

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

**Thursday, March 9, 2017, 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. Information: Final minutes of the December 7, 2016 and January 25, 2017 Executive Committee meetings
- b. Draft minutes from the January 12, 2017 RWA regular board meeting
- c. Approve the amended RWA pay schedule for the period January 1, 2017 to comply with CalPERS citation CCR 570.5 requiring that a date of revision be present on the pay schedule

**Action: Approve the Consent Calendar Items**

**4. STRATEGIC PLAN PROGRESS DISCUSSION**

Information Presentation: John Woodling, Executive Director

**5. FISCAL YEAR 2017 – 2018 BUDGET**

Presentation: John Woodling, Executive Director

**Action: Approve Fiscal Year 2017 – 2018 Budget**

**6. LEGISLATIVE AND REGULATORY UPDATE**

Discussion: Adam Robin, Legislative and Regulatory Affairs Project Manager

**7. EXECUTIVE DIRECTOR'S REPORT**

**8. DIRECTORS' COMMENTS**

## **ADJOURNMENT**

Upcoming meetings:

Next Executive Committee Meetings – Wednesday, March 22, 2017 and April 26, 2017, 8:30 a.m. at the RWA office.

Next RWA Board of Directors' Meeting – Thursday, May 18, 2017, 9:00 a.m., at the RWA Office.

**AGENDA ITEM 3a: CONSENT CALENDAR**

Information: Final minutes of the December 7, 2016 and January 25, 2017 Executive Committee meetings.

## **1. CALL TO ORDER**

A motion was made, seconded and carried unanimously by voice vote of all directors present for Rob Roscoe to act as Chair until Chair Short entered the meeting. Mr. Roscoe called the meeting of the Executive Committee to order at 8:30 a.m. Individuals in attendance are listed below:

### Executive Committee Members

Spencer Short, City of Lincoln (arrived as indicated on page 2)  
S. Audie Foster, California American Water  
Marcus Yasutake, City of Folsom  
Debra Sedwick, Del Paso Manor Water District  
Kerry Schmitz, Sacramento County Water Agency  
Rob Roscoe, Sacramento Suburban Water District

### Staff Members

John Woodling, Rob Swartz, Adam Robin, Nancy Marrier, Amy Talbot, Cecilia Partridge, Monica Garcia and Ryan Bezerra, legal counsel.

### Others in Attendance

Ingrid Shepline and Bob Simons. Nicole Krotoski participated via conference phone.

## **2. PUBLIC COMMENT**

Acting Chair Roscoe welcomed Adam Robin to the RWA team.

## **3. CONSENT CALENDAR**

The minutes from the Executive Committee meeting held October 26, 2016.

Motion/Second/Carried (M/S/C) Ms. Schmitz moved, with a second by Mr. Roscoe, to approve the minutes from the October 26, 2016 Executive Committee meeting. The motion carried by the unanimous voice vote of all directors present.

## **4. RWA 2016 AUDIT REPORT**

Ingrid Shepline, Richardson and Company, reported that they have completed the financial audit for the fiscal year that ended June 30, 2016. The full audit report was included in the packet. Ms. Shepline highlighted portions of the audit stating that reports that were issued included the Auditor's opinion on financial statements, the

Internal Control and Compliance Report, the Governance letter and the Management letter. The Independent Auditor's Report is an unmodified, "clean", opinion. She reported on discussion of the financial statements that were statements of net position, statements of revenues and expenses.

Chair Short entered the meeting. The gavel was passed from Mr. Roscoe to Chair Short.

Ms. Shepline reported on Employee Benefit Plans with the pension liability increase to \$346,165 and the OPEB excess funding of \$89,490 based on the July 2013 valuation. There was a slight increase in pension liability. She also mentioned that based upon the July 2015 valuation, RWA no longer reflected an OPEB funding excess due to the changes in valuation methods. The Statements of Net Position reflect an increase in income due to an increase in the grants receivable and corresponding grants payable due to the increased activity with the Prop 50 and Prop 84 grants. There was a pension contribution during the year of \$225,000 that was deferred and will not hit the bottom line until next year. The future contingencies include the allocation of the pension liability to SGA and the commitment to the Powerhouse Science Center. There are subscription advances that have not been earned. The net position restrictions and designations indicate unexpended amounts for WEP, designations for operating fund and other items. The unrestricted net position is not sufficient to cover designations due to the GASB 68 pension liability which reduced net position. However (unrestricted) cash is sufficient to cover the designations. The report on internal control and compliance shows no internal control weaknesses were noted and there was compliance with applicable laws and regulations material to the financial statements.

Bob Simons, Richardson and Company, explained the Governance letter that shows management judgments and accounting estimates, and a change in accounting principles to implement GASB 82 to exclude employer pension contributions made on behalf of employees from determination of pension contributions. There was no audit adjustment noted, there were no differences noted that were not adjusted, there were no difficulties in performing the audit and no unusual accounting practices. The Management letter indicated good internal controls with an informational item about GASB 75, recognizing an accounting liability for OPEB, to be implemented in FY18.

M/S/C Mr. Roscoe moved, with a second by Ms. Sedwick, to recommend RWA Board acceptance of the 2016 RWA financial audit report. The motion carried by the unanimous voice vote of all directors present.

Ingrid Shepline and Bob Simons exited the meeting.

## **5. 2017 RWA BOARD MEETING SCHEDULE**

RWA Board meetings are held on the second Thursday of every other month. The meetings begin at 9:00 a.m. The May 11, 2017 will be moved to May 18, 2017 to accommodate the ACWA Spring Conference.

M/S/C Mr. Roscoe moved, with a second by Mr. Foster, to recommend RWA Board approval of the proposed RWA Board meetings for 2017 with the change of the May 11, 2017 RWA Board meeting to May 18, 2017. The motion carried by the unanimous voice vote of all directors present.

## **6. OVERVIEW OF REGIONAL WATER PLANNING EFFORTS INVOLVING RWA**

Rob Swartz, Manager of Technical Services, gave an update on RWA's involvement in several concurrent water supply planning efforts that are interrelated. The efforts include the Regional Water Reliability Plan (RWRP), the Regional Drought Contingency Plan (RDCP), the American River Basin Study (ARBS), the American River Basin (ARB) Integrated Regional Water Management (IRWM) Plan 2018 Update and the Proposition 1 Disadvantaged Community Involvement Program (DCIP). Two of the planning efforts will require resolutions from the RWA Board at its January 2017 meeting. Staff is seeking input from the Executive Committee on presenting these to the full Board at its January 2017 meeting. In the 2013 RWA Strategic Plan it states that we should have a Regional Reliability Plan developed for the region. The idea of reliability is to identify the vulnerabilities of each agency, identify mitigation measures to help overcome vulnerabilities considering current and long-term demands. The intent is to have basic levels of service as defined by each water agency under varying conditions. There are six required elements to the RDCP including drought monitoring, vulnerability assessment, mitigation action, response actions, operational and administrative framework and an update process. Mr. Swartz explained that the RWRP, the RDCP, and the ARB IRWM Plan update have many common tasks and that they will largely be developed concurrently.

The ARBS objectives include further refining an assessment of water supplies and demands for the ARB over the data developed for the Sacramento San Joaquin River Basin Study (SSJRBS) and addressing regional demand and supply imbalance and infrastructure deficiencies under the threat of climate change. Additional objectives will be to improve regional self-reliance and collaboration for sustainable water resources management and quality of life, integrating regional water supply reliability and aligning regional water management strategies and planning efforts with those of Reclamation. Detailed climate modeling in the upper watershed will occur, which will provide better information about expected future inflows into Folsom Reservoir that serves as a better planning basis for future modeling efforts in the region. Mr. Swartz explained that RWA's role in ARBS includes staff support, serving on an Executive Steering Committee, coordinating adaptation strategies with RWRP, providing RWRP costs as part of local share for ARBS and signing a Memorandum of Agreement with Reclamation.

Mr. Swartz explained the DCIP being administered by the California Department of Water Resources. This is a grant program intended to identify the needs of DACs and increase their involvement in the IRWM program. DWR's program allows only one applicant acting on behalf of a funding area. RWA is primarily in the Sacramento River Funding Area (SRFA), but it also includes a fairly large portion of the San Joaquin Funding Area (SJFA). At this time, the SJFA is not ready to apply for funding, so the discussion applies only to the SRFA. In the SRFA, the Yuba

County Water Agency has volunteered to act as the applicant and administrator for all of the IRWM regional water management groups.

