal of 25% water savings compared to 2013. Sacramento area water providers have conservation targets ranging from 20% to 36% reduction in water use compared to the same period in 2013.

Grants Update – Staff is currently managing seven grants totaling \$54.7 million. RWA has received a final executed contract for a \$2.5 million award from the DWR 2014 Water-Energy Grant Program, and staff is meeting with DWR on January 29th to discuss commencement of the project. RWA received a commitment letter from DWR on January 15th for a new \$1.757 million grant award from the 2015 Proposition 84 Integrated Regional Water Management Implementation Grant round. Staff will work with DWR to develop and execute a funding agreement over the next few months. Of the \$60 million from Prop 84 for the Sacramento River Funding area we received \$28 million.

November 2015 COLA – Consistent with RWA policy, pay scales and salaries were increased January 1, 2016 by 0.1% based on the November consumer price index for small western cities. The updated pay scales were enclosed in the packet.

CERBT Update – Enclosed in the packet was the CERBT comparative investment earnings for a comparative three year period as requested by the Executive Committee since the inception date of the three strategies were varied. The time frame compared is based upon the inception of the latest strategy deployed, Strategy 3, which is January 1, 2012. This information was provided by CalPERS. Per Matt Goss of CalPERS CERBT Program, he emphasized that as of November 30, 2015, 347 of 462 participants are deployed in Strategy 1, which can create a fairly consistent cash flow for investment purposes. The other strategies include 77 participants in Strategy 2 and 38 participants in Strategy 3. He also noted that the market has declined since December 31, 2015 and Strategy 1 has felt this decline more significantly since it's invested a greater portion of its assets in equities.

8. DIRECTORS' COMMENTS

Mr. Yasutake announced that the new mayor for the City of Folsom is Steve Miklos.

Ms. Schmitz said that Sacramento County's chief executive is leaving to manage a retirement community in Southern California.

Ms. Sedwick congratulated Ms. Schmitz who is now serving on the Roseville Public Utilities Commission.

Chair Short will be attending the Regional Water Leaders program through NCWA.

9. CLOSED SESSION UNDER GOVERNMENT CODE SECTIONS 54954.5(C) AND 54956.9(D) – UPDATE ON CALPERS CONTINUED OBLIGATION TO PROVIDE PENSION BENEFITS TO RWA EMPLOYEES

It was determined that a closed session was not necessary as there was nothing to report.

ADJOURNMENT

With no further business to come before the Board, Chair Short adjourned the meeting at 10:11 a.m.

By:

Chairperson

Attest:

Nancy Marrier, Board Secretary / Treasurer

1. CALL TO ORDER

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

Executive Committee Members

S. Audie Foster, California American Water
Marcus Yasutake, City of Folsom
Spencer Short, City of Lincoln
Jim Peifer, City of Sacramento
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Rob Roscoe, Sacramento Suburban Water District
Pam Tobin, San Juan Water District

Staff Members

John Woodling, Rob Swartz, Nancy Marrier, Amy Talbot, Monica Garcia and Katrina Gonzales, legal counsel.

Others in Attendance

Nicole Krotoski participated via conference call.

2. PUBLIC COMMENT

None

3. CONSENT CALENDAR

The minutes from the Executive Committee meeting held January 27, 2016.

Mr. Yasutake noted a correction on page 5 of 6 under Directors' Comments, it should read the "new mayor for the City of Folsom is Steve Miklos".

Motion/Second/Carried (M/S/C) Ms. Sedwick moved, with a second by Ms. Tobin, to approve the minutes from the January 27, 2016 Executive Committee meeting with the above noted correction.

4. DEVELOPMENT OF FISCAL YEAR 2016 – 2017 BUDGET

Each year the RWA Executive Committee (EC) reviews and makes a recommendation for adoption of the budget by the full board. The discussion of the Fiscal Year 2016-2017 budget (“FY17 Budget”) started at the January 27, 2016 EC meeting. The EC was presented with a list of the significant decisions that impacted the development of the budget objectives and outcomes which drive fees and expenses. At the March 10, 2016 meeting, the Board will be presented these items to give their recommendations to staff on how to proceed for incorporation in the budget proposal.

Draft Budget Highlights discussed by John Woodling

The Executive Committee recommendations included transitioning from a retired annuitant to a full time staff member for a more active role in advocacy. Last year the Board agreed that a government relations program would be developed based upon the adopted goals of the strategic plan. It was agreed that RWA was an appropriate vehicle and voice to advocate on legislative and regulatory issues on behalf of the region. The FY16 budget provided \$100,000 in the consulting budget for government affairs contract services. RWA hired retired annuitant Dave Brent to temporarily fill this role. Mr. Brent started working on the program in March 2015. Due to the retired annuitant status¹, RWA can only use Mr. Brent for a limited duration of time. Therefore, RWA will start implementing the transition to a permanent staffing solution in fiscal year 2017. There are organizational benefits to have permanent staff hired before the new legislative cycle begins in calendar year 2017.

Additionally, there was a new designation added for the Strategic Plan Fund in FY16 to put aside money for these implementation activities. This Strategic Plan Fund was funded by capping the operating fund at four months and any excess available resources over four months was then directed towards this fund. The intent of the designation was to support future activities while mitigating large single-year fee increases. This set aside amount for the final FY16 budget was estimated to be approximately \$141,000. For FY17, a new staff member was included under a new line item that showed the amount that would be needed for a full time staff member for 9 months, with Mr. Brent budgeted at \$50,000 for use as a consultant to assist the new staff member with the transition. The EC directed staff to remove the new line item and include the new staff in with the other staff salaries and benefits. The FY17 draft budget also reflected using a portion of the strategic plan fund in FY17 to pay for the partial year staffing.

The IRWMP program was previously a subscription based program and has been considered a core activity of RWA since FY15. Since its transition to a core program, the budget reflects funding of this work from the remaining designation. The designation is being used in the current fiscal year. RWA will need to increase

¹ The rules for CalPERS state that “Retirees can be hired into retired annuitant positions to perform work of limited duration.”

fees by approximately \$25,000 for costs associated with this program in fiscal year 2018.

Over the last year, the WEP Program Manager has been assisting with RWA core functions. Some of these activities have included State Water Resources Control Board emergency regulations, water supply data collection, the water-energy study, and the RWA annual report. During the upcoming budget cycle, approximately 10% of the staffing costs associated with this position are being shifted to RWA core dues.

Additional increased expenses are included in the FY2017-18 budget. RWA's lease will be coming up for renewal in fiscal year 2018. RWA staff negotiated a very favorable lease rate at the time ACWA JPIA moved out of the building. RWA needs to plan for a significant increase in our lease in 2018.

RWA is planning on making the \$225,000 for the unfunded pension liability allocated by CalPERS in FY16. The SGA portion of this liability was estimated to be \$99,000. SGA has been informed by CalPERS that their membership is approved and they will begin making their own payments beginning in FY17. The projections beyond FY17 include additional payments of the unfunded liability for RWA only.

The draft budget presented at the Executive Committee meeting proposed a 13% increase on general fees. For medium sized agencies, if connection fees increased, these agencies will experience a greater than 13% fee increase.

Budget Assumptions included in the staff report

- 1) Associate membership has four members. A new affiliate membership classification was approved by the Board and has ten new members to date.
- 2) SGA service fees represent 50% sharable costs according to the Administrative Services Agreement, and excludes the Water Efficiency Program staffing, the water policy staff, and the retired annuitants for the water policy advisor and SGA².
- 3) SGA Pension plan service agreement fee is estimated to be \$99,000 and will be paid prior to June 30, 2016.
- 4) Subscription program revenues provide 16% of needed RWA Core revenues and reflect income earned from providing staffing and office support to subscription based programs, including the WEP.
- 5) IRWMP "revenues" are funds from the IRWMP cash designation which had been set aside when the IRWMP program converted from a subscription based program to a CORE program. The IRWMP program will be expending additional funds in FY16 and FY17 the remaining fund in FY18.
- 6) Powerhouse Science Center reflects five year allocated funding. The member portion represents funding from RWA members. Other funding in

² Recall that RWA also hired a different retired annuitant in FY14 to work on programmatic activity exclusively for SGA and invoices SGA for these services.

FY15 represented grant funding of \$50,000 plus an annual funding of \$5,000 from WEP.

- 7) The core program budgets for all staffing positions including the WEP position. The retired annuitants' costs are reflected in the consulting expenses. The retired annuitant for SGA is reflected in the staffing expenses as a separate line item. Benefit costs also include projected increases for OPEB and health care, and a reduction of a 2% employer pick up of the employee portion of PERS retirement benefits (starting at 7% in FY15 and decreasing to 0% by FY19).
- 8) Excluding the WEP program manager, the project assistant position, the water policy position, and the retired annuitants, the staffing costs are allocated 50/50 to SGA and RWA. These allocations result in 4.8 FTEs for RWA and 2.2 FTEs for SGA for a total of 7 fulltime positions. The retired annuitants are not included in the FTE count.
- 9) Staff salaries are within ranges assigned by a 2012 total compensation survey and reflect a possible 5% increase for merit (including COLA), plus 2% to compensate for the employees paying 2% of their PERS retirement contribution.
- 10) The budget reflects a payment of \$225,000 for the unfunded accrued pension liability for CalPERS. This payment to CalPERS assumes a \$99,000 reimbursement from SGA. The payment amount will be made by June 30, 2016.
- 11) Office cost increases are based upon estimated increases in FY17. For FY18 and beyond, these costs are estimated at 3% annual increases unless specific increases have been identified, such as the office lease renewal.
- 12) Expanded RWA involvement in external issues necessitates increased legal fees. The CALPERS pension benefits issue is projected to be resolved by the end of FY16.
- 13) Professional fees include higher audit, accounting and actuarial analysis fees due to the new reporting requirement for GASB 68, public relations, water policy consulting services, and \$20,000 for unexpected items. A water policy retired annuitant will continue to be engaged while the new staff member takes over those responsibilities.
- 14) In looking out to the future, RWA can anticipate a potential 10% increase in dues in FY18 in order to meet expenses, continue paying the unfunded pension plan liability and the Strategic Plan Fund. Future projections assume RWA and SGA share staffing and administrative costs and subscription based programs will continue to contribute 16% of revenues to pay for Core staffing and office costs.
- 15) Finally, no changes to membership are anticipated, including any decline due to agency consolidations or nonparticipation. These changes would have a significant impact on rate increases in the future. RWA will continue to attempt to grow membership.

There was discussion about Woodland-Davis and when they will begin serving water and what their service connection numbers will be. It was suggested that the Executive Director talk with Dennis Diemer before the next RWA Board meeting to determine their options and future intentions.

It was suggested that the Associate Policy be adjusted, so that the Associate dues increase at the same percentage that the member dues increase.

For presentation to the RWA board the budget needs to be consistently transparent to be easily understood. A grant awards page will also be included to show the regional benefits of membership for RWA members.

5. WATER EFFICIENCY UPDATE

On February 2, 2016, the State Water Resources Control Board (State Water Board) approved extending the Emergency Regulation until October 2016. This Emergency Regulation became effective February 13, 2016. The regulation text was based on the May 5, 2015 Emergency Regulation and carries much of the same language. However, there are some notable changes and additions. The statewide 25% water savings goal was extended from June 2015 to February 2016 to an updated deadline of October 2016 to match the new Regulation's timeframe (savings are still compared to 2013). New water agency conservation targets incorporate several adjustment opportunities that can decrease an agency's conservation target. The first adjustment addresses climate impacts on water demand. Each agency in the Sacramento region should receive a 3% adjustment to their agency's current conservation target. This default adjustment should be automatically reduced for all agencies and posted on the State Water Board's website. The second and third adjustments address growth impact on water demand and new local drought-resilient sources of supply. Additional information must be submitted to the State Water Board for an adjustment in these two areas by March 15, 2016. Cap for all adjustments is 8% per agency. New conservation targets become effective for March 2016 reporting. February 2016 production is still assessed on an agency's original conservation target effective June 2015. Water agencies will be assessed for compliance to the new targets based on cumulative savings from June 2015 through the current month until October 2016. Smaller suppliers (that are not urban water suppliers) must submit a report by September 15, 2016 that identifies total potable water production, by month, from December 2015 through August 2016. Smaller suppliers received no adjustments from their original 25% conservation target. Additional language in the February 2nd Emergency Regulation prohibits Homeowners Associations/Community Service Associations from penalizing residents for reducing or eliminating the watering of vegetation or lawns during a declared drought emergency.

State Water Board staff will monitor and evaluate available data on precipitation, snowpack, reservoir storage levels, and other factors and report back to the State Water Board in March and April 2016 and, if conditions warrant, bring a proposal for rescission or adjustment of the Emergency Regulation to the State Water Board in May 2016.

The Water Efficiency Program's Public Outreach Committee met on February 10, 2016 to discuss regional messaging moving forward. The Committee decided to continue current messaging until April/May 2016 when the State Water Board committed to reassess water supply conditions. Current messaging is that we are still in a statewide mandated drought and need to conserve to meet our

conservation targets. Calls to action include: turn off sprinklers till spring, replace high water use fixtures with high efficiency fixtures and find and fix leaks.

Depending on the State Water Board's interpretation of water supply conditions in April/May 2016, messaging about the state and region's drought status may be modified. Should the conservation targets remain the same or slightly decrease, calls to action will support the general theme of "Rethinking Your Yard" and will include: limit landscaping watering following your water provider's guidelines, prioritize your landscape putting your trees first, check sprinkler systems for efficiency and upgrade your landscape with low water use plants. When and if the drought tapers off, the Committee supports transitioning drought messaging to longer term messaging about efficient water use both indoors and outdoors.

Mr. Woodling said that we need to decide what our messaging is on conservation and what we need to get prepared for the State Water Board. It was suggested that a separate handout be available providing information to those residents that may be replanting their lawns to use locally appropriate low water use varieties. . An additional message for the handout would be to reduce the overall percent of your landscape that is planted with grass and replace with alternative low water use plants and shrubs. It was also suggested that RWA should partner with West Sacramento on water conservation ideas for Raley Field with opportunities for the area outside the stadium. Overall there are adequate funds for the outreach program through October 2016.