RWA's role in the DCIP includes participation on an oversight committee, managing a DAC coordinator to be funded by a grant, participating in DAC needs assessment of the ARB area, participating in a pilot program to assess underrepresented communities in IRWM, and providing a letter of support for a DCIP application. A draft letter of support for the DCIP for the SRFA was supplied to the Executive Committee.

After discussion it was decided to bring two actions to the RWA January 2017 Board meeting: 1) a resolution for the ARBS to authorize the Executive Director to enter into an MOA with Reclamation; and 2) the DCIP letter of support authorizing YCWA to serve as the applicant on behalf of the SRFA.

## **7. WATER EFFICIENCY DIRECT INSTALL RFQ**

Amy Talbot, Senior Project Manager, said that Staff is seeking support for the implementation of the California Department of Water Resources Water Energy Grant direct installation program. This program will replace high water use fixtures with WaterSense labeled high efficiency toilets (HETs), showerheads and faucet aerators. At a minimum, the program must include replacing fixtures in 2,136 residential housing units. Seventy-five percent of those housing units must be considered a Disadvantaged Community (DAC). The program will focus on multifamily properties but will also be open to single family properties. This program supports the implementation of Project 7 of the American River Basin's Integrated Regional Water Management Program.

Funding for this program totals \$717,000 and does not require a local match. The program does require cash flow funding totaling \$500,000 from participating agencies (Sacramento Suburban Water District, City of Sacramento, City of West Sacramento and California American Water) to ensure timely contractor payments. The program is expected to start in January 2017 and end by January 2018. There is potential to expand the program with additional grant funding by 3,000 fixtures for direct install services for commercial, industrial and institutional properties. The 2017 direct install program will be a continuance of two previous RWA direct install programs launched in 2014 and 2015, which to date have installed a total of 3,800 toilets, 2,300 showerheads and 2,200 bathroom aerators in 3,100 housing units.

According to RWA Policy 300.2 Professional Services Selection and Contracting Services, any consulting contract exceeding \$150,000 requires a competitive selection process by issuance of a Request for Qualifications (RFQ) and approval of selected consultant by both the Executive Committee and RWA Board of Directors. RWA staff issued a RFQ on October 24, 2016 to nine consulting firms with known experience in implementing direct install programs.

Proposals were received from two firms: Southwest Environmental, Inc. and Bottom Line Utility Solutions, Inc. After review and discussion of the proposals, Southwest Environmental received the highest average score, demonstrated a strong project

manager substantial in the field of expertise particularly in the Sacramento region and a more competitive fee schedule. The review panel recommends Southwest Environmental, Inc. to the RWA Executive Committee and Board of Directors as the selected consultant to assist RWA staff and participating water agencies with the implementation of the 2017 Direct Installation Program.

Motion/Second/Carried (M/S/C) Mr. Roscoe moved, with a second by Ms. Schmitz, to recommend RWA Board approval for selected contractor. The motion carried by the unanimous voice vote of all directors present.

## **8. WATER CONSERVATION INCENTIVES RESOLUTION**

Amy Talbot, Senior Project Manager, said that the Water Conservation Incentives Resolution is in response to a request for support regarding the Water Conservation Incentive. The Resolution, included in the packet, is asking for energy and water rebates to be treated the same as energy incentives for tax purposes.

M/S/C Ms. Sedwick moved, with a second by Mr. Roscoe, to recommend RWA Board approval of Resolution 2017-01 a Resolution of the Regional Water Authority regarding Water Conservation Incentives. The motion carried by the unanimous voice vote of all directors present.

## **9. RWA JANUARY 12, 2017 BOARD MEETING**

After discussion of the RWA January 12, 2017 Board meeting agenda it was decided to move agenda item 4, Executive Committee Report and Recommendations, under the Consent Calendar.

M/S/C Ms. Sedwick moved, with a second by Ms. Schmitz, to approve the agenda for the January 12, 2017 meeting of the RWA Board of Directors with the added agenda item 3b Executive Committee Report and Recommendations adding the Water Conservation Incentives Resolution item. The motion carried by the unanimous voice vote of all directors present.

## **10. EXECUTIVE DIRECTOR'S REPORT**

**Government Affairs Update** – DWR is required to develop best management practices for SGMA by January 1, 2017. They released draft BMPs on five topics, and comments were due on November 28, 2016. SGA submitted comments and RWA staff also participated in development of comments from ACWA. DWR expects to release guidelines for Proposition 1 Sustainable Groundwater Management Grants in Spring of 2017 and finalize the guidelines and solicit grant applications in Summer of 2017. SGA staff will work with others in the subbasin to develop a scope for preparation of our Groundwater Sustainability Plan to be ready to seek funding. Alternatives to a GSP are due by January 1, 2017. SCGA is preparing an alternative for submission.

The state (DWR and the SWRCB) released the long awaited framework for long term water conservation on November 30, 2016. Comments will be due December 19<sup>th</sup>,

and a final will go to the Governor's office on January 10<sup>th</sup>. Staff are reviewing the framework and have convened a meeting for RWA members to provide input. In addition, staff and members, as well as attorneys from the region are developing potential statutory language that mirrors the coalition letter that was prepared to comment on the state's proposal. The coalition letter had broad support from throughout California.

Adam W. Robin, RWA's new program manager for the Legislative and Regulatory Advocacy Program began work on December 6<sup>th</sup>. In addition to immediately beginning to address some of the region's most important issues, Adam will be setting up meetings with RWA staff and managers, and attending agency board meetings over the next several months.

**Water Efficiency Update** – In October 2016, the region saved 30% compared to October 2013 or approximately 4.5 billion gallons, double our September 2016 savings. October storms produced four times the monthly average precipitation. The most current state savings information available is cumulative savings from June 2015 through September 2016 at 23%, less than our regional savings of 28% during the same timeframe.

The state is expected to release the Executive Order permanent regulation framework draft report November 30<sup>th</sup>, with comments due December 19<sup>th</sup>. RWA will be hosting a meeting on December 9<sup>th</sup> at 2:00 p.m. to discuss and coordinate draft report comments. State staff still plans on providing a final draft to the Governor's office on January 20<sup>th</sup>. At that time, the Administration will decide about any further changes and when to release the report publically.

The State Water Resources Control Board staff is expected to release draft text of the ongoing Emergency Regulation outlining how to extend the regulation past February 2017 in December or January with a vote on the extension by the State Water Board in early February 2017 as to not allow for a lapse in regulation.

**Holiday Social** – The 16<sup>th</sup> Annual RWA/SGA Holiday Social is scheduled for Thursday, December 8<sup>th</sup> at 7:00 p.m. at the North Ridge Country Club. Networking begins at 6:00.

## 11. DIRECTORS' COMMENTS

Mr. Roscoe announced that Sacramento Suburban Water District has one new director.

Mr. Yasutake said that after the City of Folsom elections Ernie Sheldon was reelected as a Folsom Council Member and Roger Gaylord is their new Council Member.

Ms. Schmitz reported that Sue Frost is a new Board Member for Sacramento County Water Agency. Ms. Frost has an interest in groundwater. December 13<sup>th</sup> SCWA has an informational groundwater day scheduled with the board with a presentation by each of the sub-basins.

Mr. Foster said that California American Water has acquired Geyserville Water Works adding three hundred customers to that area. The Public Utilities Commission has approved the acquisition of Meadow Brook Water Company in Merced County adding another eighteen hundred customers. They have grant funding to install meters after extending pipelines to the Oxbow Marina area. The commission is holding public hearings on their pending rate case.

Ms. Sedwick asked if RWA is intending to write comments on the long term conservation rules. Del Paso Manor Water District cannot support the document because they don't know the affect it will have on their small agency. Ms. Sedwick welcomed Adam Robin to the RWA staff. She requested a status update on the Powerhouse Science Center be presented at the March 2017 RWA Board meeting.

Chair Spencer thanked the Executive Committee for their support in 2016.

Mr. Woodling thanked Chair Spencer for serving as 2016 RWA Chair and for involving the City of Lincoln in RWA.