6. MARCH 10, 2016 RWA BOARD MEETING AGENDA

The draft agenda was included for the March 10, 2016 full Board meeting. Mr. Woodling said that a good response is expected for the RFQ contractor selection for the Regional Reliability Plan.

M/S/C Ms. Sedwick moved, with a second by Mr. Dugan, to approve the March 10, 2016 proposed RWA Board meeting agenda.

7. EXECUTIVE DIRECTOR'S REPORT

Government Affairs Update – Mr. Woodling reported that the deadline for introduction of legislation is February 19th. Staff will assess the legislation and report to the RWA board at their March meeting with a complete list of bills and RWA positions presented at the March Executive Committee meeting. The regulations for SGMA are due to be released any day now with a 30 day public comment period with 3 meetings held throughout the state. Mr. Woodling will be working on the regulations from the standpoint of RWA, SGA, ACWA and the DWR Practitioner Advisory Panel and will be commenting on the regulations.

8. DIRECTORS' COMMENTS

Mr. Roscoe thanked Ms. Marrier and Ms. Krotoski for their work on the budget item. Sacramento Suburban Water District experienced a leak in one of their pipes.

Ms. Sedwick asked when the RWA building lease was up. Mr. Woodling replied that the lease will expire in August of 2018. Ms. Sedwick reported that during the recent Washington DC trip they had 46 appointments. During the meetings one of the questions asked was regarding the Sustainable Groundwater Management Act. She also noted that due to the Flint Michigan situation EPA is delaying the new copper ruling.

Mr. Dugan commented that today's "Lunch and Learn" on the Flow Management Standard is an event that should be held for all the cities in our region.

Chair Short said that he attended the Water Leadership Forum through NCWA that included four municipal type water providers. The event was very informative. Nevada Irrigation District sees the value of RWA membership and has an interest in discussing the grant funding that RWA has received. The County of Placer has expressed interest in becoming an RWA Associate member.

9. CLOSED SESSION UNDER GOVERNMENT CODE SECTIONS 54954.5(C) AND 54956.9(D) – UPDATE ON CALPERS CONTINUED OBLIGATION TO PROVIDE PENSION BENEFITS TO RWA EMPLOYEES

No closed session was necessary.

ADJOURNMENT

With no further business to come before the Board, Chair Short adjourned the meeting at 10:11 a.m.

By:

Chairperson

Attest:

Nancy Marrier, Board Secretary / Treasurer

AGENDA ITEM 5: DEVELOPMENT OF FISCAL YEAR 2016 – 2017 BUDGET

BACKGROUND:

Each year the RWA Executive Committee (EC) reviews and makes a recommendation for adoption of the budget by the full board. The EC discussed the Fiscal Year 2016-2017 budget (“FY17 Budget”) at the January 27, 2016 EC meeting and again on February 17, 2016. In January, the EC was presented with a list of the significant decisions that impacted the development of the budget objectives and outcomes, which drive fees and expenses. In February, the EC reviewed a draft budget. At the March 10, 2016 meeting, the Board will be presented with these key issues to give their recommendations to staff on how to proceed for incorporation in the budget proposal.

The EC recommendations included:

- 1) Transition from a retired annuitant to a full time staff member for a more active role in advocacy. Last year the board agreed that a government relations program would be developed based upon the adopted goals of the strategic plan. It was agreed that RWA was an appropriate vehicle and voice to advocate on legislative and regulatory issues on behalf of the region. The FY16 budget provided \$100,000 in the consulting budget to provide for government affairs contract services. RWA hired retired annuitant Dave Brent to temporarily fill this role. Mr. Brent started working on the program in March 2015. Due to the retired annuitant status¹, RWA can only use Mr. Brent for a finite scope and duration of time. Therefore, RWA will start implementing the transition to a permanent staffing solution in fiscal year 2017. There are organizational benefits to have permanent staff hired before the new legislative cycle begins in calendar year 2017.

Additionally, there was a new designation added for the Strategic Plan Fund in FY16 to begin putting aside money for these implementation activities. This Strategic Plan Fund was funded by capping the operating fund at four months and any excess available resources over four months was then directed towards this fund. The intent of the designation was to support future activities while limiting large single-year fee increases. This set aside amount for the final FY16 budget was estimated to be approximately \$141,000.

A new staff member is included in the attached draft budget and includes \$132,200 for nine months in FY17, with Mr. Brent budgeted at \$50,000 for use as a consultant to assist the new staff member with the transition. The attached draft budget also reflects the usage of a portion of the strategic plan fund in FY17 to pay for the partial year staffing.

- 2) The IRWMP program was previously a subscription based program and has been considered a core activity of RWA since FY15. Since its transition to a core program, the budget reflects funding of this work from the remaining

¹ The rules for CalPERS states that “Retirees can be hired into retired annuitant positions to perform work of limited duration.”

designation. The designation is being used in the current fiscal year. RWA will need to increase fees by approximately \$25,000 for costs associated with this program in fiscal year 2018.

- 3) Over the last year, the WEP Program Manager has been assisting with RWA core functions. Some of these activities have included State Water Resources Control Board emergency regulations, water supply data collection, the water-energy study, and developing an RWA annual report. During the upcoming budget cycle, approximately 10% of the staffing costs associated with this position is being shifted to RWA core dues to reflect the support provided to the core program by this position.
- 4) Specific increased expenses are included in the projected FY2017-18 budget. RWA's lease will be coming up for renewal in calendar year 2018. RWA staff negotiated a very favorable lease rate at the time ACWA JPIA moved out of the building. RWA needs to plan for a significant increase (and a potential move) in the office lease in 2018.
- 5) The Employee Compensation Policy 400.2 states that "The Executive Committee (EC) will conduct a compensation survey at least every five years to ensure that the compensation offered by the Authority is consistent with this policy." RWA last completed a compensation survey in November 2012 and will need to budget for a compensation survey to be completed in fiscal year 2018, as well as plan for potential increased payroll costs as a result of the survey.
- 6) RWA is planning on making the \$225,000 payment for the unfunded pension liability allocated by CalPERS in FY16. The SGA portion of this liability is estimated to be \$87,600 or 39%. SGA has been informed by CalPERS that their membership is approved and they will begin making their own payments beginning in FY17. The projections beyond FY17 include additional payments of the unfunded liability for RWA only.

Summary Budget Overview

Revenues

- 1) A total 11% increase on general fees is proposed.
- 2) Associate membership has four members. A new affiliate membership classification was approved by the Board and has ten members to date.
- 3) SGA service fees represent 50% sharable costs according to the Administrative Services Agreement and excludes the Water Efficiency Program staffing, the water policy advisor, and the retired annuitants for RWA and SGA².
- 4) SGA service agreement fee for the pension plan is estimated to be \$87,600 and will be paid prior to June 30, 2016.
- 5) Subscription program revenues provide 16% of needed RWA Core revenues and reflect income earned from providing staffing and office support to subscription based programs, including the WEP.

² Recall that RWA also hired a different retired annuitant in FY14 to work on programmatic activity exclusively for SGA and invoices SGA for these services.

- 6) IRWMP “revenues” are funds from the IRWMP cash designation which had been set aside when the IRWMP program converted from a subscription based program to a Core program. The IRWMP program will be expending additional funds in FY16 and most of the remaining funds in FY17.
- 7) Powerhouse Science Center reflects five year allocated funding. The member portion represents funding from RWA members. Other funding in FY15 represented grant funding of \$50,000 plus an annual funding of \$5,000 from WEP.
- 8) Other revenues represent interest income and holiday social revenues.

Expenses

- 1) The core program budgets for all staffing positions including the WEP position and new water policy position. The retired annuitant water policy advisor cost is reflected in the consulting expenses. The retired annuitant for SGA is reflected in the staffing expenses as a separate line item, and is fully recovered from SGA.
- 2) Excluding the WEP program manager, the project assistant position, and the retired annuitants, the staffing costs are allocated 50/50 to SGA and RWA. These allocations result in 4.8 FTEs for RWA and 2.2 FTEs for SGA for a total of seven full time positions. The retired annuitants are not included in the FTE count.
- 3) Staff salaries are within ranges assigned by a 2012 total compensation survey and reflect a possible 5% increase for merit (including COLA), plus 2% to compensate for the employees paying an additional 2% of their PERS retirement contribution.
- 4) The FY17 budget now includes hiring a water policy staff position to start in the second quarter.
- 5) Benefit costs also include projected increases for OPEB and health care, and a reduction of a 2% employer pick up of the employee portion of PERS retirement benefits (starting at 7% in FY15 and decreasing to 0% by FY19).
- 6) The retired annuitant line item includes wages and benefits for an SGA retired annuitant reimbursed by SGA. There is no cost to RWA for this annuitant.
- 7) The FY16 budget reflects a payment of \$225,000 for the unfunded accrued pension liability for CalPERS. This payment to CalPERS assumes an \$87,600 reimbursement from SGA which is approximately 39%. The payment amount will be made by June 30, 2016.
- 8) Office cost increases are based upon estimated increases in FY17. For FY18 and beyond, these costs are estimated at 3% annual increases unless specific increases have been identified, such as the office lease renewal.
- 9) Expanded RWA involvement in external issues necessitates increased legal fees. The CalPERS pension benefits issue is projected to be resolved by the end of FY16.
- 10) Professional fees include higher audit, accounting and actuarial analysis fees due to the new reporting requirement for GASB 68, public relations, water policy consulting services, and \$20,000 for unexpected items. A water policy retired annuitant will continue to be engaged while the new staff member takes over those responsibilities.
- 11) Other includes office equipment purchases.
- 12) Core Project Expenses include costs associated with the IRWMP and with Powerhouse Science Center partnership.

Revenues net of Expenses

- 1) Core expenses in excess of core revenues project a net cash inflow of approximately \$74,200 for the core program. The subscription based programs pay for use of staff time as well as some allocated office costs to run these programs.
- 2) Subscription expenses are projected to exceed revenues by approximately \$246,200. Many subscription program expenses will be funded from previously collected funds which have been set aside for this purpose. Additionally, there are five grants that will be completed in FY17.
- 3) Combined core and subscription expenses versus revenues net a projected decrease in cash flow of approximately \$172,000.

Designations

- 1) The operating fund is targeted at four months for FYE 16-17, which falls within the policy guideline of four to six months. The operating fund designation will be capped at four months, with any remaining resources funding the Strategic Plan Fund.
- 2) The Strategic Plan Fund represents resources being set aside to fully implement the strategic plan. The FY17 budget anticipates using a portion of this fund to pay for hiring the new water policy consultant until it is depleted in FY19.
- 3) The Powerhouse Science Center ("PSC") designation represents the difference in collection of fees for this project versus the payments made per the contract with PSC.
- 4) The designations are detailed by type. The total change in cash from Projected FY16 to Proposed FY17 by subtotal for the core program reflects the overall net cash inflow of approximately \$74,200 and the effect on each type of designation.
- 5) The designations for the subscription program reflect a decrease of approximately \$246,200 over subscription based expenses, largely due to the closing out of some of the grants and drawing down those funds. These programs typically collect revenues in advance of expenses. These expenses will be funded from the corresponding program designations.

SUBSCRIPTION PROGRAMS

These subscription based programs are subject to approval by the individual participants. The revenues are included for total estimate purposes and to reflect the expected contribution towards the Core program for staffing and office costs which is budgeted at 16% for FY17. Adopting the fiscal year 2016-2017 budget does not approve the subscription based programs.

- 1) Subscription program revenues are projected for the Water Efficiency Program (WEP Category 1 and 2), the Prop 50 grant management, Prop 84 grant management, the government relations contract lobbyist, the 2014 drought grant, the 2015 IRWM grant and the USBR meter and retrofit grants.

- The revenues include fees from participants and grant reimbursements from existing grants.
- 2) Subscription program expenses represent the direct consulting and third-party costs for these subscription programs. It also includes the cost of using RWA staff and allocated office costs to determine the cash flow effect on these programs. In a combined budget, the RWA staff and allocated office costs are netted out to avoid double counting of the costs since these costs are also included in the Core budget. See Summary Table – Split Program for a reconciliation of the individual budgets to the overall RWA budget per the combined Executive Summary Table.
 - 3) 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. With the exception of WEP, these additional program advances are only recognized as income as the related expenses are incurred. These advances are tracked for budgeting purposes and also included on the detail program budget sheet. While WEP fees are set aside for WEP services, these fees are recognized as incurred.
 - 4) The subscription restrictions reflect the available funds for these programs. The use of these designations projected in FY17 is reflected in the changes in the individual restrictions.

Outlook for FY 2018

In looking out to the future, RWA can anticipate a potential 10% increase in dues in FY18 in order to meet increased expenses, continue paying the unfunded pension plan liability, begin paying for the IRWM program from current fees, and funding the new water policy staff for an entire year. Future projections assume RWA and SGA share staffing and administrative costs and subscription based programs will continue to contribute 16% of revenues to pay for Core staffing and office costs.

Finally, no changes to membership are anticipated, including any decline due to agency consolidations or nonparticipation. These changes would have a significant impact on rate increases in the future. RWA will continue to attempt to grow membership.