## **ADJOURNMENT**

With no further business to come before the Board, Chair Short adjourned the meeting at 9:50 a.m.

By:

---

Chairperson

Attest:

---

Nancy Marrier, Board Secretary / Treasurer

**1. CALL TO ORDER**

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

Executive Committee Members

Ron Greenwood, Carmichael Water District  
Marcus Yasutake, City of Folsom  
Kelye McKinney, City of Roseville  
Jim Peifer, City of Sacramento  
Kerry Schmitz, Sacramento County Water Agency  
Rob Roscoe, Sacramento Suburban Water District  
Pam Tobin, San Juan Water District

Staff Members

John Woodling, Rob Swartz, Adam Robin, Cecilia Partridge, Monica Garcia and Ryan Bezerra, legal counsel.

Others in Attendance

Nicole Krotoski participated via conference phone.

**2. PUBLIC COMMENT**

None

**3. CONSENT CALENDAR**

The minutes from the Executive Committee meeting held December 7, 2016. Mr. Bezerra suggested that a line be added after Mr. Short's name under Executive Committee Members stating that he "arrived as indicated on page 2."

Motion/Second/Carried (M/S/C) Mr. Roscoe moved, with a second by Ms. McKinney, to approve the minutes from the December 7, 2016 Executive Committee meeting with the suggested amendment. The motion carried by the unanimous voice vote of all directors present.

**4. 2017 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 2017 was included in the packet. The Executive Committee will continue to meet on the fourth Wednesday of each month with the exception of November and December. The November and December meetings will be combined and held on December 6, 2017.

M/S/C Ms. McKinney moved, with a second by Ms. Tobin to adopt the proposed schedule of Executive Committee meetings for 2017. The motion carried by the unanimous voice vote of all directors present.

## **5. STATUS OF RWA STRATEGIC PLAN IMPLEMENTATION**

John Woodling, Executive Director, gave an informational presentation on RWA's *Strategic Plan 2013-2018+* adopted in late 2013. Three years into implementation, a number of internal and external factors have changed, including the passage of the Sustainable Groundwater Management Act, an unprecedented statewide drought emergency, and an administration proposal for new permanent water conservation requirements. This is an opportune time to revisit the goals and objectives of the strategic plan and evaluate the need to modify or re-prioritize elements of the Plan.

Mr. Woodling asked that the Executive Committee review the Strategic Plan and bring back suggestions to the February Executive Committee meeting of what items to keep, what needs to be modified, and what needs to be deleted or reprioritized. He asked if a Strategic Planning session would be helpful and if the current plan needs to be changed or updated by the Executive Committee to present to the full board. The ultimate goal would be to have the Executive Committee review the Strategic Plan and be prepared for discussion at the February Executive Committee meeting suggested edits to the Strategic Plan to take us to 2018.

After discussion it was suggested that water workshops sponsored by RWA be scheduled with focus on water education topics that would draw the interest of new board members, elected officials, city council members, county supervisors, members of all of the special districts that are involved with water, state and federal legislative staff and water managers. This type of workshop would create a better understanding of what the water issues are from a Sacramento regional perspective and elevate the status of RWA as a regional leader on water issues.

Chair Peifer appointed a Conference and Education Subcommittee including Rob Roscoe, Kelye McKinney, Pam Tobin and Kerry Schmitz. The committee will discuss and recommend on a possible conference, workshops or ongoing series of events.

Mr. Greenwood entered meeting.

Mr. Woodling requested that the Executive Committee members review the Strategic Plan and send comments to him prior to the February Executive

Committee meeting. The comments should include what RWA has accomplished, identifying RWA successes, and whether RWA is or should be in a lead or supporting role on specific items. The Executive Committee will further discuss the plan and develop a process to get further feedback from the full RWA Board.

## **6. DEVELOPMENT OF FISCAL YEAR 2017 – 2018 BUDGET**

Staff has begun the process of preparing a draft budget for fiscal year 2017-18. Staff presented a proposed timeline for budget development as well as key issues for feedback from the Executive Committee. A draft budget will be presented to the Executive Committee at the February meeting and, if there is consensus, a draft budget will be presented to the full board in March. If the full board does not decide to take action on the budget in March, then a draft budget with any feedback from the board will come back to the Executive Committee in March to refine further with the intent to have the budget passed no later than the May board meeting.

Mr. Woodling outlined some of the issues that need to be addressed for the February Executive Committee budget discussion. For the Fiscal Year 2017-18 there is a proposed 10% dues increase with an 8% to 9% increase in out years. The rate increase is driven by factors including bringing the WEP Manager's salary into the RWA core budget, the continuing CalPERS pension liability increases and adding a fulltime advocacy position. Associate member dues are also proposed to increase by 10%.

The value that RWA provides to Affiliate members needs to be better identified. There was discussion on how to engage the Affiliate members and how to communicate a better water issues message to them. Affiliate members will be invited to attend future water educational workshops. The full board budget presentation should include a reminder of the value of RWA including the successful grant programs, the current regional planning and how RWA has assisted the region with the drought emergency.

In the budget for FY 2018-19 there will potentially be office moving expenses or a lease increase as our current lease expires August 2018. It was suggested that a subcommittee be appointed to consider alternatives and possibly negotiate a long term lease prior to August 2018.

When the shift was made for the Integrated Regional Water Management (IRWM) Plan to be a core program there was some money from the subscription program that came with that program. That money has now been depleted. There will be a line item for updating the IRWM Plan, with the bulk of the funding coming from the recent grant we received. Since outreach has expanded beyond the Water Efficiency Program, it is timely to discuss development of a comprehensive public outreach program in the budget. With members expanding their outreach communications themselves does that reduce the need for an RWA budget for that or is it an indication that the RWA budget is not adequate to meet regional needs. There was discussion on increasing RWA membership and approaching both the City of Davis and the City of Woodland to join RWA. There is a need to increase the participation of members who don't actively participate at this time. We should

define a role for members to assist the Executive Director in bringing in new RWA members.

Chair Peifer appointed a building lease subcommittee including Marcus Yasutake, Ron Greenwood, Pam Tobin and John Woodling. The committee's direction is to look into leasing options and to possibly secure a long term lease prior to August 2018. EC members suggested Robert Dugan as Chair of a Membership Committee, but no others were appointed.

## **7. LEGISLATIVE AND REGULATORY UPDATE**

Adam Robin, Legislative and Regulatory Affairs Program Manager, gave an update on legislation, RWA's lobbyist subscription program, two state board regulatory items and an update on discussions on Prop 218 reform. He provided a map that indicated the local legislative districts and RWA member service areas. Working with Soyla Fernandez, staff has met with staff from each of the local state representatives. RWA staff has also held meetings with Assemblymember Cooper and Senator Nielsen. Upcoming meetings are scheduled with Assemblymember Gallagher, Vice Chair of the Assembly Water, Parks, and Wildlife Committee, and Senator Stone, Vice Chair of the Senate Natural Resources and Water Committee. In those meetings staff are introducing the members to RWA and discussing issues that we may be dealing with in the coming year, such as conservation. Staff are actively tracking over sixty pieces of legislation with 20 bills currently identified that may be of interest to RWA.

Last week the State Board issued a press release stating that Division of Drinking Water District Offices would begin issuing permit amendments to every community water system in the state requiring them to provide lead sampling services for K-12 schools upon request.

The State Water Board has announced a February 8<sup>th</sup> workshop where they will be hearing from their staff and panels of stakeholders on a report they are developing in response to AB 401. AB 401 requires the Water Board to prepare a plan and submit recommendations to the legislature for creating a statewide, low income, rate payer assistance program by February of 2018. The next steps are determining a funding source for that program. Staff will continue to monitor AB 401. An update will be given at the February Executive Committee.

Mr. Roscoe exited the meeting.

Kerry Schmitz exited the meeting.

John Woodling, Executive Director, gave an update on conservation, emergency regulations and long term regulations. The Water Board held a workshop focusing on the continuation of the urban water conservation emergency regulation. As long as the emergency regulation is in place the Water Board will continue to receive monthly data. Ryan Bezerra and Paul Helliker took the coalition letter submitted in

response to the Administration's draft "Making Water Conservation a California Way of Life" report and developed proposed legislative language. That language has been provided to ACWA and a drafting work group of the State Legislative Committee. A key issue will be ensuring the final approach to conservation standards and target setting does not allow the State Water Board to get long-term authority to change those standards through the regulatory process. Spot bill language has been given to Soyla Fernandez with the intent of potentially introducing a legislative vehicle as an alternative to the Administration proposal.