STAFF RECOMMENDATION:

Information Presentation and Discussion of FY 2016 – 2017 Budget

Action: Approve FY 2016-17 Budget

RWA Fiscal Years 2002-2015 Grant Awards

	Grant			Total Grant Award
	RWA Dues	Reimbursements	Pending Grants	
California American Water	\$ 461,341	\$ 141,275	\$ -	\$ 141,275
Carmichael Water District	\$ 173,483	\$ 1,068,704	\$ 789,178	\$ 1,857,882
Citrus Heights Water District	\$ 299,709	\$ 1,247,276	\$ 607,897	\$ 1,855,173
City of Folsom	\$ 276,702	\$ 629,342	\$ 2,497,610	\$ 3,126,951
City of Lincoln	\$ 133,633	\$ 49,924	\$ 1,185,750	\$ 1,235,674
City of Roseville	\$ 461,341	\$ 11,685,961	\$ 3,118,897	\$ 14,804,858
City of Sacramento	\$ 461,341	\$ 9,223,357	\$ 3,141,711	\$ 12,365,069
City of West Sacramento	\$ 133,897	\$ 749,167	\$ 99,500	\$ 848,667
City of Yuba City	\$ 32,524	\$ -	\$ -	\$ -
Del Paso Manor Water District	\$ 42,607	\$ -	\$ -	\$ -
El Dorado Irrigation District	\$ 402,739	\$ 604,469	\$ 1,181,875	\$ 1,786,344
Elk Grove Water District	\$ 70,477	\$ 370,812	\$ 30,000	\$ 400,812
Fair Oaks Water District	\$ 206,084	\$ 1,522,590	\$ 719,375	\$ 2,241,965
Golden State Water Company	\$ 225,819	\$ 63,614	\$ -	\$ 63,614
Orange Vale Water Company	\$ 59,147	\$ 211,234	\$ 246,464	\$ 457,698
Placer County Water Agency	\$ 461,341	\$ 621,242	\$ 2,321,248	\$ 2,942,491
Rancho Murrieta CSD	\$ 58,472	\$ 5,298	\$ 494,097	\$ 499,395
Rio Linda/Elverta Water District	\$ 59,147	\$ 3,788	\$ 530,000	\$ 533,788
Sacramento Area Flood Control Agency	\$ 6,000	\$ -	\$ 1,888,183	\$ 1,888,183
Sacramento County Water Agency	\$ 195,955	\$ 818,991	\$ 1,133,561	\$ 1,952,552
Sacramento Regional County San District	\$ 111,000	\$ -	\$ 3,674,938	\$ 3,674,938
Sacramento Suburban Water District	\$ 461,041	\$ 9,300,126	\$ 1,104,231	\$ 10,404,357
San Juan Water District	\$ 461,341	\$ 6,363,614	\$ 719,375	\$ 7,082,989
Woodland-Davis Clean Water Agency	\$ 16,047	\$ 21,705	\$ -	\$ 21,705
Member Total	\$ 5,271,190	\$ 44,702,489	\$ 25,483,890	\$ 70,186,379
California Association of RCD		\$ 39,568	\$ 61,831	\$ 101,399
City of Elk Grove		\$ -	\$ 222,345	\$ 222,345
Ducks Unlimited		\$ 5,320	\$ 415,041	\$ 420,361
Freeport Regional Water Authority		\$ 10,728,629	\$ -	\$ 10,728,629
Nature Conservancy		\$ 359,743	\$ 36,787	\$ 396,530
Omochumne-Hartnell		\$ -	\$ 986,668	\$ 986,668
Placer County Flood Control WCD		\$ 226,574	\$ 703,718	\$ 930,292
San Juan Unified School District		\$ 50,581	\$ -	\$ 50,581
Partner Total		\$ 11,410,415	\$ 2,426,390	\$ 13,836,804
Grand Total		\$ 56,112,903	\$ 27,910,280	\$ 84,023,183

includes grant awards managed on behalf of SSWD

Freeport Regional Water Authority is a JPA between SCWA and EBMUD. SCWA was a 46% partner in the Prop 50 grant.



2016 - 2017 FYE Budget Summary

Projected Fee Increase 11.00%

Combined Core & Subscription Program Budget

Major Assumptions - See Budget notes for other Budget assumptions

Revenues

- 1) Fee Increase on General Dues - see attachment for fees by agency. 11.00%
- 2) SGA Service Fees represents 50% cost sharing excluding staffing allocated to WEP, the water policy retired annuitant, and the SGA retired annuitant.
- 3) SGA Service Fees pay the unfunded pension liability and represents an allocation to SGA of 39% using an estimated blended rate from each component of the liability. This allocation percentage is based upon CalPERS estimates.
- 4) Subscription Program core revenues contribute 16% towards Core operations and represent fees earned by RWA for providing staff consulting services and allocated office costs to the subscription programs.
- 5) IRWMP designation funding pays for expenses from the remaining IRWMP carryover from the former subscription program. The designation continues to fund the program in FY17. In future years, dues will need to be raised to pay for ongoing IRWMP projects.
- 6) Powerhouse Science Center (PSC) represents a unique opportunity to become a partner with PSC to inform and educate the public on water issues that affect RWA's region and beyond. Members represents contributions from membership. Other funding came from a grant in FY15 and from WEP.
- 7) Other represents interest income and holiday social revenues.
- 8) Subscription Program represents revenues for subscription services from the Water Efficiency Program, Prop 50, Prop 84, IRWM, Legislative Advocacy and the USBR Controller grants. These subscription based programs are subject to approval by the individual participants. The revenues are included for total cash flow estimate purposes. Adopting the fiscal year 2016-2017 budget does not approve the subscription based programs.

Expenses

- 1) Staffing costs include the WEP Project Manager. Also includes a retired annuitant that is strictly used for SGA.
- 2) Staff is allocated 50/50 to SGA and RWA, excluding the WEP position, the project assistant and the water policy staff. The project assistant splits time between SGA, WEP and RWA subscription projects. With the addition of a new water policy staff member, RWA's FTE is 4.8; SGA FTE is 2.2, for a total of 7 FTE and does not include the three annuitants. Of the RWA 4.8 FTE, WEP represents 1.5 FTE. Staffing costs projected within salary range for positions and includes a 5% increase for merit and a 2% shift in PERS pick up from the employer to the employee, for a total proposed increase of up to 7%.
- 3) Staffing expenses reflect an anticipated \$225,000 payment for the unfunded PERS liability. The payment will be made by 6-30-16. The payment amount currently assumes that SGA will contribute \$87,600 towards this unfunded liability.
- 4) Staffing expenses also reflect hiring the water policy consultant to begin in the second quarter of FY17. The funding for this position for FY17 is anticipated to partially come from the strategic plan fund in FY17.
- 5) For FY17 and beyond, office costs generally assume 3% increases unless specific increases have been identified, such as the office lease.
- 6) Professional fees include audit, actuarial, PR, accounting, legal, and regional water issues. It also includes \$50,000 consulting fees for the FY17 for helping the new staff person transition to help the implementation of the strategic plan.



2016 - 2017 FYE Budget Summary

Projected Fee Increase **11.00%**

Combined Core & Subscription Program Budget

Major Assumptions - See Budget notes for other Budget assumptions

- 7) Other includes office equipment purchases.
- 8) Core Project Expenses include IRWMP expenses and Powerhouse Science Center expenses.
- 9) Subscription Program represents the direct consulting and expenses for these subscription programs as well as the staff and office costs for the programs. These costs have been included in the program budget to show the cash flow effect on these programs. However, on a consolidated basis (see Summary Table), these costs are not included in both budgets in order to avoid double counting costs.

Revenues in excess of Expenses//Expenses in excess of Revenues

- 1) On a combined basis, expenses are projected to exceed revenues by \$172,000, mainly due to subscription expenses exceeding subscription fees. RWA continues to set aside \$42,000 per year to pay off the unfunded pension liability.
- 2) Core revenues are projected to exceed core expenses by approximately \$74,200.
- 3) The subscription program projects expenses in excess of revenues. These fees are set aside in the appropriate subscription designation to be used in future periods for the related programs. The subscription based programs pay for office and staffing costs. The staffing and office costs are part of core program costs, yet a portion is paid for by subscriptions by design. Most of cost of the WEP project manager position and a portion of the project assistant position are paid for by the subscription programs but the cost of these positions is included in the Core Program. 10% of the WEP project manager position is paid for by RWA core dues beginning in FY17.

Designations/Restrictions

- 1) The Operating fund is capped at approximately 4 months for FYE 16-17. The current budget proposal caps the operating fund at 4 months so that the strategic fund can be used to help implement the strategic plan in future years.
- 2) The designations and restrictions are broken out by type and subtotaled by core and subscription services. The total change in cash from Projected FY16 to Proposed FY17 by subtotal reflect the departmental effect on each designation and restriction group.
- 3) The Pension plan accounting designation is for the unfunded pension plan payment to be made in FY16. The June 30, 2014 report estimates this amount at June 30, 2016 at approximately \$302,700, not reflecting any potential early payments. The final total payment amount will depend upon the timing of partial payments over time since unpaid balances accrue additional interest costs of 7.5% per annum.
- 4) IRWMP designation fund is the remaining funds transferred from the subscription program to fund IRWMP activity. The fund is expected to expend funds in FY17 and the remaining funds in FY18.
- 5) The Strategic Plan outlined hiring a water policy consultant to implement RWA's regional water voice on important water legislation that impacts members and the region. The first step of this implementation plan included hiring a retired annuitant. The Strategic Plan designation will allow RWA to hire a new staff position in FY 17.



2016 - 2017 FYE Budget Summary
Projected Fee Increase
Combined Core & Subscription Program Budget
See Budget and Program Notes for Budget Assumptions

11.00%

	Projected FY16	Proposed FY17	Change from Prior Year	Comments
Revenues				
Dues	\$ 751,400	\$ 834,000	\$ 82,600	Projected rate increase 11.00%
SGA Service Fee	\$ 514,600	\$ 560,300	\$ 45,700	Based upon shared costs
SGA - Unfunded Pension Liability	\$ 87,600	\$ -	\$ (87,600)	Share of pension liability estimated at 39%. Timing of payment anticipated to be made in FY16.
Powerhouse Science - RWA Members	\$ 63,200	\$ 60,000	\$ (3,200)	Powerhouse Science Center collected from members over 5 years
Powerhouse Science Center - Other	\$ 5,000	\$ 5,000	\$ -	Powerhouse Science Center from WEP collected over 10 years
IRWMP designation funding	\$ 50,000	\$ 25,000	\$ (25,000)	Funds IRWMP activities from the carry over designation and adds another \$25K in FY17
Other	\$ 9,800	\$ 11,500	\$ 1,700	Interest, holiday social
Subscription Program	\$ 18,320,400	\$ 6,504,900	\$ (11,815,500)	Prop 50, Prop 84, WEP, Water Meter grants and retrofits, Legislative Advocacy
Total Revenues	\$ 19,802,000	\$ 8,000,700	\$ (11,801,300)	
Expenses				
Staff	\$ 1,207,400	\$ 1,260,300	\$ 52,900	All staff costs, includes water policy staff in Q2. Includes \$225,000 payment to CalPERS for unfunded pension in FY16.
Office	\$ 125,200	\$ 127,500	\$ 2,300	General 3% cost increases assumed
Professional Fees	\$ 248,500	\$ 254,500	\$ 6,000	Audit, PR, accounting, legal, actuary, water issues, full year water policy consultant and public relations
Core Project Expenses	\$ 42,800	\$ 55,000	\$ 12,200	IRWMP & Powerhouse Science Center
Other expenses	\$ 12,500	\$ 2,600	\$ (9,900)	Office equipment
Subscription Program	\$ 17,883,200	\$ 6,472,800	\$ (11,410,400)	Prop 50, Prop 84, WEP, Legislative Advocacy, USBR meter programs
Total Expenses	\$ 19,519,600	\$ 8,172,700	\$ (11,346,900)	
Revenues net of Expenses (D)	\$ 282,400	\$ (172,000)	\$ (454,400)	
Cash, beginning	\$ 1,542,565	\$ 1,824,965	\$ 282,400	
Source (Use) of Funds	\$ 282,400	\$ (172,000)	\$ (454,400)	
Cash, ending	\$ 1,824,965	\$ 1,652,965	\$ (172,000)	
DESIGNATIONS/RESTRICTIONS/ADVANCES			Increase (decrease) in Cash	
<i>Designations</i>				
Operating Fund	\$ 456,200	\$ 534,300	\$ 78,100	
Membership Dues Fund	\$ 112,700	\$ 125,100	\$ 12,400	
Subscription Program Stabilization	\$ 26,000	\$ 27,800	\$ 1,800	
Pension Plan Unfunded Liability	\$ 42,000	\$ 42,000	\$ -	
IRWMP Program	\$ 38,511	\$ 8,511	\$ (30,000)	
Powerhouse Science Center	\$ 103,910	\$ 143,910	\$ 40,000	
Strategic Plan Fund	\$ 200,015	\$ 96,915	\$ (103,100)	
Non-designated cash	\$ -	\$ 75,000	\$ 75,000	
Subtotal core cash	\$ 979,336	\$ 1,053,536	\$ 74,200	
<i>Restrictions and advances</i>				
2015 IRWM Grant	\$ 7,000	\$ 20,000	\$ 13,000	
Prop 50 grant Management	\$ 21,750	\$ 15,250	\$ (6,500)	
Prop 84 Grant Management	\$ 111,652	\$ 96,652	\$ (15,000)	
2014 Drought Grant Management	\$ 60,000	\$ 40,000	\$ (20,000)	
USBR Meter Grant (2012)	\$ (37)	\$ (37)	\$ -	
USBR Meter Grant (2013)	\$ 38	\$ 38	\$ -	
USBR Meter Grant (2014)	\$ 26,904	\$ 4	\$ (26,900)	
USBR CalFed WaterSmart Meter (2014)	\$ 24,798	\$ 998	\$ (23,800)	
USBR CalFed Retrofits (2014)	\$ 182,042	\$ 1,242	\$ (180,800)	
Government Relations Contract Lobbyist	\$ 70,000	\$ 70,000	\$ -	
SRCS	\$ 3,323	\$ 3,323	\$ -	
Water Efficiency Program - Cat 1	\$ 482,759	\$ 496,559	\$ 13,800	
Water Efficiency Program - Cat 2	\$ (144,600)	\$ (144,600)	\$ -	
Subtotal program restrictions	\$ 845,629	\$ 599,429	\$ (246,200)	
Total Cash Designations/Restrictions	\$ 1,824,965	\$ 1,652,965	\$ (172,000)	