Mr. Bezerra said that on December 22, 2016 DWR and Reclamation released a final EIR/EIS for the California Water Fix. Staff is working on comments that are due January 30, 2017.

## **8. EXECUTIVE DIRECTOR'S REPORT**

**Government Affairs Update** – Staff are reviewing proposed emergency regulations for water conservation. Comments may be submitted by the January deadline for written comments.

**Grants Update** – Staff is currently managing four grants totaling \$30 million. Staff submitted the final report for the \$25 million 2006 DWR Prop 50 Implementation Grant, and DWR has accepted the report. DWR is in the process of releasing the final retention on the project. In January, RWA received reimbursement of more than \$300K for three projects that were recently completed under the Prop 50 Implementation Grant.

**November 2016 COLA** – Consistent with RWA policy, pay scales and salaries were increased January 1, 2017 by 1.7% based on the November consumer price index for small western cities (attached). The updated pay scales are also attached.

## **9. DIRECTORS' COMMENTS**

Mr. Greenwood announced that 2017 calendars sponsored by Carmichael Water District and Barrett Middle School are available for sale. The art work was submitted by students of Barrett Middle School.

Ms. McKinney reported that the City of Roseville City Council nominated Susan Rohan as RWA representative and Scott Alvord as RWA alternate representative. Placer County Water Agency and the City of Roseville have joined together to participate in the planning of the proposed Sites Reservoir. PCWA and Roseville will share a seat on the Sites board, which will alternate annually.

Chair Peifer suggested that it would be good idea to figure out how the pension liability obligation will continue to be the responsibility of an RWA member who chooses to leave the organization.

## ADJOURNMENT

With no further business to come before the Executive Committee, Chair Peifer adjourned the meeting at 11:05 a.m.

By:

---

Chairperson

Attest:

---

Nancy Marrier, Board Secretary / Treasurer

**AGENDA ITEM 3b: CONSENT CALENDAR**

Draft minutes from the January 12, 2017 RWA Regular Board Meeting



1. CALL TO ORDER

Vice Chair Peifer 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  
Hilary Straus, Citrus Heights Water District  
Marcus Yasutake, City of Folsom  
Kelye McKinney, City of Roseville  
Jim Mulligan, City of Roseville  
Jim Peifer, City of Sacramento  
Quirina Orozco, City of West Sacramento  
Stan Cleveland, City of Yuba City  
Mike Paulucci, City of Yuba City  
Ryan Saunders, Del Paso Manor Water District  
Jim Abercrombie, El Dorado Irrigation District  
Michael Raffety, El Dorado Irrigation District  
Tom Nelson, Elk Grove Water District  
Mark Madison, Elk Grove Water District  
Randy Marx, Fair Oaks Water District  
Tom Gray, Fair Oaks Water District  
Paul Schubert, Golden State Water Agency  
Michael Schaefer, Orange Vale Water Company  
Robert Dugan, Placer County Water Agency  
Brent Smith, Placer County Water Agency  
Darlene Thiel, Rancho Murieta Community Services District  
Ralph Felix, 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  
Neil Schild, Sacramento Suburban Water District  
Pam Tobin, San Juan Water District

**RWA Associates**

Arthur Starkovich, SMUD and Brett Storey, Placer County

### **RWA Affiliate Members**

Jim Graydon, Brown & Caldwell, Mike O'Hagan, Forsgren Associates, Inc., Vanessa Nishikawa and Paul Marshall, MWH now a part of Stantec, Charles Duncan and Abigail Madrone, West Yost Associates

### **Staff Members**

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

### **Others in Attendance:**

Brad Arnold, Einar Maisch, Brian Hensley, David Gordon, Mitch Dion, Shauna Lorance, Roger Kohme, Dan York, Linda Scroggs, Davina Carboni, Karl Brustad and Ingrid Sheipline. Nicole Krotoski participated via conference call.

## **2. PUBLIC COMMENT**

John Woodling, Executive Director, introduced new RWA Board Members Tom Nelson, Elk Grove Water District, Mary Henrici, Rio Linda/Elverta Community Water District, Michael Raffety, El Dorado Irrigation District and Quirina Orozco, City of West Sacramento. Mr. Woodling also introduced Brad Arnold who will act as liaison between the California Department of Water Resources North Central Region office in West Sacramento and RWA staff. Mr. Arnold will be acting as the point of contact working with staff on IRWM efforts and different grant opportunities.

## **3. CONSENT CALENDAR**

- a. Minutes of the November 10, 2016 regular board meeting
- b. Approve November 10, 2016 RWA Regular Board Meeting minutes
- c. Adopt proposed RWA Board Meetings scheduled for 2017
- d. Accept the 2016 RWA Financial Audit Report
- e. Approve contractor selection for Water Efficiency Direct Install Program
- f. Approve Resolution No 2017-01 a Resolution of the Regional Water Authority Regarding Water Conservation Incentives

Motion/Second/Carried (M/S/C) Ms. McKinney moved, with a second by Ms. Tobin, to approve the consent calendar items. The motion carried by the unanimous voice vote of all directors present.

Ingrid Sheipline exited the meeting.

## **4. ACWA JPIA DIRECTOR REPRESENTATION**

RWA Vice Chair Peifer appointed Pam Tobin as the ACWA JPIA Director Representative for RWA.

## 5. REGIONAL WATER PLANNING EFFORTS UPDATE

Rob Swartz, Manager of Technical Services, gave an update on the various water management planning efforts that staff and members are involved with. There are three efforts that are currently being managed, the Regional Water Reliability Plan (RWRP), Regional Drought Contingency Plan (RDCP) and American River Basin Integrated Regional Water Management Plan (IRWM Plan). In the 2013 Strategic Plan, staff determined there was a need to increase local planning and increase the reliability of our agencies' water supplies. The RWRP involves assessing the vulnerabilities of each agency's supply and what measures can be implemented to overcome the vulnerabilities. The intent is to have "basic levels of service" as defined by each water agency under varying conditions. Staff will look at expanded conjunctive use and a Water Bank as key strategies to help mitigate threats faced by the region. The Regional Drought Contingency Plan includes drought monitoring, vulnerability assessment, mitigation actions, response actions, operational and administrative framework and updating response. Mr. Swartz explained the tasks, source of funding and the budget for the combined RDCP and RWRP efforts. On August 1, 2016 DWR released revised IRWM Planning Standards and the 2016 Planning Grant Proposal Solicitation Package. IRWM Plans will need to meet 2016 guidelines. There will be a project committee meeting February 8, 2017 to discuss funding issues and determine how to move the Drought Contingency, Water Reliability and IRWM plans forward together.

Mr. Swartz then provided an overview of two additional planning efforts that RWA will be involved with. The first is the American River Basin Study (ARBS). After Reclamation completed the Sacramento and San Joaquin Rivers Basin study they released a call for proposals for local studies that could refine the broader study. The American River Basin was interested in down-scaling some of the climate change projections that were done on a larger scale to assess what would happen in the American River Basin. Key objectives of the study are to integrate regional water supply reliability with operational flexibility for Reclamation's Folsom Dam and Reservoir and align regional management strategies and planning efforts with those of Reclamation. Mr. Swartz outlined the ARBS scope of work including climate change data and model development, conducting water supply and demand assessment to identify imbalances and developing and evaluating adaptation strategies. The role of RWA in ARBS is limited staff support in developing an application and developing an agreement with Reclamation, serving on the Executive Steering Committee, coordinating adaptation strategies with RWRP, providing RWRP costs as part of local share for ARBS and signing a Memorandum of Agreement with Reclamation.

M/S/C Ms. Tobin moved, with a second by Mr. Yasutake, to approve Resolution No. 2017-02 authorizing the Executive Director to Execute a Memorandum of Agreement with the Bureau of Reclamation to participate as a Non-Federal Partner in the American

River Basin Study with an amendment that the motion is contingent on approval of Legal Counsel. The motion carried by the unanimous voice vote of all directors present.

The second planning effort in which RWA will be involved is the Disadvantaged Community Involvement Program (DCIP). The DCIP is a new initiative that the Department of Water Resources launched in 2016 under Proposition 1. The intent of the program is to improve the engagement of disadvantaged communities in the IRWM process, to identify water management needs and to develop strategies and solutions for disadvantaged communities. There are six Regional Water Management Groups in the Sacramento River Funding Area. The Yuba County Water Agency has offered to serve as lead applicant and manager of the grant program. The first phase will be to conduct a needs assessment of disadvantaged communities (DACs) and the second phase will fund priority activities from the first phase. The nine DAC places in the ARB IRWM will be the focus of the Phase 1 work effort and will get formal needs assessments. Technical assistance will be delivered across the SRFA, using a consistent set of circuit riders from several entities who have demonstrated expertise in capacity-building for DACs. The ARB will have an additional work effort focused on outreach to underrepresented communities (URC), the groups that are not specifically identified through the state DAC methodology, but are largely economically disadvantaged and have traditionally had less representation in water planning and implementation. The effort will be a pilot effort focused in the ARB in the first year to develop a process to identify and outreach to URCs, work directly to provide benefit from one to three URCs and share case study results with the broader SRFA region. The results will determine whether to expand application of the strategy throughout SRFA.

The role for RWA in DCIP is to participate on an oversight committee, manage a contracted DAC coordinator to be funded by a grant, participate in a DAC needs assessment of the ARB area, participate in a pilot program to assess URC needs in the IRWM and provide a letter of support for the DCIP application.

M/S/C Ms. Henrici moved, with a second by Mr. Roscoe, to authorize the Executive Director to submit a letter to DWR supporting Yuba County Water Agency as the Applicant and Fiscal Lead for Disadvantaged Community Involvement Program Funding on behalf of the Sacramento River Funding Area. The motion carried by the unanimous voice vote of all directors present.

## **6. ELECT 2017 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. Vice Chair Peifer 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 2017 Executive Committee:

- Ron Greenwood, Carmichael Water District
- Robert Dugan, Placer County Water Agency
- Jim Peifer, City of Sacramento
- Kerry Schmitz, Sacramento County Water Agency
- Paul Schubert, Golden State Water Company
- Rob Roscoe, Sacramento Suburban Water District
- Marcus Yasutake, City of Folsom
- Kelye McKinney, City of Roseville
- Pam Tobin, San Juan Water District

## **7. ELECT 2017 RWA CHAIR AND VICE-CHAIR**

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

Mr. Jim Peifer was elected as the 2017 Chair.

Mr. Marcus Yasutake was elected as 2017 Vice-Chair.

Stan Cleveland and Mike Paulucci exited the meeting.

## **8. EXECUTIVE DIRECTOR'S REPORT**

Mr. Woodling thanked everyone for their participation in the Executive Committee election process.

Adam W. Robin, RWA's new program manager for the Legislative and Regulatory Advocacy Program, began work on December 6<sup>th</sup>. In addition to immediately beginning to address some of the region's most important issues, Adam will be setting up meetings with RWA staff and managers, and attending agency board meetings over the next several months.

**Government Affairs Update** – The State (DWR, State Water Resources Control Board and other agencies) released a draft report outlining a proposal for implementation of the Governor's Executive Order B-37-16. The report covers proposed changes to urban water management planning to better prepare for drought, as well as long term water conservation requirements for both ag and urban water use. RWA submitted comments, as did many RWA members. In addition, RWA and several members signed

on to a coalition letter that included 114 water agencies and associations from throughout the State. The administration has indicated that a final report will be released around January 20, 2017. Measures are expected to be implemented through rulemaking under existing law and through legislation where new authority is required. The State Water Resources Control Board (State Water Board) will hold a workshop on January 18, 2017 to hear staff proposals for modifying the emergency water conservation regulations. The current “stress test” requirements expire at the end of February.

DWR released the best management practices required under the Sustainable Groundwater Management Act before the deadline of January 1, 2017. DWR expects to release guidelines for Proposition 1 Sustainable Groundwater Management Grants in spring of 2017 and finalize the guidelines and solicit grant applications in summer of 2017. SGA staff will work with other proposed Groundwater Sustainability Agencies in the subbasin to develop a scope for preparation of our Groundwater Sustainability Plan (GSP) to be ready to seek funding. Alternatives to a GSP were due by January 1, 2017. Sacramento Central Groundwater Authority prepared an alternative for submission to cover the South American Subbasin. The document is available for review on their website at [scgah2o.org](http://scgah2o.org).

On December 2, 2016, the State Water Board emailed all drinking water systems with information regarding an upcoming statewide initiative to amend all domestic water supply permits. The proposed amendment would require systems to provide lead sampling services to K-12 schools within their service area upon request. While the permit amendments were expected to be issued to all water systems the week of December 20, in late December the Brown Administration initiated an additional review of the proposed permit amendment program with no announcement regarding a revised release date. RWA staff will continue to monitor this initiative and coordinate with ACWA and other statewide associations that are engaged on this issue.

AB 401 (Dodd, 2015) directs the SWRCB to prepare a plan for a potential Low-Income Water Rate Assistance Program and directs the State Water Board to report to the Legislature by February 1, 2018 with findings regarding the feasibility, financial stability, and desired structure for such a program, including any recommendations for legislative action. In October and November of 2016, State Water Board staff held a series of workshops around the State to solicit feedback from stakeholders. In early 2017, the State Water Board is expected to release a preliminary draft report that is based in part on the feedback received at the workshops. SWRCB staff have expressed a goal of releasing the final report well in advance of the February 2018 deadline. RWA staff will be tracking the release of the preliminary draft report and any related legislative activities.

The past few years have resulted in a number of new Board members from RWA member agencies. Staff is working to plan and schedule one or more Board Member Orientation presentations over the first few months of 2017. Following the March RWA Board meeting, a member orientation meeting may be scheduled for new board members as well as anyone who would like to attend. The orientation meeting will focus on building a foundation of understanding of RWA and to better understand the policies and procedures so the board can be more fully engaged.

Mr. Woodling gave the remaining RWA 15 year commemorative umbrellas to members who did not previously receive one.

Mr. Woodling will be reaching out to members for any ideas for future RWA activities and other things we could be doing like bulk purchasing programs for the region and Continuing Education Unit credits for some of the meetings that contain high technical content.

## **9. DIRECTORS' COMMENTS**

Mr. Yasutake thanked everyone for voting for him and giving him the opportunity to become the 2017 Executive Committee Vice Chair. The City of Folsom did approve a resolution supporting the American River Basin Study and the MOA.

Mr. Greenwood thanked everyone who voted for him. He looks forward to serving on the Executive Committee and doing what he can to benefit our region. We have a fantastic board and 2017 is going to be a great year.

Mr. Raffety said that El Dorado Irrigation District appreciates the support for the American River Basin Study.

Mr. Dugan thanked everyone for voting for him. For the benefit of new members, we have a big year ahead as our regional collaboration as we advocate for protecting our interests in everything that's coming our way from the state this year. He's proud to be part of the leadership team.

Ms. Henrici said that it is nice to be back and involved with the RWA.

Mr. Schubert reported that Golden State Water Company has a regional project going on-line. They will be taking Aerojet's discharged water from the American River, which will be treated at the Carmichael Water District Bajamont Plant, and then pumped to Golden State's service area in a new pipeline under the American River. Part of that project vision will also be looking at the interconnection with the City of Folsom.

Mr. Schild reported the Sacramento Suburban Water District January and February board meetings have been rescheduled to the fourth Monday in lieu of the third Monday to accommodate holidays.

Ms. Tobin thanked everyone for their vote of support in electing her to the Executive Committee for 2017. Paul Helliker is the new General Manager for San Juan Water District, effective March 6<sup>th</sup>.

Ms. Schmitz thanked the board for their vote for her to continue to serve on the Executive Committee. She's looking forward to a good year.

Ms. McKinney thanked everyone for the opportunity to serve on the Executive Committee. Since Pauline Roccucci has termed out, the City of Roseville Council will be considering committee assignments on January 18<sup>th</sup>. The West Placer Region is starting a regional outreach with the first outreach event scheduled for January 19<sup>th</sup>. For more information visit their website at [www.westplacergroundwater.com](http://www.westplacergroundwater.com).