2016 - 2017 FYE Budget Summary

Projected Fee Increase

11.00%

Summary Core only program - includes WEP staffing

See Budget Notes for Budget assumptions

	Actual FY15	Budget FY16	Projected FY16	Proposed FY17	Comments
Revenues					
Dues	\$ 653,915	\$ 748,000	\$ 751,400	\$ 834,000	Rate increase to cover added costs and anticipated in FY16 Budget process
SGA Service Fee	\$ 475,522	\$ 527,900	\$ 514,600	\$ 560,300	Based upon shared costs.
SGA Service Fee - GASB 68	\$ -	\$ 33,000	\$ 87,600	\$ -	SGA's portion of expected pension liability costs @ 39%.
Subscription Programs					
WEP (C)	\$ 211,471	\$ 224,800	\$ 204,900	\$ 202,400	Cost reimbursement fees from WEP subscription program
Other (C)	\$ 38,972	\$ 55,900	\$ 55,000	\$ 75,900	Cost reimbursement fees from other subscription programs
IRWMP - designation funding	\$ 7,847	\$ 30,000	\$ 50,000	\$ 25,000	Funding from IRWMP advance from program budget
Powerhouse Science Center - Members	\$ 61,660	\$ 60,000	\$ 63,200	\$ 60,000	Powerhouse Science Center - Member payment
Powerhouse Science Center - Other	\$ 49,050	\$ 5,000	\$ 5,000	\$ 5,000	Grant funding in FY15 and WEP funding in FY16 & FY17
Other	\$ 8,885	\$ 8,800	\$ 9,800	\$ 11,500	Interest, holiday social revenues
Total Revenues	\$ 1,507,322	\$ 1,693,400	\$ 1,741,500	\$ 1,774,100	
Expenses					
Staff	\$ 927,681	\$ 1,216,500	\$ 1,207,400	\$ 1,260,300	Includes 7 FTEs. Includes CalPERS payment for unfunded liability in FY16
Office	\$ 95,687	\$ 126,800	\$ 125,200	\$ 127,500	General 3% cost increases assumed unless specifically identified increase
Professional Fees	\$ 203,682	\$ 323,400	\$ 248,500	\$ 254,500	Audit, actuarial, PR, accounting, legal, regional water issues assistance
Core Project Expenses	\$ 57,847	\$ 55,000	\$ 42,800	\$ 55,000	Powerhouse & IRWMP programs
Other	\$ -	\$ 2,600	\$ 12,500	\$ 2,600	Office Furniture
Total Expenses	\$ 1,284,897	\$ 1,724,300	\$ 1,636,400	\$ 1,699,900	
Core Revenue less Expenses (A)	\$ 222,425	\$ (30,900)	\$ 105,100	\$ 74,200	Excludes Subscription programs. Positive result = core revenues < expenses; negative amount = expenses > revenues
Cash, beginning	\$ 651,811	\$ 985,718	\$ 874,236	\$ 979,336	
Source (Use) of Funds (A)	\$ 222,425	\$ (30,900)	\$ 105,100	\$ 74,200	
Net change	\$ 222,425	\$ (30,900)	\$ 105,100	\$ 74,200	
Cash, ending	\$ 874,236	\$ 954,818	\$ 979,336	\$ 1,053,536	
					Increase (decrease) in Cash
DESIGNATIONS					
Designations					
Operating Fund	\$ 411,500	\$ 481,400	\$ 456,200	\$ 534,300	\$ 78,100
Membership Dues Fund	\$ 98,100	\$ 112,200	\$ 112,700	\$ 125,100	\$ 12,400
Subscription Program Stabilization	\$ 27,900	\$ 28,100	\$ 26,000	\$ 27,800	\$ 1,800
Pension Plan Unfunded Liability	\$ 126,000	\$ 75,000	\$ 42,000	\$ 42,000	\$ -
IRWMP Program	\$ 56,311	\$ 16,358	\$ 38,511	\$ 8,511	\$ (30,000)
Powerhouse Science Center	\$ 60,710	\$ 100,300	\$ 103,910	\$ 143,910	\$ 40,000
Strategic Plan Fund	\$ -	\$ 141,460	\$ 200,015	\$ 96,915	\$ (103,100)
Non-designated cash	\$ 93,715	\$ -	\$ -	\$ 75,000	\$ 75,000
Subtotal core cash	\$ 874,236	\$ 954,818	\$ 979,336	\$ 1,053,536	\$ 74,200



2016 - 2017 FYE Budget Summary
Summary Program only
See Program Notes for Budget Assumptions

Subscription Programs		Actual FY15	Budget FY16	Projected FY16	Proposed FY17	
Revenues		\$ 5,748,862	\$ 17,096,000	\$ 18,320,400	\$ 6,504,900	Prop 84, IRWMP, Drought, Gov't Advocacy & WEP in FY17
Expenses - Direct Program		\$ 5,493,142	\$ 16,788,200	\$ 17,883,200	\$ 6,472,800	Prop 50, Prop 84, WEP, CalFed Meter Prog; Government Advocacy in FY16
WEP Expenses - Allocated Program	(C)	\$ 211,471	\$ 224,800	\$ 204,900	\$ 202,400	Prop 50, Prop 84, WEP, CalFed Meter Prog; Government Advocacy
Other Expenses - Allocated Program	(C)	\$ 38,972	\$ 55,900	\$ 55,000	\$ 75,900	Staffing and office costs allocated to subscription programs - WEP
		\$ 5,743,585	\$ 17,068,900	\$ 18,143,100	\$ 6,751,100	Staffing and office costs allocated to other subscription programs
Net subscription income (loss)	(B)	<u>\$ 5,277</u>	<u>\$ 27,100</u>	<u>\$ 177,300</u>	<u>\$ (246,200)</u>	
Cash, beginning		\$ 401,826	\$ 511,904	\$ 668,329	\$ 845,629	
Source (Use) of Funds		\$ 5,277	\$ 27,100	\$ 177,300	\$ (246,200)	
Advance adjustments		\$ 261,226	\$ -	\$ -	\$ -	Adjusting for cash used versus accrual accounting of costs
Cash, ending		<u>\$ 668,329</u>	<u>\$ 539,004</u>	<u>\$ 845,629</u>	<u>\$ 599,429</u>	
						Increase (decrease) in Cash (FY16 to FY17)
Restrictions and advances						
2015 IRWM Grant		\$ -	\$ -	\$ 7,000	\$ 20,000	\$ 13,000
Prop 50 grant Management		\$ 6,850	\$ 14,598	\$ 21,750	\$ 15,250	\$ (6,500)
Prop 84 Grant Management		\$ 118,952	\$ 85,594	\$ 111,652	\$ 96,652	\$ (15,000)
2014 Drought Grant Management		\$ -	\$ 54,979	\$ 60,000	\$ 40,000	\$ (20,000)
USBR Meter Grant (2012)		\$ 7,963	\$ 260	\$ (37)	\$ (37)	\$ -
USBR Meter Grant (2013)		\$ 10,238	\$ 25	\$ 38	\$ 38	\$ -
USBR Meter Grant (2014)		\$ 11,304	\$ 11,100	\$ 26,904	\$ 4	\$ (26,900)
USBR CalFed WaterSmart Meter (2014)		\$ 8,198	\$ 11,100	\$ 24,798	\$ 998	\$ (23,800)
USBR CalFed Retrofits (2014)		\$ 159,642	\$ 2,400	\$ 182,042	\$ 1,242	\$ (180,800)
Government Relations Contract Lobbyist		\$ 70,000	\$ 70,000	\$ 70,000	\$ 70,000	\$ -
SRCSD		\$ 3,323	\$ -	\$ 3,323	\$ 3,323	\$ -
Water Efficiency Program - Cat 1		\$ 320,259	\$ 307,324	\$ 482,759	\$ 496,559	\$ 13,800
Water Efficiency Program - Cat 2		\$ (48,400)	\$ (18,376)	\$ (144,600)	\$ (144,600)	\$ -
		<u>\$ 668,329</u>	<u>\$ 539,004</u>	<u>\$ 845,629</u>	<u>\$ 599,429</u>	<u>\$ (246,200)</u>

Reconcile Summary Split to Summary Table			Projected FY16		Proposed FY17	
Core Program Income (Loss)	(A)		\$ 105,100	(A)	\$ 74,200	
Subscription Program Income (loss)	(B)		\$ 177,300	(B)	\$ (246,200)	
RWA Total	(D)		<u>\$ 282,400</u>	(D)	<u>\$ (172,000)</u>	See Summary Combined Table

RWA PROPOSED FY 2016-2017 BUDGET PROJECTION

% increase in fees: actual & projected FY16 general				11%			10%	8%	8%	8%
% increase in fees: actual & projected FY15 associate/affiliate			10%	8%			8%	8%	8%	8%
% increase in fees: actual & projected FY16 associate/affiliate				2%			2%	2%	2%	2%
% increase in staff expenses										
% increase expenses				3%			3%	3%	3%	3%
Total FTE	6	6	6	7			7	7	7	7
RWA FTE	3.7	3.7	3.8	4.8			4.8	4.8	4.8	4.8

See Budget Projection Notes for Budget Assumptions

	FY 15	Approved	FY 16	Total		FY 17	Notes	Projected	Projected	Projected	Projected
	Actual	FY 16	Actual at	FY 16		Proposed		FY 18	FY 19	FY 20	FY 21
	Per Audit	Budget	Jan. 16	Projected		Budget					
ANNUAL REVENUES											
OPERATING REVENUES/Designations											
General Assessments/Fees	\$ 619,715	\$ 713,800	\$ 713,814	\$ 713,800		\$ 792,800	1	\$ 872,100	\$ 941,900	\$ 1,017,300	\$ 1,098,700
Associate Membership Fee	\$ 31,200	\$ 31,200	\$ 31,200	\$ 31,200		\$ 34,800	2	\$ 34,800	\$ 34,800	\$ 34,800	\$ 34,800
Affiliate Membership Fee	\$ 3,000	\$ 3,000	\$ 6,375	\$ 6,400		\$ 6,400	3	\$ 6,500	\$ 6,600	\$ 6,700	\$ 6,800
SGA Service Agreement Fee	\$ 475,522	\$ 527,900	\$ 259,528	\$ 514,600		\$ 560,300	4	\$ 593,200	\$ 629,400	\$ 672,500	\$ 692,400
SGA Service Agreement Fee - Pension Plan	\$ -	\$ 33,000	\$ -	\$ 87,600		\$ -	5	\$ -	\$ -	\$ -	\$ -
WEP Subscription Prog	\$ 211,471	\$ 224,800	\$ 118,313	\$ 204,900		\$ 202,400	6	\$ 194,500	\$ 203,400	\$ 212,700	\$ 222,700
Subscription Program - other	\$ 38,972	\$ 55,900	\$ 24,303	\$ 55,000		\$ 75,900	6	\$ 26,500	\$ 8,000	\$ 8,000	\$ 8,000
IRWMP - From Designation	\$ 7,847	\$ 30,000	\$ 6,200	\$ 50,000		\$ 25,000	41	\$ 8,500	\$ -	\$ -	\$ -
Powerhouse Science Center - Members	\$ 61,660	\$ 60,000	\$ 63,165	\$ 63,200		\$ 60,000	7	\$ 60,000	\$ 60,000	\$ 60,000	\$ -
Powerhouse Science Center - Other Funding	\$ 49,050	\$ 5,000	\$ 5,000	\$ 5,000		\$ 5,000	7	\$ 5,000	\$ 5,000	\$ 5,000	\$ 5,000
Miscellaneous Revenues	\$ 5,560	\$ 5,600	\$ 5,817	\$ 6,600		\$ 7,300	8	\$ 7,500	\$ 7,700	\$ 7,900	\$ 8,100
Interest Income	\$ 3,325	\$ 3,200	\$ 1,208	\$ 3,200		\$ 4,200	9	\$ 6,100	\$ 8,400	\$ 8,600	\$ 8,800
TOTAL REVENUE	\$ 1,507,322	\$ 1,693,400	\$ 1,234,923	\$ 1,741,500		\$ 1,774,100		\$ 1,814,700	\$ 1,905,200	\$ 2,033,500	\$ 2,085,300
STAFF EXPENSES (General):											
Staff Salaries/Wages - 100%	\$ 604,775	\$ 648,400	\$ 369,553	\$ 647,500		\$ 783,800	10	\$ 860,500	\$ 912,000	\$ 957,500	\$ 1,005,200
Retired Annuitant (SGA projects)	\$ 15,837	\$ 10,000	\$ -	\$ -		\$ 10,000	11	\$ -	\$ -	\$ -	\$ -
Benefits	\$ 248,547	\$ 260,500	\$ 141,337	\$ 262,400		\$ 341,000	12	\$ 362,400	\$ 379,300	\$ 404,100	\$ 426,900
Pension Plan	\$ -	\$ 225,000	\$ -	\$ 225,000		\$ 42,000	13	\$ 42,000	\$ 25,000	\$ 25,000	\$ 25,000
Payroll Taxes	\$ 42,541	\$ 51,900	\$ 22,049	\$ 52,400		\$ 62,700	14	\$ 68,800	\$ 73,000	\$ 76,600	\$ 80,400
Travel/Meals/Conferences	\$ 12,420	\$ 15,500	\$ 4,143	\$ 15,100		\$ 15,600	15	\$ 16,100	\$ 16,600	\$ 17,100	\$ 17,600
Professional Development/Training	\$ 3,561	\$ 5,200	\$ -	\$ 5,000		\$ 5,200	16	\$ 5,400	\$ 5,600	\$ 5,800	\$ 6,000
TOTAL GENERAL STAFF EXPENSES	\$ 927,681	\$ 1,216,500	\$ 537,082	\$ 1,207,400		\$ 1,260,300		\$ 1,355,200	\$ 1,411,500	\$ 1,486,100	\$ 1,561,100
OFFICE EXPENSES:											
Rent & Utilities Contract	\$ 19,497	\$ 25,000	\$ 14,564	\$ 25,000		\$ 25,000	17	\$ 25,000	\$ 50,000	\$ 50,000	\$ 50,000
General Liability Insurance	\$ 23,242	\$ 25,000	\$ 23,461	\$ 25,000		\$ 25,000	18	\$ 25,800	\$ 26,600	\$ 27,400	\$ 28,200
Office Maintenance	\$ -	\$ 3,100	\$ -	\$ 3,000		\$ 3,100	19	\$ 3,200	\$ 3,300	\$ 3,400	\$ 3,500
Postage and Postal Meter	\$ 2,513	\$ 3,100	\$ 504	\$ 3,000		\$ 3,100	20	\$ 3,200	\$ 3,300	\$ 3,400	\$ 3,500
Telephone/internet/web hosting	\$ 9,811	\$ 11,300	\$ 5,530	\$ 11,000		\$ 11,300	21	\$ 11,600	\$ 11,900	\$ 12,300	\$ 12,700
Meetings & Annual Banquet	\$ 8,805	\$ 13,400	\$ 8,656	\$ 13,100		\$ 13,500	22	\$ 13,900	\$ 14,300	\$ 14,700	\$ 15,100
Printing/Supplies	\$ 15,774	\$ 25,800	\$ 6,561	\$ 25,600		\$ 26,400	23	\$ 27,200	\$ 28,000	\$ 28,800	\$ 29,700
Dues & Subscriptions	\$ 5,877	\$ 7,700	\$ 6,318	\$ 7,500		\$ 7,700	24	\$ 7,900	\$ 8,100	\$ 8,300	\$ 8,500
Computer hardware/software	\$ 4,802	\$ 5,200	\$ -	\$ 5,000		\$ 5,200	25	\$ 5,400	\$ 5,600	\$ 5,800	\$ 6,000
Computer maintenance	\$ 5,366	\$ 7,200	\$ 2,441	\$ 7,000		\$ 7,200	26	\$ 7,400	\$ 7,600	\$ 7,800	\$ 8,000
TOTAL OFFICE EXPENSE	\$ 95,687	\$ 126,800	\$ 68,035	\$ 125,200		\$ 127,500		\$ 130,600	\$ 158,700	\$ 161,900	\$ 165,200

RWA PROPOSED FY 2016-2017 BUDGET PROJECTION

% increase in fees: actual & projected FY16 general					11%			10%	8%	8%	8%
% increase in fees: actual & projected FY15 associate/affiliate			10%		8%			8%	8%	8%	8%
% increase in fees: actual & projected FY16 associate/affiliate					2%			2%	2%	2%	2%
% increase in staff expenses											
% increase expenses					3%			3%	3%	3%	3%
Total FTE	6	6	6	6	7	7	7	7	7	7	7
RWA FTE	3.7	3.7	3.8	3.8	4.8	4.8	4.8	4.8	4.8	4.8	4.8

See Budget Projection Notes for Budget Assumptions

PROFESSIONAL FEES											
RWA Legal	\$ 67,668	\$ 80,000	\$ 21,566	\$ 70,000	\$ 70,000	27	\$ 73,500	\$ 77,200	\$ 81,100	\$ 85,200	
RWA/SGA Audit	\$ 17,950	\$ 21,500	\$ 18,500	\$ 18,500	\$ 19,100	28	\$ 25,200	\$ 27,700	\$ 29,100	\$ 30,600	
ADP Payroll Services/banking	\$ 1,458	\$ 1,900	\$ 922	\$ 1,800	\$ 1,900	29	\$ 2,000	\$ 2,100	\$ 2,200	\$ 2,300	
RWA Consultants	\$ 116,606	\$ 220,000	\$ 81,330	\$ 158,200	\$ 163,500	30	\$ 140,100	\$ 130,400	\$ 165,000	\$ 143,400	
TOTAL PROFESSIONAL FEES	\$ 203,682	\$ 323,400	\$ 122,318	\$ 248,500	\$ 254,500		\$ 240,800	\$ 237,400	\$ 277,400	\$ 261,500	
OTHER EXPENSES											
Office furniture & Fixed Assets - Net	\$ -	\$ 2,600	\$ -	\$ 2,500	\$ 2,600	31	\$ 2,700	\$ 2,800	\$ 2,900	\$ 3,000	
New Server / website overhaul	\$ -	\$ -	\$ -	\$ 10,000	\$ -	31	\$ -	\$ -	\$ 15,000	\$ -	
TOTAL OTHER EXPENSES	\$ -	\$ 2,600	\$ -	\$ 12,500	\$ 2,600		\$ 2,700	\$ 2,800	\$ 17,900	\$ 3,000	
CORE PROJECT EXPENSES											
IRWMP Follow On Program	\$ 7,847	\$ 30,000	\$ 6,198	\$ 17,800	\$ 30,000	41	\$ 16,400	\$ 20,000	\$ 20,000	\$ 20,000	
Powerhouse Science Center	\$ 50,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	32	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	
TOTAL Core Project Expenses	\$ 57,847	\$ 55,000	\$ 31,198	\$ 42,800	\$ 55,000		\$ 41,400	\$ 45,000	\$ 45,000	\$ 45,000	
TOTAL EXPENSES	\$ 1,284,897	\$ 1,724,300	\$ 758,633	\$ 1,636,400	\$ 1,699,900	33	\$ 1,770,700	\$ 1,855,400	\$ 1,988,300	\$ 2,035,800	
Net Income (Loss) - Total	\$ 222,425	\$ (30,900)	\$ 476,290	\$ 105,100	\$ 74,200	34	\$ 44,000	\$ 49,800	\$ 45,200	\$ 49,500	
CALCULATED CASH RESERVES											
CASH available, Beginning	\$ 651,811	\$ 985,718	\$ 874,236	\$ 874,236	\$ 979,336	35	\$ 1,053,536	\$ 1,097,536	\$ 1,147,336	\$ 1,192,536	
SOURCE (USE) OF FUNDS	\$ 222,425	\$ (30,900)	\$ 476,290	\$ 105,100	\$ 74,200	34	\$ 44,000	\$ 49,800	\$ 45,200	\$ 49,500	
CASH available, Ending	\$ 874,236	\$ 954,818	\$ 1,350,526	\$ 979,336	\$ 1,053,536	36	\$ 1,097,536	\$ 1,147,336	\$ 1,192,536	\$ 1,242,036	
Operating Fund (4 to 6 months)	\$ 411,500	\$ 481,400	\$ 363,700	\$ 456,200	\$ 534,300	37	\$ 562,400	\$ 729,800	\$ 722,700	\$ 779,000	
Membership Dues Stabilization @ 15%	\$ 98,100	\$ 112,200	\$ 112,700	\$ 112,700	\$ 125,100	38	\$ 137,000	\$ 147,500	\$ 158,800	\$ 171,000	
Subscription Prog. Stabilization @ 10%	\$ 27,900	\$ 28,100	\$ 14,300	\$ 26,000	\$ 27,800	39	\$ 22,100	\$ 21,100	\$ 22,100	\$ 23,100	
Pension Plan Unfunded Liability	\$ 126,000	\$ 75,000	\$ 201,000	\$ 42,000	\$ 42,000	40	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	
IRWMP Designated Fund	\$ 56,311	\$ 16,358	\$ 50,113	\$ 38,511	\$ 8,511	41	\$ -	\$ -	\$ -	\$ -	
Powerhouse Science Center Fund	\$ 60,710	\$ 100,300	\$ 103,875	\$ 103,910	\$ 143,910	42	\$ 183,910	\$ 223,910	\$ 263,910	\$ 243,910	
Strategic Plan Fund	\$ -	\$ 141,460	\$ -	\$ 200,015	\$ 96,915	43	\$ 67,126	\$ -	\$ -	\$ -	
Non-designated Cash	\$ 93,715	\$ -	\$ 504,838	\$ -	\$ 75,000	44	\$ 100,000	\$ 26	\$ 26	\$ 26	
Total Cash in bank	\$ 874,236	\$ 954,818	\$ 1,350,526	\$ 979,336	\$ 1,053,536	36	\$ 1,097,536	\$ 1,147,336	\$ 1,192,536	\$ 1,242,036	
# of months core + non-designated cash covers expenses	4.7	4.0	4.0	4.0	4.6	45	4.7	4.9	4.5	4.8	

RWA
FY 2016-2017 BUDGET PROJECTION NOTES
CORE ONLY

- 1 Assumes an 11% increase in RWA general fees due to partially paying for the new water policy position as well as continued set aside of CalPERS unfunded liability for future payment.
- 2 There are currently four associate members. The fee increase for associates equals the percentage increase for the general membership.
- 3 On May 15, 2014, the RWA Board approved a "RWA Affiliate" membership class. The purpose of the Affiliate membership will help to promote communication between water managers and the community and to support RWA's efforts to educate and inform the public.
- 4 Administrative fees due to RWA from Sacramento Groundwater Authority (SGA) for management, office and program services. Calculated as shared operating expenses, plus SGA asset/office equipment purchases, minus RWA legal, RWA only consulting fees, plus SGA only costs paid by RWA.
- 5 Administrative fees due to RWA from Sacramento Groundwater Authority (SGA) for allocated pension plan liabilities. (see note 40). This amount represents 39% of the unfunded liability allocated to SGA as estimated by CalPERS.
- 6 Represents projected cash/fees earned by RWA from managing subscription based programs. The WEP subscription component represents fees that cover staffing, benefits, and office overhead costs.
- 7 The Powerhouse Science Center will be a premier venue for science education and information in northern California. The Regional Water Authority was presented with a unique opportunity to become a partner with the Center in informing and educating the public on water issues that affect our region. RWA entered into a 15-year agreement with the Center to sponsor and guide the content development for two exhibits (\$250K each). The payments will be collected from members over the next 5 years and placed in a designation and will be paid out over 15 years. For the water detective exhibit, the California Water Awareness Campaign will contribute \$100K on RWA's behalf. Additionally, a Prop 84 WEP grant helped fund \$50K and the WEP program will fund another \$50K at \$5K per year over 10 years.
- 8 Miscellaneous revenues include revenues collected for the December holiday social and cash discounts from CalCard for paying on time.
- 9 Interest income from the RWA Local Agency Investment Fund (LAIF) account.

RWA
FY 2016-2017 BUDGET PROJECTION NOTES
CORE ONLY

- 10 Staff salaries include a total of seven full time positions, split between the organizations, with a total of 2.2 FTEs for SGA. The FTE count does not include the retired annuitants. This year's salaries reflect an increase of 7% to account for merit increases, which accounts for the shifting of classic employees paying 2% of their CalPERS contribution, and follows compensation policy 400.2. Per direction from the board when implementing the strategic plan, there is a new water policy staff position with a planned start date in the second quarter of FY17.
- 11 Includes hourly rate plus benefits for an SGA retired annuitant reimbursed by SGA.
- 12 Benefits include employer PERS, medical, vision, dental, disability insurance, OPEB and workers' compensation for the seven staff members. FY 2017 budget anticipates an increase in medical costs of 7.5%, other costs at 3% and OPEB costs at 100% increase in anticipation of new experience ratings and a lower discount rate. Reflects employees paying 2% of their CalPERS contribution (from 0% to 2%) in FY16 so RWA's contribution drops from 7% to 5%. For FY17 and FY18, the projection includes employees picking up an additional 2% per year CalPERS. In FY18, an additional 1% pick up is forecasted, so that by FY18, classic employees pay their 7% share of CalPERS contribution.
- 13 Represents the estimated 100% payment of the allocated unfunded pension liability to RWA over several years, with an installment payment in FY2016. After FY16, the projected payments reflects the estimated funding calculation for prior unfunded costs now only allocated to RWA. See note 40 for additional details.
- 14 Payroll taxes for seven staff members. Payroll taxes for the retired annuitant are included in the retired annuitant costs.
- 15 Travel and conferences.
- 16 Includes computer training and other professional development classes.
- 17 In accordance with ACWA/JPIA lease. The current lease expires in FY18.
- 18 No increase in costs for property and liability coverage obtained through ACWA JPIA forecasted for the coming year.
- 19 Includes costs for office maintenance needs.
- 20 Reflects mailing activities and cost of postage machine rental.
- 21 Includes telephone and conference call costs, web hosting for the website and internet service costs.

RWA
FY 2016-2017 BUDGET PROJECTION NOTES
CORE ONLY

- 22 Miscellaneous meeting charges including food/refreshments. In house preparation of refreshments for board meetings has lowered the expenses in this category compared to prior years. Includes cost of the annual holiday social event.
- 23 Includes supplies, printing, copier maintenance and copier lease costs.
- 24 Dues include ACWA, AWWA, CSDA, Water Education Foundation and Sacramento Metro Chamber of Commerce. Subscriptions include Wavelength legislative service, Business Journal and Sacramento Bee.
- 25 Acquisition of new hardware/software to replace aging and out-of-date components.
- 26 General computer maintenance service.
- 27 Legal expenses in support of general RWA board meetings, resolutions, regulatory analyses, and services related to contracts. Expanded RWA involvement in external issues necessitate increased legal fees. Additionally, on November 13, 2014, the RWA Board approved a legal services contract with Best, Best & Krieger for assistance with the CALPERS pension benefits issue. The CALPERS issue should be completed by June 30, 2016.
- 28 Audit fees are set by the awarded proposal.
- 29 Payroll service costs for 7 employees, three retired annuitants, plus commercial banking fees.
- 30 Fees for public relations, communications, outreach services (media relations, meeting facilitation, engineering support, workshop facilitation), HR services, accounting and budgeting support, and actuarial valuations (GASB 68 and 75). For FY16, \$100,000 was budgeted for the water policy consulting services to help relieve the RWA staff's overwhelming workload that has increased over the past few years. RWA plans on using the retired annuitant through FY17 to help assist the new staff member and is budgeted at \$50,000.
- 31 Includes furniture. Anticipates a possible replacement of the server in FY20 and website overhaul in FY16.
- 32 Reflects expected annual payment to Powerhouse science center. The initial payment was made in FY15 for \$50k and was funded from the WEP Prop 84 grant funds.
- 33 Represents total operating expenses, excluding subscription based direct program expenses. The operating fund designation is based upon four to six months of operating expenses excluding core project expenses and any one-time large, non-recurring expenses.
- 34 Represents the difference between total funds received versus total expenses during the year for the core program.