Mr. Madison said that Tom Nelson is the new RWA Representative for Elk Grove Water District and has also been appointed their board chairman. Their District has two new board members, Lisa Madena and Sofia Sherman, former Elk Grove Mayor.

Mr. Peifer thanked the board for electing him as 2017 Executive Committee Chair. He welcomed Jim Abercrombie back after his health issues.

## **Adjournment**

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

By:

---

Chairperson

Attest:

---

Nancy Marrier, Board Secretary / Treasurer

## **AGENDA ITEM 3c: CONSENT CALENDAR**

### **BACKGROUND:**

RWA Policy 400.2 provides for an annual cost of living adjustment to the RWA salary schedule. CalPERS, pursuant to CCR 570.5, requires an adoption date for the revisions to be included in the salary schedule, and for the minutes of the meeting of the Board of Directors at which revisions were adopted to be transmitted to CalPERS.

### **EXECUTIVE COMMITTEE RECOMMENDATION:**

**Action: Approve Consent Calendar Items**

**EXHIBIT A  
RWA POLICY 400.2**

**MONTHLY SALARY SCHEDULE OF RWA POSITIONS**

Recommended Salary Ranges per Compensation Study

January 1, 2017

Revised March 9, 2017

<b>Classification</b>	<b>Step 1</b>	<b>Step 2</b>	<b>Step 3</b>	<b>Step 4</b>	<b>Step 5</b>	<b>Step 6</b>
Manager of Technical Services*	\$10,543	\$10,965	\$11,387	\$11,808	\$12,231	\$12,652
Principal Project Manager	\$9,585	\$9,969	\$10,352	\$10,735	\$11,119	\$11,502
Senior Project Manager	\$8,059	\$8,382	\$8,702	\$9,026	\$9,348	\$9,671
Associate Project Manager	\$6,367	\$6,623	\$6,879	\$7,134	\$7,390	\$7,645
Finance & Administrative Services Manager	\$6,406	\$6,662	\$6,918	\$7,172	\$7,430	\$7,686
Executive Assistant	\$4,391	\$4,565	\$4,743	\$4,919	\$5,095	\$5,272
Project Research Assistant	\$4,297	\$4,468	\$4,641	\$4,811	\$4,984	\$5,156

There is no range for the Executive Director position. The Executive Director's compensation is \$18,076 per month.

- \* Manager of Technical Services set at 10% above Principal Project Manager. Will be re-assessed at next compensation survey.
- \* 2% increase given on July 1, 2016 for employees to continue paying their portion of PERS retirement.

Exhibit A will be updated annually based on the November Consumer Price Index and/or when a new salary survey is completed. (2017 ranges include COLA per November 2016 CPI Index of 1.7%)

## **AGENDA ITEM 4: STRATEGIC PLAN PROGRESS DISCUSSION**

### **BACKGROUND:**

RWA adopted its *Strategic Plan 2013-2018+ in late 2013*. In the interim, a number of external factors have changed, including the drought emergency, the passage of the Sustainable Groundwater Management Act, and a new Administration proposal for permanent water conservation target setting authority.

The Executive Committee has discussed updating the strategic plan to address current realities at its January and February 2017 meetings. Staff will update the full board on progress in implementing the strategic plan, and outline a proposed process for seeking input on a plan update.

### **EXECUTIVE COMMITTEE RECOMMENDATION:**

Information Presentation: John Woodling, Executive Director

## **AGENDA ITEM 5: FISCAL YEAR 2017 – 2018 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 some strategic drivers of the proposed Fiscal Year 2017-2018 budget (“FY18 Budget”) at the January 25, 2017 and February 22, 2017 EC meetings. 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.

The following topics were discussed:

- 1) FY18 represents the first full year of implementation of the advocacy element of the strategic plan, including a full year of staffing costs. The Strategic Plan Fund that began in FY16 is helping to pay for this implementation in FY17 and FY18. This Strategic Plan Fund was funded by capping the operating fund at four months. Any available resources over four months were then directed towards this fund. The intent of the designation was to support future activities while limiting large single-year fee increases. It is expected that the strategic plan fund will no longer be needed by FY19 as rates will then support the new staff position. The four month cap on the operating fund will also be lifted.
- 2) The WEP Program Manager continues to assist 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 an RWA annual report. During the FY17 budget cycle, approximately 10% of the staffing costs associated with this position was shifted to RWA core dues to reflect the support provided to the core program by this position. Since this position supports multiple core programs, the FY18 budget will reflect an increase to 20% of staffing and related office costs to be funded by core dues. The subsequent years will also assume an increasing 10% per year (FY22 projected at 60% paid for by core dues). This offsets costs to the WEP Program, meaning WEP more fully funds direct public outreach costs.
- 3) In keeping with RWA’s direction in reducing the pension plan unfunded liability, the FY18 budget will reflect an additional payment above the required annual payment. The FY19 through FY22 budget also reflects a best guess at increased required costs and additional payments toward the unfunded liability that are now resulting from CalPERS reducing the discount rate from 7.5% to 7.0% as announced in December 2016. Staff will continue to work with the Executive Committee to quantify the unfunded pension liability and options for funding.
- 4) RWA will continue to fund the OPEB plan, including the expected increases as a result of the decreased discount rate and changes to the valuation as a result of implicit versus explicit subsidies valuation conducted July 1, 2015.

- 5) The IRWMP program is being fully funded by the core program, beginning in FY18. Historically the program was funded by a designation which has been fully utilized.
- 6) RWA's lease will be coming up for renewal at the beginning of fiscal year 2019 (August 2018). RWA will set aside costs for a potential move at the end of FY18. Chair Peifer appointed a building lease subcommittee that includes Marcus Yasutake, Ron Greenwood, Pam Tobin and John Woodling. The committee's charge is to look into leasing options and to possibly secure a long term lease. RWA staff negotiated a very favorable lease rate at the time ACWA JPIA moved out of the building. RWA needs to plan for a potential increase in the office lease in FY19.

Based upon the discussions above as well as historical financial information, the FY18 proposed budget is attached for your review.

### **Summary Budget Overview**

#### **Revenues**

- 1) A total 10% increase on general and associate membership fees is proposed. This 10% increase was forecast in the previous year. The increase is needed to fully implement the strategic plan, plus continuing to pay sums towards the unfunded pension liability. Some agencies may experience greater than 10% increase if connections increased from the previous year. Additionally, core revenues are now projected to cover 20% of the WEP manager costs and related office expenses.
- 2) No increases to affiliate membership fees are planned.
- 3) SGA service fees represent 50% sharable costs according to the Administrative Services Agreement and exclude the Water Efficiency Program staffing, the legislative program manager, and the retired annuitants for RWA and SGA. SGA does pay for 20% of the project assistant position.
- 4) Subscription program revenues provide 15% of needed RWA Core revenues and reflect income earned from providing staffing and office support to subscription based programs, including the WEP.
- 5) Powerhouse Science Center reflects five year allocated funding with FY19 as the final year.
- 6) 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 legislative program manager position. RWA Core dues are projected to pay for 20% of WEP program manager position and related office costs.
- 2) Shared staffing costs are allocated 50/50 to SGA and RWA which excludes the WEP program manager, legislative Program Manager, the project assistant position. The project assistant is allocated 20% to SGA. These

allocations result in 4.8 FTEs for RWA and 2.2 FTEs for SGA for a total of 7 fulltime positions.

- 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 2% of their PERS retirement contribution. In FY18, staff will pay 6% of their PERS portion. Beginning in FY19, staff will pay the full 7% employee share.
- 4) The FY18 budget now includes a legislative program manager staff position for a full year.
- 5) Benefit costs also include projected increases for CalPERS pension unfunded liability payments, OPEB and health care, and a reduction of a 2% employer pick up of the employee portion of PERS retirement benefits, so that RWA is only paying 1% of the employee portion in FY18.
- 6) Office cost increases are based upon estimated increases in FY18. For FY19 and beyond, these costs are estimated at 3% annual increases unless specific increases have been identified, such as the office lease renewal which is budgeted for an expected increase.
- 7) Professional fees now include IRWM consulting costs. It also includes higher audit, accounting and actuarial analysis fees due to the new reporting requirement for GASB 68 and implementation of GASB 75, increased public relations, stable legal costs, a compensation survey, and \$21,000 for unexpected items.
- 8) Other includes office equipment purchases and potential office move costs of \$20,000.
- 9) Core project expenses include costs associated with the Powerhouse Science Center partnership.