RWA
FY 2016-2017 BUDGET PROJECTION NOTES
CORE ONLY

- 35 Beginning cash reflects cash related to the core programs. Audited accrual cash balance are converted to cash basis to account for cash impact on core and subscription programs.
- 36 Total cash. The designations are detailed in footnotes 37-44.
- 37 Represents the operating fund designation to pay for operating expenditures. Per policy, this fund range target is four to six months of operating expenses, not including Core Project expenses and non-recurring one-time expenses, such as the CalPERS Pension lump sum payments. For FY16 through FY18, the operating designation was set at a maximum of 4 months in order to fund the Strategic Plan Fund designation. For FY17, the Strategic Plan Fund designation will start to be used to fund the new staff member and will be depleted by FY19. See note 43.
- 38 Represents membership dues designation according to policy at 15% of anticipated membership dues.
- 39 Represents the subscription program designation according to policy at 10% of expected management fees and indirect office costs.
- 40 The total estimate for the unfunded pension liability for RWA at June 30, 2016 is approximately \$302,700 based upon CalPERS June 30, 2014 report and does not include the expected \$225,000 payment. Beginning in FY17, RWA is anticipated to pay just the RWA portion. Each year the unpaid balance continues to accrue interest at the expected investment rate of 7.5%, thereby increasing the liability cost until fully funded. The payment in FY16 to CalPERS does assume contributions from SGA in FY15 and FY16.
- 41 This subscription program ended in FY14 with the remaining funds assigned to RWA core to be used only for purposes related to updating or maintaining the IRWMP as a RWA Core Project activity. Expenses are currently being funded by the remaining designation. This designation will be fully utilized by FY18 and future rate increases will need to account for funding this program.
- 42 RWA entered into a 15-year agreement with the Powerhouse Science Center to sponsor and guide the content development for two exhibits (\$250K each). The payments will be collected from members over the next 5 years, placed in a designation and will be paid out over 15 years. The California Water Awareness Campaign will be contributing \$100K on RWA's behalf. Additionally, a Prop 84 WEP grant funded \$50K in FY15 and the WEP program will fund another \$50K (over 10 years).

RWA
FY 2016-2017 BUDGET PROJECTION NOTES
CORE ONLY

- 43 The strategic plan outlined staffing a water policy consultant to implement RWA's regional water voice on important water legislation that impacts members and the region. The first step of this implementation plan included hiring a retired annuitant in FY16 to develop the program. The program has proved to be successful and will be staffed by a full-time person (for 9 months) to fully implement the strategic plan goals. This designation will be drawn down by the end of FY19.
- 44 Represents cash over and above designation policies, if any. Funds can be used to pay outstanding year end payables.
- 45 Per policy, the target range for this fund is four to six months of operating expenses, which does not include Core Project expenses and one-time non-recurring costs, such as the pension plan unfunded liability payments. In anticipation of fully implementing the strategic plan and funding the water policy position in future years, the operating designation maximum for FY16-18 is targeted at four months, with the balance of additional funds being set aside in the strategic plan designation. The strategic fund plan will be drawn down by the end of FY19.

Regional Water Authority See Budget Projection Notes for Budget Assumptions			FY' 2016-2017 Program Budget Projection									
	Total FY15 Actual	RWA Budget FY 16	FY 16 Actual at Jan. 2016	Projected FY 16		FY 17 Proposed Budget	Notes		Projected FY 18	Projected FY 19	Projected FY 20	Projected FY 21
REVENUES/GRANTS/AGREEMENTS												
Proposition 50 Grant Management Fees	\$ 17,400	\$ 30,000	\$ 27,793	\$ 30,000		\$ -	1,2		\$ -	\$ -	\$ -	\$ -
Prop. 50 Grant Awards	\$ 189,439	\$ 4,435,000	\$ -	\$ 5,090,000		\$ -	2		\$ -	\$ -	\$ -	\$ -
2015 IRWM Grant Application	\$ -	\$ -	\$ 30,000	\$ 30,000		\$ -	3		\$ -	\$ -	\$ -	\$ -
2015 IRWM Grant Management Fees	\$ -	\$ -	\$ -	\$ 20,000		\$ 45,000	3		\$ -	\$ -	\$ -	\$ -
2014 Drought Application Fees	\$ 120,000	\$ -	\$ -	\$ -		\$ -	4		\$ -	\$ -	\$ -	\$ -
2014 Drought Grant Management Fees	\$ -	\$ 75,000	\$ 37,200	\$ 75,000		\$ -	5		\$ -	\$ -	\$ -	\$ -
2014 Drought Grant Reimbursements from DWR	\$ 2,619,292	\$ 6,765,000	\$ -	\$ 6,765,000		\$ 2,000,000	6		\$ 1,000,000	\$ -	\$ -	\$ -
Proposition 84 grant management	\$ 11,096	\$ -	\$ 7,693	\$ 7,700		\$ -	7		\$ -	\$ -	\$ -	\$ -
Proposition 84 reimbursements from DWR	\$ 1,404,109	\$ 4,750,000	\$ -	\$ 4,750,000		\$ 3,798,300	8		\$ -	\$ -	\$ -	\$ -
USBR CalFed Meter 2012 fees	\$ 8,297	\$ -	\$ -	\$ -		\$ -	9		\$ -	\$ -	\$ -	\$ -
USBR CalFed Meter 2013 fees	\$ 3,288	\$ -	\$ -	\$ -		\$ -	10		\$ -	\$ -	\$ -	\$ -
USBR CalFed Meter 2014 fees	\$ 1,120	\$ -	\$ 6,212	\$ 18,600		\$ -	11		\$ -	\$ -	\$ -	\$ -
USBR CalFed WaterSmart Meter 2014 Fees	\$ 1,120	\$ -	\$ 9,318	\$ 18,600		\$ -	12		\$ -	\$ -	\$ -	\$ -
USBR CalFed Retrofits 2014 Fees	\$ 358	\$ -	\$ 221,880	\$ 221,900		\$ -	13		\$ -	\$ -	\$ -	\$ -
Labor Compliance Revenues	\$ 25,969	\$ -	\$ 3,790	\$ 3,800		\$ -	14		\$ -	\$ -	\$ -	\$ -
Government Relations Contract Lobbyist Fees	\$ 60,000	\$ 130,000	\$ 130,000	\$ 130,000		\$ 130,000	16		\$ 133,900	\$ 137,900	\$ 142,000	\$ 146,300
Water Efficiency Program Admin. Fees (Cat.1)	\$ 594,595	\$ 411,000	\$ 572,733	\$ 580,300		\$ 431,600	17		\$ 431,600	\$ 431,600	\$ 431,600	\$ 431,600
Water Efficiency Grant Revenues (Cat. 2)	\$ 691,365	\$ 500,000	\$ 80,934	\$ 574,800		\$ 100,000	18		\$ 100,000	\$ 100,000	\$ 100,000	\$ 100,000
Water Efficiency Program Admin. Fees (Cat. 2)	\$ 1,414	\$ -	\$ -	\$ 4,700		\$ -	18		\$ -	\$ -	\$ -	\$ -
TOTAL PROGRAM REVENUE	\$ 5,748,862	\$ 17,096,000	\$ 1,127,553	\$ 18,320,400		\$ 6,504,900			\$ 1,665,500	\$ 669,500	\$ 673,600	\$ 677,900
PROGRAM EXPENSES												
Proposition 50 Grant Management	\$ 10,681	\$ 15,000	\$ 1,820	\$ 10,000		\$ 5,000	1,2		\$ -	\$ -	\$ -	\$ -
Prop. 50 Grant Payments	\$ 189,439	\$ 4,435,000	\$ -	\$ 5,090,000		\$ -	2		\$ -	\$ -	\$ -	\$ -
2015 IRWM Grant Application Expenses	\$ -	\$ -	\$ 29,996	\$ 30,000		\$ -	3		\$ -	\$ -	\$ -	\$ -
2015 IRWM Grant Management Expenses	\$ -	\$ -	\$ 3,000	\$ 3,000		\$ -	3		\$ -	\$ -	\$ -	\$ -
2014 Drought Application	\$ 87,039	\$ -	\$ -	\$ -		\$ -	4		\$ -	\$ -	\$ -	\$ -
2014 Drought Grant Management	\$ 8,505	\$ -	\$ -	\$ -		\$ -	5		\$ -	\$ -	\$ -	\$ -
2014 Drought Grant Disbursements from DWR	\$ 2,619,292	\$ 6,765,000	\$ -	\$ 6,765,000		\$ 2,000,000	6		\$ 1,000,000	\$ -	\$ -	\$ -
Proposition 84 implementation grant management	\$ -	\$ -	\$ -	\$ -		\$ -	7		\$ -	\$ -	\$ -	\$ -
Proposition 84 payments to Member Agencies	\$ 1,404,109	\$ 4,750,000	\$ -	\$ 4,750,000		\$ 3,798,300	8		\$ -	\$ -	\$ -	\$ -
USBR CalFed Meter 2012	\$ 5,016	\$ -	\$ 7,963	\$ 8,000		\$ -	9		\$ -	\$ -	\$ -	\$ -
USBR CalFed Meter 2013	\$ -	\$ 7,000	\$ -	\$ 6,500		\$ -	10		\$ -	\$ -	\$ -	\$ -
USBR CalFed Meter 2014	\$ -	\$ -	\$ -	\$ -		\$ 24,400	11		\$ -	\$ -	\$ -	\$ -
USBR CalFed WaterSmart Meter 2014	\$ -	\$ -	\$ -	\$ -		\$ 21,300	12		\$ -	\$ -	\$ -	\$ -
USBR CalFed Retrofits 2014	\$ -	\$ -	\$ 198,293	\$ 198,300		\$ 178,400	13		\$ -	\$ -	\$ -	\$ -
Labor Compliance	\$ 25,969	\$ -	\$ 3,790	\$ 3,800		\$ -	14		\$ -	\$ -	\$ -	\$ -
Government Relations Contract Lobbyist & Fees	\$ 60,000	\$ 130,000	\$ 72,194	\$ 130,000		\$ 130,000	16		\$ 133,900	\$ 137,900	\$ 142,000	\$ 146,300
Water Efficiency Program Admin. (Cat.1)	\$ 255,084	\$ 202,200	\$ 144,694	\$ 226,500		\$ 231,400	17		\$ 222,000	\$ 212,200	\$ 201,900	\$ 191,100
Water Efficiency Grant Payments (Cat. 2)	\$ 272,579	\$ 484,000	\$ 85,751	\$ 273,400		\$ 84,000	18		\$ 100,000	\$ 100,000	\$ 100,000	\$ 100,000
Water Efficiency Program Admin. (Cat. 2)	\$ 555,429	\$ -	\$ 124,933	\$ 388,700		\$ -	18		\$ -	\$ -	\$ -	\$ -
Staffing and Office Program Management	\$ 250,443	\$ 280,700	\$ 142,616	\$ 259,900		\$ 278,300	19		\$ 221,000	\$ 211,400	\$ 220,700	\$ 230,700
TOTAL PROGRAM EXPENSES	\$ 5,743,585	\$ 17,068,900	\$ 812,050	\$ 18,143,100		\$ 6,751,100			\$ 1,676,900	\$ 661,500	\$ 664,600	\$ 668,100
Net Income (Loss)	\$ 5,277	\$ 27,100	\$ 315,503	\$ 177,300		\$ (246,200)	20		\$ (11,400)	\$ 8,000	\$ 9,000	\$ 9,800

Regional Water Authority See Budget Projection Notes for Budget Assumptions				FY' 2016-2017 Program Budget Projection								
	Total FY15 Actual	RWA Budget FY 16	FY 16 Actual at Jan. 2016	Projected FY 16		FY 17 Proposed Budget	Notes		Projected FY 18	Projected FY 19	Projected FY 20	Projected FY 21
CASH RESERVES												
Beginning reserves	\$ 401,826	\$ 511,904	\$ 668,329	\$ 668,329		\$ 845,629	21		\$ 599,429	\$ 588,029	\$ 596,029	\$ 605,029
SOURCE (USE) OF FUNDS	\$ 5,277	\$ 27,100	\$ 315,503	\$ 177,300		\$ (246,200)	20		\$ (11,400)	\$ 8,000	\$ 9,000	\$ 9,800
ADVANCE ADJUSTMENTS	\$ 261,226	\$ -	\$ -	\$ -		\$ -	22		\$ -	\$ -	\$ -	\$ -
CASH RESERVES, Ending	\$ 668,329	\$ 539,004	\$ 983,832	\$ 845,629		\$ 599,429	23		\$ 588,029	\$ 596,029	\$ 605,029	\$ 614,829
Subscription Program Designations/Advanced Revenues												
Water Efficiency Program - Category 1	\$ 320,259	\$ 307,324	\$ 638,315	\$ 482,759		\$ 496,559	24		\$ 511,659	\$ 527,659	\$ 544,659	\$ 562,459
Water Efficiency Program - Category 2	\$ (48,400)	\$ (18,376)	\$ (186,480)	\$ (144,600)		\$ (144,600)	24		\$ (144,600)	\$ (144,600)	\$ (144,600)	\$ (144,600)
Subtotal - Designations	\$ 271,859	\$ 288,948	\$ 451,835	\$ 338,159		\$ 351,959	23		\$ 367,059	\$ 383,059	\$ 400,059	\$ 417,859
Advanced Revenues (recognized as income when expenses are incurred)												
2015 IRWM Grant	\$ -	\$ -	\$ -	\$ 7,000		\$ 20,000			\$ 10,000	\$ 8,500	\$ 7,000	\$ 5,500
USBR CALFED Meters 2012	\$ 7,963	\$ 260	\$ -	\$ (37)		\$ (37)			\$ (37)	\$ (37)	\$ (37)	\$ (37)
USBR CALFED Meters 2013	\$ 10,238	\$ 25	\$ 7,318	\$ 38		\$ 38			\$ 38	\$ 38	\$ 38	\$ 38
USBR CALFED Meter Grant 2014	\$ 11,304	\$ 11,100	\$ 16,166	\$ 26,904		\$ 4			\$ 4	\$ 4	\$ 4	\$ 4
USBR CalFed WaterSmart Meter 2014	\$ 8,198	\$ 11,100	\$ 16,616	\$ 24,798		\$ 998			\$ 998	\$ 998	\$ 998	\$ 998
USBR CalFed Retrofits 2014	\$ 159,642	\$ 2,400	\$ 182,669	\$ 182,042		\$ 1,242			\$ 1,242	\$ 1,242	\$ 1,242	\$ 1,242
Government Relations Contract Lobbyist	\$ 70,000	\$ 70,000	\$ 127,806	\$ 70,000		\$ 70,000			\$ 70,000	\$ 70,000	\$ 70,000	\$ 70,000
Prop 84 Grant Management	\$ 118,952	\$ 85,594	\$ 119,045	\$ 111,652		\$ 96,652			\$ 91,652	\$ 89,152	\$ 86,652	\$ 84,152
Prop 50 Grant Management	\$ 6,850	\$ 14,598	\$ 29,673	\$ 21,750		\$ 15,250			\$ 13,750	\$ 12,250	\$ 10,750	\$ 9,250
2014 Drought Management	\$ -	\$ 54,979	\$ 29,377	\$ 60,000		\$ 40,000			\$ 30,000	\$ 27,500	\$ 25,000	\$ 22,500
SRCSA	\$ 3,323	\$ -	\$ 3,323	\$ 3,323		\$ 3,323			\$ 3,323	\$ 3,323	\$ 3,323	\$ 3,323
Subtotal - Advances	\$ 396,470	\$ 250,056	\$ 531,993	\$ 507,470		\$ 247,470	25		\$ 220,970	\$ 212,970	\$ 204,970	\$ 196,970
Total	\$ 668,329	\$ 539,004	\$ 983,828	\$ 845,629		\$ 599,429			\$ 588,029	\$ 596,029	\$ 605,029	\$ 614,829

RWA PROGRAM
FY 2016-2017 BUDGET PROJECTION NOTES

- 1 The American River Basin Integrated Regional Water Management Plan, developed jointly by the Regional Water Authority (RWA) and the Freeport Regional Water Authority (FRWA) in June 2006, was among seven projects recommended for funding statewide in a two-step grant process through Proposition 50. The \$25 million grant helped fund key elements of the plan, including a suite of 14 infrastructure projects. The grant was scheduled to wrap up in FY15, but is now extended into FY16 and any remaining funds will be returned to the participants.
- 2 Department of Water Resources grant proceeds earned by participating agencies, but administered through RWA. These funds are then paid to members as received.
- 3 The IRWM application fees and expenses equaled \$30,000. RWA was awarded the grant and will collect fees for program management beginning in FY16 and into FY17.
- 4 This 2014 Drought grant application was entered into by 12 agencies to help the region maintain water supply when drought conditions persist. The grant was awarded to RWA. (see note 5)
- 5 RWA received a final recommendation on November 12, 2014 from the Department of Water Resources (DWR) for a \$9.765 million award from the 2014 Integrated Regional Water Management Drought Grant funded through Proposition 84. These fees are for RWA's grant management expenses in administering the grant award. The grant partially funds 17 projects by 12 different agencies that will help the region maintain water supply during a drought. The DWR funding agreement was completed in July 2015.
- 6 The 2014 drought grant reimbursements from DWR and disbursements to member agencies.
- 7 These fees are for RWA's grant management expenses in administering a \$16.03 million award from the Prop 84 Implementation Grant Program. The project commenced in FY 2012. Staff estimated a total project management expense of approximately \$183,300, the remainder was collected in FY 2016. Funds will be designated for use in Prop 84 Implementation Grant Management until program requirements are completed. Projects are expected to be completed in 2018 with up to 10 years of post-project performance monitoring required.
- 8 The Proposition 84 grant reimbursements from DWR and disbursements to member agencies.

- 9 The 2012 USBR CALFED grant was awarded to Sacramento Suburban Water District in 2012. RWA prepared the grant application, with SSWD acting as the applicant for a regional \$1 million grant to install water meters. Other participants include the City of Sacramento, City of West Sacramento, and Sacramento County Water Agency. RWA was acting as the grant manager including ensuring participants comply with contract terms, prepare quarterly reports and prepare reimbursement invoices. Actual reimbursement for grant expenses (e.g., contractors) were distributed directly to SSWD, then out to participants. The funds collected were for grant management expenses only, and include some funding for SSWD expenses as incurred (e.g., distributing checks to participants, single audit requirement, etc.). This grant was completed in FY15.
- 10 The 2013 USBR CALFED grant was awarded to Sacramento Suburban Water District in 2013. RWA prepared the grant application, with SSWD acting as the applicant for a regional \$500,000 grant to install water meters. Other participants include the City of Sacramento and Sacramento County Water Agency. RWA is acting as the grant manager including ensuring participants comply with contract terms, prepare quarterly reports and prepare reimbursement invoices. Actual reimbursement for grant expenses (e.g., contractors) were distributed directly to SSWD, then out to participants. The funds collected here are for grant management expenses only, and include some funding for SSWD expenses as incurred (e.g., distributing checks to participants, single audit requirement, etc.). This grant was completed in December, 2015.
- 11 Early in 2014, RWA was notified by the Bureau of Reclamation of three successful grant applications. RWA prepared the applications and submitted them through Sacramento Suburban Water District, because RWA is not considered an eligible applicant. The first of the applications is for a meter grant through the Calfed Bay-Delta grant program. The award is for \$300,000. Agencies receiving a portion of the grants are SSWD, City of Sacramento, and the City of West Sacramento. RWA is acting as the grant manager including ensuring participants comply with contract terms, prepare quarterly reports and prepare reimbursement invoices. Actual reimbursement for grant expenses (e.g., contractors) are distributed directly to SSWD, then out to participants. The funds collected here are for grant management expenses only, and include some funding for SSWD expenses as incurred (e.g., distributing checks to participants, single audit requirement, etc.). This project will be completed in FY17.
- 12 The second of three grant applications from the USBR is the WaterSMART Meter grant for residential water meter installations. The award is for \$300,000. Agencies receiving a portion of the grants are SSWD and the City of Sacramento. RWA is acting as the grant manager including ensuring participants comply with contract terms, prepare quarterly reports and prepare reimbursement invoices. Actual reimbursement for grant expenses (e.g., contractors) are distributed directly to SSWD, then out to participants. The funds collected here are for grant management expenses only, and include some funding for SSWD expenses as incurred (e.g., distributing checks to participants, single audit requirement, etc.). This project will be completed in FY17.

- 13 The USBR CalFed Retrofit grant was one of the three successful grant applications. One application for a direct install indoor efficient fixtures was also submitted through SSWD to the CalFed Bay-Delta grant program. This award is for \$300,000 and will be used to expand the direct install program, which is funded through a Proposition 84 grant from the Department of Water Resources. Many agencies in the region will benefit from this grant award. RWA is acting as the grant manager including ensuring participants comply with contract terms, prepare quarterly reports and prepare reimbursement invoices. Actual reimbursement for grant expenses (e.g., contractors) are distributed directly to SSWD, then out to participants. The funds collected here are for grant management expenses only, and include some funding for SSWD expenses as incurred (e.g., distributing checks to participants, single audit requirement, etc.). This project will be completed in FY17.
- 14 The RWA Labor Compliance Project (LCP) was developed by RWA to provide recipients of Prop 84 grant funds awarded through the ARB IRWMP with a compliance option if they do not have an existing DIR-approved LCP or do not want to expend the resources to apply to DIR for and to administer their own LCP.
- 16 Represents the program to hire a contract lobbyist to help with state legislative issues.
- 17 Anticipated revenues and direct costs for the program from the Water Efficiency (WEP) Program for Category I. WEP budget still under development. These fees reflect a proposed 5% increase.
- 18 WEP Category II revenue and expenses are projected for WEP Prop 84 grant, the Prop 50 grant, and the SRCSD incentives program. The subscription programs are approved as the opportunity or need arises for the program.
- 19 The cost of staffing and office associated with the subscription programs (including WEP) is included to reflect the cashflow effect to the programs. It also represents the amount of money earned by the Core Program for the services they provide. This activity generates cash to the core program by using RWA staff. Effectively, RWA is a consultant to these programs. The WEP budget includes the WEP project manager at 90% and the project assistant at 60% time, for a total of 1.5 FTEs for WEP.
- 20 Net revenues (loss). Any revenues in excess of expenses are typically set aside in designations to be used in future periods. Losses are typically a result of timing differences from funds collected in one fiscal year but spent in the next fiscal year. These "losses" are funded from carryover restricted cash designations from previous years.
- 21 Since subscription programs often collect monies in one fiscal cycle, but may not expend or use the funds until future fiscal cycles, these cash resources are reflected in this section to determine the amount of impact the subscription program has to overall available resources.

- 22 Advance adjustments are timing differences between cashflow effect of advances received or used versus accrual effect as recorded in the audited financial statements. Grant management fees are collected in advance of grant expenses. Because these fees can be returned back to members if not used, the accounting records will only reflect revenue when expenses are incurred, which often result in a zero net income. The remaining unused fees are used in later years which uses the advance balance from the prior year.
- 23 Represents the remaining net cash amounts reserved for subscription programs to fulfill future program obligations.
- 24 Represents the cumulative funds in excess of revenues for the Water Efficiency Program. Starting in FY15, \$5K per year for 10 years is being allocated from WEP Cat 1 to Powerhouse Science Center as one of the funding sources for Water Detective.
- 25 Advances are not considered revenue from an accounting perspective. However, as expenses are incurred for these program, the cash advances are used and affect cash balances. The balances represent remaining unspent cash for each of the programs.

RWA 2016-2017 Fee Schedule

RWA Annual Dues - Updated Connections

Fee increase:

11.00%

Agency	Type	2013 Connections	2015 Connections	2015-2016 Annual Dues (A)	Proposed RWA 2016-2017 Annual Dues using updated Connections (B)	Powerhouse Science Center (PSC)
California American Water	Large	60,122	61,531	\$ 55,537	\$ 61,646	\$ 4,885
Carmichael Water District	Medium	11,889	11,893	\$ 19,617	\$ 21,288	\$ 1,842
Citrus Heights Water District	Medium	19,619	19,789	\$ 32,371	\$ 35,422	\$ 3,178
City of Folsom	Medium	19,405	20,424	\$ 32,018	\$ 36,559	\$ 3,038
City of Lincoln	Medium	17,503	17,983	\$ 28,880	\$ 32,190	\$ 1,620
City of Roseville	Large	40,844	42,063	\$ 55,537	\$ 61,646	\$ 4,885
City of Sacramento/Dept. of Utilities	Large	137,606	135,830	\$ 55,537	\$ 61,646	\$ 4,885
City of West Sacramento	Medium	14,503	15,318	\$ 23,930	\$ 27,419	\$ 1,908
City of Yuba City	Medium	18,000	18,652	\$ 29,700	\$ 33,387	\$ 2,824
Del Paso Manor Water District	Small	1,797	1,797	\$ 4,800	\$ 5,300	\$ 415
El Dorado Irrigation District	Large	40,785	40,074	\$ 55,537	\$ 61,646	\$ 4,885
Elk Grove Water District	Medium	12,220	12,301	\$ 20,163	\$ 22,019	\$ 1,754
Fair Oaks Water District	Medium	13,736	13,894	\$ 22,664	\$ 24,870	\$ 2,190
Golden State Water Company	Medium	16,300	16,525	\$ 26,895	\$ 29,580	\$ 2,414
Orange Vale Water Company	Small	5,751	5,752	\$ 7,120	\$ 7,903	\$ 626
Placer County Water Agency	Large	30,529	35,394	\$ 55,537	\$ 61,646	\$ 4,885
Rancho Murrieta CSD	Small	2,614	2,619	\$ 7,120	\$ 7,903	\$ 618
Rio Linda/Elverta Water District	Small	4,617	4,620	\$ 7,120	\$ 7,903	\$ 626
Sacramento County Water Agency	Large	50,466	52,768	\$ 55,537	\$ 61,646	\$ 4,885
Sacramento Suburban Water District	Large	45,831	46,414	\$ 55,537	\$ 61,646	\$ 4,885
San Juan Water District (10,070 FY04; 10,561 FY13)	Large	22,001	22,001	\$ 55,537	\$ 61,646	\$ 1,733
Woodland-Davis Clean Water Agency	Small	-	-	\$ 7,120	\$ 7,903	\$ 626
TOTALS		586,138	597,642	\$ 713,814	\$ 792,816	\$ 59,607

RWA Associate Members	2015-2016 Annual Dues	2016-2017 Annual Dues	PSC
El Dorado County Water Agency	\$ 4,200	\$ 4,700	\$ 537
Sacramento Area Flood Control Agency	\$ 6,000	\$ 6,700	\$ 756
Sacramento Municipal Utilities District	\$ 10,500	\$ 11,700	\$ 1,340
SRCS	\$ 10,500	\$ 11,700	\$ 1,340
ASSOCIATE MEMBER TOTALS	\$ 31,200	\$ 34,800	\$ 3,973

Notes:

- (1) Retail connection are used to scale the agency size. Information derived from information received from members.
- (2) All agencies fees for FY 2017 rates represent an increase in total dues from FY2016. Decreases in fees are a result of reallocating fees according to revised connection info.
- (3) Wholesale water suppliers (i.e. San Juan WD) are included in "large" utility group, regardless of the actual number of retail connections, as a more accurate indication of "true" utility size.
- (4) RWA Associates pay an annual fee equal to 0.1% of the entity's annual operating budget, rounded up to the next even thousand dollars.

Powerhouse Science Center

- (1) Collect \$60,000 per year for 5 years; (2) SJWD adjusted to retail connections only; (3) \$50,000 Prop 84 grant funding applied; (4) \$5,000 WEP funding over 10 years; (5) \$100,000 contribution from California Water Awareness Campaign.

AGENDA ITEM 6: REGIONAL RELIABILITY PLAN RFQ

BACKGROUND:

The 2013 RWA Strategic Plan calls for the development of a Regional Water Reliability Plan to identify the most promising regional opportunities to improve water supply reliability. Based on direction from the RWA Board at its January 2016 meeting, staff will soon initiate a subscription-based project to prepare the plan.