### **Revenues net of Expenses**

- 1) Core revenues in excess of core expenses project a net cash inflow of approximately \$53,300 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 \$572,100, largely due to the Water Energy Grant. Many subscription program expenses will be funded from previously collected funds which have been set aside for this purpose.
- 3) Combined core and subscription expenses versus revenues net a projected decrease in cash flow of approximately \$518,800 essentially caused by the subscription program timing of cash collections versus expenses.

### **Designations**

- 1) The operating fund is targeted at four months for FYE 17-18, 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 and/or undesignated.
- 2) The Strategic Plan Fund represents resources being set aside to fully implement the strategic plan. The FY18 budget anticipates using a portion of

this fund to pay for the new legislative program manager 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 FY17 to Proposed FY18 by subtotal for the core program reflects the overall net cash inflow of approximately \$53,300 and the effect on each type of designation.
- 5) The designations for the subscription program reflect a decrease of approximately \$572,100 over subscription based expenses, largely due to the water energy grant expected costs in FY18. 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 15% for FY18. Adopting the fiscal year 2017-2018 budget does not approve the subscription based programs.

- 1) Subscription program revenues are projected for the Water Efficiency Program (WEP Category 1 and 2), Prop 84 grant management and grant revenue, the regional reliability plan management fees, the government relations contract lobbyist, the 2014 drought grant management and grant revenue, the 2014 Water Energy grant management and grant revenues, and the 2015 IRWM grant. 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 FY18 is reflected in the changes in the individual restrictions.

## **Outlook for FY 2019**

In looking out to the future, RWA can anticipate another potential 10% increase in dues in FY19 in order to meet increased expenses related to new staffing, increased leasing costs, continue paying the unfunded pension plan liability, increased costs related to the change in discount rate, and continue paying for the shift of the WEP manager costs to be funded 30% by core dues. The unfunded pension plan liability cost is expected to increase due to the change in discount rate. FY19 and beyond does reflect increased budgeted 6% salary costs but does not incorporate increases that may arise due to revision of job classifications or compensation benchmark comparisons. Future projections assume RWA and SGA share staffing and administrative costs and subscription based programs will contribute 12% 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.

Presentation: John Woodling, Executive Director

### **EXECUTIVE COMMITTEE RECOMMENDATION:**

**Action: Approve Fiscal Year 2017 – 2018 Budget**



## 2017 - 2018 FYE Budget Summary

**Projected Fee Increase 10.00%**

**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. 10.00%  
Some agencies may experience a greater increase if connections increased from the prior year.
- 2) SGA Service Fees represents 50% cost sharing excluding staffing allocated to WEP, and the SGA retired annuitant.
- 3) SGA Service Fees pay the unfunded pension liability and represents an allocation to SGA of 39% allocation for FY16. This allocation is based upon CalPERS estimates. RWA anticipates that SGA will pay directly to CalPERS unfunded liability payments on a go forward basis.
- 4) Subscription Program core revenues contribute 15% towards Core operations and represent fees earned by RWA for providing staff consulting services and allocated office costs to the subscription programs.
- 5) 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. WEP also contributes \$5,000 per year for a total of \$50,000.
- 6) Other represents interest income and holiday social revenues.
- 7) Subscription Program represents revenues for subscription services from the Water Efficiency Program, Prop 50, Prop 84, Legislative Advocacy, Regional Reliability, Drought grant, Water Energy grant, and the USBR Meter 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 2017-2018 budget does not approve the subscription based programs.

### Expenses

- 1) Staffing costs include the WEP program staff.
- 2) Staff is allocated 50/50 to SGA and RWA, excluding the WEP position, the project assistant and the legislative staff. The project assistant splits time between SGA, WEP and RWA subscription projects. With the addition of a new legislative staff member, RWA's FTE is 4.8; SGA FTE is 2.2, for a total of 7 FTE and does not include the retired annuitants. Of the RWA 4.8 FTEs, WEP represents 1.4 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 continue to include additional annual payments to pay the unfunded PERS pension liability over the next several years. This budget assumes this liability and related required payments will increase based upon notification of decreasing the discount rate from 7.5% to 7.0% over the next several years.
- 4) Staffing expenses also reflect hiring the legislative manager 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 and FY18.



## 2017 - 2018 FYE Budget Summary

**Projected Fee Increase 10.00%**

**Combined Core & Subscription Program Budget**

**Major Assumptions - See Budget notes for other Budget assumptions**

- 5) The WEP project manager is projected to be funded 80% by WEP dues and 20% by RWA Core dues. Over time, the budget assumes the WEP project manager will be 100% funded by core dues, increasing funding by 10% per annum.
- 6) For FY17 and beyond, office costs generally assume 3% increases unless specific increases have been identified, such as the office lease.
- 7) 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. Additionally, it includes \$60,000 in consulting for IRWM related activities in FY18.
- 8) Other includes office equipment purchases and potential office move costs.
- 9) Core Project Expenses include Powerhouse Science Center expenses.
- 10) 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 \$518,800, mainly due to subscription expenses exceeding subscription fees and mainly from the timing of the water energy grant.
- 2) Core revenues are projected to exceed core expenses by approximately \$53,300
- 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. Eighty percent of the WEP project manager position cost 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. Twenty percent of the WEP project manager position is paid for by RWA core dues beginning in FY18.

### **Designations/Restrictions**

- 1) The Operating fund is capped at approximately 4 months for FYE 17-18. 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.
- 2) The designations and restrictions are broken out by type and subtotaled by core and subscription services. The total change in cash from Projected FY17 to Proposed FY18 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 FY18. The June 30, 2015 report estimates this amount at June 30, 2016 at approximately \$173,800 (net of the \$225,000 contribution made in FY16). The final total payment amount will depend upon the timing of partial payments over time since unpaid balances accrue additional interest costs in the range of 7.5% to



## 2017 - 2018 FYE Budget Summary

**Projected Fee Increase 10.00%**

**Combined Core & Subscription Program Budget**

**Major Assumptions - See Budget notes for other Budget assumptions**

6.0% per annum over time.

- 4) The Strategic Plan outlined hiring a legislative and regulatory manager 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. The Strategic Plan designation allowed RWA to hire a new staff position in FY 17. This designation will be used to partially fund the position in FY17 and FY18 and is anticipated to be drawn down by FY19.

### **FY16 Data sources**

The FY16 audited financial income statement was used for the various revenues and expenses, with some modifications. Since the budget does work with cash flows, certain items required adjustment to reflect the true cash flow of the organization. For example, the Powerhouse Science Center cash flow for fees collected was \$52,321. but the actual accounting revenue recognized was \$25,000.

### **FY19 and beyond**

- 1) These years assume that the WEP program manager and related office costs will shift over time from being supported by WEP dues to being supported by RWA dues. For FY19, WEP is forecasted to be supported by RWA dues by 30%, and this amount increases by 10% per annum.
- 2) The unfunded pension plan liability is expected to increase with the decline in discount rate. The exact increase is unknown, but estimates of the annual required contributions plus the additional contributions have been based upon CalPERS informational expected increases.
- 3) RWA's lease expires at the beginning of FY19. RWA could expect to incur some moving costs if the leasing location is moved.
- 4) RWA can expect to incur additional integrated water management costs which are currently not forecasted beyond FY18.