Staff is in the process of developing a scope of work to prepare the plan, and we are in need of a qualified consultant to support scope development and commencement of planning activities. At a minimum, RWA is seeking consultant support in identifying vulnerabilities and proposed mitigation measures that will serve as the foundation to improve water supply reliability within the region. The successful consulting firm is expected to provide extensive support to RWA staff in performing the study, including the following:

- Assist in the completion of a detailed scope of work to complete the study.
- Participate in and assist in documenting stakeholder group meetings during the study (at a minimum, stakeholders would likely include local water suppliers, Reclamation, DWR, and the Sacramento Water Forum).
- Assist in collecting information on vulnerabilities of local water supply agencies, including; 1) existing sources of supply, water sources, water rights and contracts; 2) existing and projected customer demands for 2035; and 3) existing water supply infrastructure.
- Assist in identifying mitigation actions to address vulnerabilities for each agency.
- Assist in evaluating on a regional basis the ability to implement the proposed mitigation actions identified by each agency.
- Assist in writing a summary report of the study results.

The current scope of the project is expected to exceed \$150,000, so staff prepared a selection process based on documented competence and qualifications and reasonable price consistent with RWA Policy 300.2 for Board approval. The selection process consisted of a combination of factors assigned point values up to the total amounts indicated in the following criteria: the firm profile (10 points), qualifications of staff (25 points), past experience and references (25 points), and consulting firm fee schedules (20 points). There is a maximum possible score of 80 points.

On January 25, 2016, a request for qualifications (RFQ) was released to nine firms with local offices that are believed to have experience of a nature similar to the proposed work. The RFQ was also posted to the RWA website. The RFQs were due to RWA on February 18, 2016. Five RFQ responses were received and are being evaluated by John Woodling and Rob Swartz of RWA and Andy Fecko of Placer County Water Agency. Reviews are ongoing, and staff will present results and recommendations to the Board for consideration.

STAFF RECOMMENDATION:

Action: Approve staff recommendation for contractor selection for the Regional Reliability Plan

AGENDA ITEM 7: LEGISLATIVE UPDATE

BACKGROUND:

The deadline for introduction of bills in the California State Senate and Assembly was February 19, 2016. Staff is in the process of compiling and reviewing bills of interest to RWA and members and will discuss legislation with the participants in the Lobbyist Subscription Program. Pursuant to RWA Policy, staff will develop recommended positions on specific bills and present them to the Executive Committee for adoption on March 23, 2016. Positions will be consistent with Policy Principles approved by the full RWA Board of Directors.

Staff will brief the board on some of the key pieces of legislation at the Board meeting on March 10, 2016.

Information Presentation: John Woodling, Executive Director

AGENDA ITEM 8: EXECUTIVE DIRECTOR'S REPORT

- a) Water Efficiency Program Update
- b) Government Affairs Update
- c) RWA Outreach
- d) Financial Documents

MARCH 10, 2016

TO: REGIONAL WATER AUTHORITY EXECUTIVE COMMITTEE

FROM: JOHN WOODLING

RE: EXECUTIVE DIRECTOR'S REPORT

a) Water Efficiency Program Update – On February 2, 2016, the State Water Resources Control Board (State Water Board) approved extending the Emergency Regulation until October 2016. This Emergency Regulation became effective February 13, 2016. The regulation text was based on the May 5, 2015 Emergency Regulation and carries much of the same language. However, there are some notable changes and additions. The statewide 25% water savings goal was extended from June 2015 to February 2016 to an updated deadline of October 2016 to match the new Regulation's timeframe (savings are still compared to 2013). New water agency conservation targets incorporate several adjustment opportunities that can decrease an agency's conservation target. The first adjustment addresses climate impacts on water demand. Each agency in the Sacramento region should receive a 3% adjustment to their agency's current conservation target. This default adjustment should be automatically reduced for all agencies and posted on the State Water Board's website. The second and third adjustments address growth impact on water demand and new local drought-resilient sources of supply. Additional information must be submitted to the State Water Board for an adjustment in these two areas by March 15, 2016. Cap for all adjustments is 8% per agency. New conservation targets become effective for March 2016 reporting. February 2016 production is still assessed on an agency's original conservation target effective June 2015. Water agencies will be assessed for compliance to the new targets based on cumulative savings from June 2015 through the current month until October 2016. Smaller suppliers (that are not urban water suppliers) must submit a report by September 15, 2016 that identifies total potable water production, by month, from December 2015 through August 2016. Smaller suppliers received no adjustments from their original 25% conservation target. Additional language in the February 2nd Emergency Regulation prohibits Homeowners Associations/Community Service Associations from penalizing residents for reducing or eliminating the watering of vegetation or lawns during a declared drought emergency.

State Water Board staff will monitor and evaluate available data on precipitation, snowpack, reservoir storage levels, and other factors and report back to the State Water Board in March and April 2016 and, if conditions warrant, bring a proposal for rescission or adjustment of the Emergency Regulation to the State Water Board in May 2016.

The Water Efficiency Program's Public Outreach Committee met on February 10, 2016 to discuss regional messaging moving forward. The Committee decided to continue current messaging until April/May 2016 when the State Water Board committed to reassess water supply conditions. Current messaging is that we are still in a statewide

mandated drought and need to conserve to meet our conservation targets. Calls to action include: turn off sprinklers till spring, replace high water use fixtures with high efficiency fixtures and find and fix leaks.

Depending on the State Water Board's interpretation of water supply conditions in April/May 2016, messaging about the state and region's drought status may be modified. Should the conservation targets remain the same or slightly decrease, calls to action will support the general theme of "Rethinking Your Yard" and will include: limit landscaping watering following your water provider's guidelines, prioritize your landscape putting your trees first, check sprinkler systems for efficiency and upgrade your landscape with low water use plants. When and if the drought tapers off, the Committee supports transitioning drought messaging to longer term messaging about efficient water use both indoors and outdoors.

Mr. Woodling said that we need to decide what our messaging is on conservation and what we need to get prepared for the State Water Board. It was suggested that a separate handout be available providing information to those residents that may be replanting their lawns to use locally appropriate low water use varieties. An additional message for the handout would be to reduce the overall percent of your landscape that is planted with grass and replace with alternative low water use plants and shrubs. It was also suggested that RWA should partner with West Sacramento on water conservation ideas for Raley Field with opportunities for the area outside the stadium. Overall there are adequate funds for the outreach program through October 2016.

- b) Government Affairs Update** – On February 18, 2016, the Department of Water Resources released the draft Groundwater Sustainability Plan (GSP) Emergency Regulations for public comment. The comment period is scheduled to end on March 25, 2016. RWA and others will be seeking additional time to comment on the 60 page document. DWR will hold a series of three public meetings in March to solicit input. The SGMA statute requires the adoption of the regulations by June 1, 2016. Staff is reviewing the regulations, and will coordinate comments from the Sacramento region and ACWA.
- c) RWA Outreach** – RWA and member agency staff conducted two "lunch and learn" briefings on the modified Lower American River Flow Management Standard and the Regional Reliability Planning effort for local agency elected officials. City Council members from Roseville and Sacramento were the primary audience. Additional briefings will be held to prepare attendees for the 2016 Cap-to-Cap trip. RWA and member agency staff will conduct briefings on regional water issues for each of the candidates for Mayor of the City of Sacramento. RWA and member agency staff led the Water Resources team for the Metro Chamber's State Legislative Summit on February 11, 2016.
- d) Financial Documents** – The financial reports ending January 31, 2016 are attached.



Per California Government Code 6505.5 (e), RWA reports the following unaudited information:

For the period ending January 2016

Cash in checking account:	\$	223,670
LAIF Balance	\$	1,859,575

For the period of October 1, 2015 to January 31, 2016

Total cash receipts for the period:	\$	1,074,324
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Total cash disbursements for the period:	\$	1,247,521
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REGIONAL WATER AUTHORITY

Income Statement

Year-to-Date Performance, January 2016

	<i>7 Months Ended January 31, 2016</i>	<i>Annual Budget</i>	<i>Unused</i>	<i>% Used</i>
REVENUES				
Annual Assessments	713,814.00	713,800.00	(14.00)	100.0 %
Affiliate Members Annual	6,375.00	3,000.00	(3,375.00)	212.5 %
Associate Membership Annual	31,200.00	31,200.00	0.00	100.0 %
Powerhouse Science Center - Members	63,165.00	60,000.00	(3,165.00)	105.3 %
Powerhouse Science Center - Others	5,000.00	5,000.00	0.00	100.0 %
SGA Service Agreement Fees	259,527.95	527,900.00	268,372.05	49.2 %
SGA Service Fee - GASB 68	0.00	33,000.00	33,000.00	
Holiday Social Revenue	5,225.00	5,600.00	375.00	93.3 %
Cash Discounts	592.14	0.00	(592.14)	
Interest on S/T Investments	1,207.86	3,200.00	1,992.14	37.7 %
TOTAL REVENUES	1,086,106.95	1,382,700.00	296,593.05	78.5 %
TOTAL REVENUE	1,086,106.95	1,382,700.00	296,593.05	78.5 %
GROSS PROFIT	1,086,106.95	1,382,700.00	296,593.05	78.5 %
OPERATING EXPENDITURES				
Staff Expenses				
General Salaries	371,045.60	658,400.00	287,354.40	56.4 %
Benefits/Taxes	162,084.36	537,400.00	375,315.64	30.2 %
Travel / Meals	4,142.91	15,500.00	11,357.09	26.7 %
Professional Development	0.00	5,200.00	5,200.00	
TOTAL Staff Expenses	537,272.87	1,216,500.00	679,227.13	44.2 %
Office Expenses				
Rent & Utilities	14,564.34	25,000.00	10,435.66	58.3 %
Insurance	23,461.24	25,000.00	1,538.76	93.8 %
Office Maintenance	0.00	3,100.00	3,100.00	
Telephone	5,332.61	11,300.00	5,967.39	47.2 %
Dues and Subscription	6,318.32	7,700.00	1,381.68	82.1 %
Printing & Supplies	6,295.29	25,800.00	19,504.71	24.4 %
Postage	471.45	3,100.00	2,628.55	15.2 %
Meetings	8,655.59	13,400.00	4,744.41	64.6 %
Computer Equipment/Support	2,441.40	12,400.00	9,958.60	19.7 %
TOTAL Office Expenses	67,540.24	126,800.00	59,259.76	53.3 %

	<i>7 Months Ended January 31, 2016</i>	<i>Annual Budget</i>	<i>Unused</i>	<i>% Used</i>
Office Furniture & Equipment				
Office Furniture	0.00	2,600.00	2,600.00	
TOTAL Office Furniture & Equipment	0.00	2,600.00	2,600.00	
Professional Fees				
ADP / Banking Charges	789.14	1,900.00	1,110.86	41.5 %
Audit Fees	18,500.00	21,500.00	3,000.00	86.0 %
Legal Fees	21,565.53	80,000.00	58,434.47	27.0 %
Consulting Expenses - General	81,330.12	220,000.00	138,669.88	37.0 %
Powerhouse Science Center Payments	25,000.00	25,000.00	0.00	100.0 %
TOTAL Professional Fees	147,184.79	348,400.00	201,215.21	42.2 %
TOTAL OPERATING EXPENDITURES	751,997.90	1,694,300.00	942,302.10	44.4 %
OPERATING INCOME (LOSS)	334,109.05	(311,600.00)	(645,709.05)	-107.2 %
NET OPERATING INCOME (LOSS)	334,109.05	(311,600.00)	(645,709.05)	-107.2 %
NET INCOME (LOSS) NET OF PROGRAM	334,109.05	(311,600.00)	(645,709.05)	-107.2 %



Investments, Restricted Cash and Designated Funds, Undesignated Funds and Cash Report

For the month ending:	Unaudited January 31, 2016	Audited June 30, 2015
Local Agency Investment Fund (LAIF)	\$1,860,783	\$1,205,826
General Checking Account	\$223,671	\$242,339
Total Cash and Investments	\$2,084,454	\$1,448,165
Less: Restricted Cash and Designations¹		
Water Efficiency Program (WEP) ²	\$451,835	\$271,859
Prop 84 Project Management ²	\$119,044	\$118,952
Proposition 50 Grant Management ²	\$28,470	\$6,850
USBR CALFED Programs ²	\$199,921	\$197,345
Lobbying Subscription Program ²	\$102,688	\$70,000
Integrated Regional Water Management Program (IRWMP) ²	\$50,113	\$56,311
SRCSD Water Suppliers ²	\$1,603	\$3,323
Membership Dues Stabilization	\$112,200 ⁴	\$98,100
Subscription Program Stabilization	\$28,100 ⁴	\$27,900
Pension Plan Accounting Change	\$75,000 ⁴	\$125,315
Powerhouse Science Center	\$100,300	\$60,710
Strategic Plan Fund	\$141,460 ⁴	\$0
Total Designated Funds, excluding operating fund	\$1,410,734	\$1,036,665
Total Available Cash for Operating Funds		
Operating Fund ³	\$481,400 ⁶	\$ 411,500
Undesignated Funds ⁵	\$192,320	\$0
Total Designated and Undesignated Funds	\$2,084,454	\$1,448,165

¹ Designated funds represents amounts set aside for program specific purposes.

² The cash for this designated fund is restricted as to its use for these specific programs based upon contractual agreements with the participating member agencies.

³ Per Policy 500.1, the Operating Fund is available to pay ongoing RWA operations and administration expenses.

⁴ The designated amounts reflect the June 30, 2015 projected year end balance from the FY2016 budget less amounts not received as anticipated by SGA.

⁵ Per Policy 500.1, Funds in excess of the maximum target designated balances may be used to offset future membership dues and subject to an annual review by the Board.

⁶ The operating fund at June 30, 2016 is planned to be at 4 months.

AGENDA ITEM 9: DIRECTORS' COMMENTS

**AGENDA ITEM 10: CLOSED SESSION UNDER GOVERNMENT CODE
SECTIONS 54954.5(C) AND 54956.9(D) – UPDATE ON CALPERS CONTINUED
OBLIGATION TO PROVIDE PENSION BENEFITS TO RWA EMPLOYEES**