**2017 - 2018 FYE Budget Summary**

**Projected Fee Increase**

**10.00%**

**Summary Core only program - includes WEP staffing**

**See Budget Notes for Budget assumptions**

	Actual FY16	Budget FY17	Projected FY17	Proposed FY18	Comments
<b>Revenues</b>					
Dues	\$ 751,389	\$ 834,000	\$ 835,200	\$ 923,800	Increase to cover strategic plan costs and anticipated in FY17 Budget process
SGA Service Fee	\$ 468,679	\$ 560,300	\$ 541,400	\$ 595,100	Based upon shared costs.
SGA Service Fee - Unfunded Pension Liabilit	\$ 87,600	\$ -	\$ -	\$ -	SGA's portion of expected pension liability costs @ 39%.
IRWM	\$ -	\$ 25,000	\$ -	\$ -	IRWM now paid through Core dues
Subscription Programs					
WEP (C)	\$ 198,304	\$ 202,400	\$ 191,800	\$ 177,500	Cost reimbursement fees from WEP subscription program
Other (C)	\$ 67,368	\$ 75,900	\$ 92,473	\$ 95,400	Cost reimbursement fees from other subscription programs
Powerhouse Science Center - Members	\$ 52,321	\$ 65,000	\$ 62,600	\$ 60,000	Powerhouse Science Center - Member payment
Other	\$ 12,897	\$ 11,500	\$ 20,900	\$ 15,000	Interest, holiday social revenues
<b>Total Revenues</b>	<b>\$ 1,638,558</b>	<b>\$ 1,774,100</b>	<b>\$ 1,744,373</b>	<b>\$ 1,866,800</b>	
<b>Expenses</b>					
Staff	\$ 1,195,214	\$ 1,260,300	\$ 1,204,449	\$ 1,334,500	Includes 7 FTEs and CalPERS payment for unfunded liability in FY16 -FY18
Office	\$ 96,924	\$ 127,500	\$ 126,000	\$ 131,200	General 3% cost increases assumed unless specifically identified increase
Professional Fees	\$ 255,152	\$ 284,500	\$ 225,150	\$ 300,100	Audit, actuarial, PR, accounting, legal, IRWM, comp survey
Core Project Expenses	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	Powerhouse
Other	\$ 1,599	\$ 2,600	\$ 2,600	\$ 22,700	Office Furniture plus \$20K for office move
<b>Total Expenses</b>	<b>\$ 1,573,889</b>	<b>\$ 1,699,900</b>	<b>\$ 1,583,199</b>	<b>\$ 1,813,500</b>	
<b>Core Revenue less Expenses (A)</b>	<b>\$ 64,669</b>	<b>\$ 74,200</b>	<b>\$ 161,174</b>	<b>\$ 53,300</b>	Excludes Subscription programs. Positive result = core revenues < expenses; negative amount = expenses > revenues
<b>Cash, beginning</b>	\$ 874,236	\$ 979,336	\$ 938,905	\$ 1,100,079	
Source (Use) of Funds (A)	\$ 64,669	\$ 74,200	\$ 161,174	\$ 53,300	
Net change	\$ 64,669	\$ 74,200	\$ 161,174	\$ 53,300	
<b>Cash, ending</b>	<b>\$ 938,905</b>	<b>\$ 1,053,536</b>	<b>\$ 1,100,079</b>	<b>\$ 1,153,379</b>	
					Increase (decrease) in Cash
<b>DESIGNATIONS</b>					
Designations					
Operating Fund	\$ 456,200	\$ 534,300	\$ 505,400	\$ 582,200	\$ 76,800
Membership Dues Fund	\$ 112,700	\$ 125,100	\$ 123,900	\$ 137,200	\$ 13,300
Subscription Program Stabilization	\$ 26,000	\$ 27,800	\$ 28,400	\$ 27,300	\$ (1,100)
Pension Plan Unfunded Liability	\$ 42,000	\$ 42,000	\$ 42,000	\$ 45,000	\$ 3,000
IRWMP Program	\$ -	\$ 8,511	\$ -	\$ -	\$ -
Powerhouse Science Center	\$ 88,031	\$ 143,910	\$ 125,631	\$ 160,631	\$ 35,000
Strategic Plan Fund	\$ 155,900	\$ 96,915	\$ 199,748	\$ 101,048	\$ (98,700)
Non-designated cash	\$ 58,074	\$ 75,000	\$ 75,000	\$ 100,000	\$ 25,000
<b>Subtotal core cash</b>	<b>\$ 938,905</b>	<b>\$ 1,053,536</b>	<b>\$ 1,100,079</b>	<b>\$ 1,153,379</b>	<b>\$ 53,300</b>



**2017 - 2018 FYE Budget Summary**  
**Summary Program only**  
**See Program Notes for Budget Assumptions**

<b>Subscription Programs</b>		Actual FY16	Budget FY17	Projected FY17	Proposed FY18	
Revenues		\$ 9,416,526	\$ 6,504,900	\$ 8,381,500	\$ 12,651,200	Prop 84, IRWMP, Drought, Gov't Advocacy & WEP in FY17 Prop 50, Prop 84, WEP, CalFed Meter Prog; Government Advocacy in FY16
Expenses - Direct Program		\$ 9,158,768	\$ 6,472,800	\$ 7,947,523	\$ 12,950,400	Prop 50, Prop 84, WEP, CalFed Meter Prog; Government Advocacy
WEP Expenses - Allocated Program	(C)	\$ 198,304	\$ 202,400	\$ 191,800	\$ 177,500	Staffing and office costs allocated to subscription programs - WEP
Other Expenses - Allocated Program	(C)	\$ 67,368	\$ 75,900	\$ 92,473	\$ 95,400	Staffing and office costs allocated to other subscription programs
		\$ 9,424,440	\$ 6,751,100	\$ 8,231,796	\$ 13,223,300	
Net subscription income (loss)	(B)	\$ (7,914)	\$ (246,200)	\$ 149,704	\$ (572,100)	
<b>Cash, beginning</b>		\$ 668,329	\$ 845,629	\$ 902,320	\$ 1,052,024	
Source (Use) of Funds		\$ (7,914)	\$ (246,200)	\$ 149,704	\$ (572,100)	
Advance adjustments		\$ 241,905	\$ -	\$ -	\$ -	Adjusting for cash used versus accrual accounting of costs
<b>Cash, ending</b>		\$ 902,320	\$ 599,429	\$ 1,052,024	\$ 479,924	
						Increase (decrease) in Cash (FY16 to FY17)
<b>Restrictions and advances</b>						
2015 IRWM Grant (P84 Round 3)		\$ -	\$ 20,000	\$ -	\$ -	\$ -
2015 IRWM Grant (WEP R3)		\$ -	\$ -	\$ 7,500	\$ -	\$ (7,500)
USBR CALFED Meter Programs		\$ 14,966	\$ 2,245	\$ -	\$ -	\$ -
USBR CALFED WaterSMART Meter		\$ 15,416	\$ -	\$ -	\$ -	\$ -
USBR CALFED Retrofits		\$ 131,391	\$ -	\$ -	\$ -	\$ -
Government Relations Contract Lobbyist		\$ 77,806	\$ 70,000	\$ 72,806	\$ 72,806	\$ -
Prop 84 Grant Management		\$ 112,090	\$ 96,652	\$ -	\$ -	\$ -
Prop 50 Grant Management		\$ 17,439	\$ 15,250	\$ 6,939	\$ 5,739	\$ (1,200)
2014 Drought Application		\$ 72,833	\$ -	\$ -	\$ -	\$ -
2014 Drought Management		\$ 59,953	\$ 40,000	\$ 60,153	\$ 60,053	\$ (100)
Water Energy Grant		\$ 100,000	\$ -	\$ 562,600	\$ -	\$ (562,600)
Regional Reliability		\$ -	\$ -	\$ 50,000	\$ -	\$ (50,000)
SRCS D		\$ -	\$ 3,323	\$ 3,200	\$ -	\$ (3,200)
Water Efficiency Program - Cat 1		\$ 376,122	\$ 496,559	\$ 369,522	\$ 422,022	\$ 52,500
Water Efficiency Program - Cat 2		\$ (75,696)	\$ (144,600)	\$ (80,696)	\$ (80,696)	\$ -
		\$ 902,320	\$ 599,429	\$ 1,052,024	\$ 479,924	\$ (572,100)

Reconcile Summary Split to Summary Table		Projected FY17	Proposed FY18	
Core Program Income (Loss)	(A)	\$ 161,174	(A) \$ 53,300	
Subscription Program Income (loss)	(B)	\$ 149,704	(B) \$ (572,100)	
<b>RWA Total</b>	(D)	\$ 310,878	(D) \$ (518,800)	See Summary Combined Table



**2017 - 2018 FYE Budget Summary**  
**Projected Fee Increase**  
**Combined Core & Subscription Program Budget**  
**See Budget and Program Notes for Budget Assumptions**

10.00%

	Projected FY17	Proposed FY18	Change from Prior Year	Comments
<b>Revenues</b>				
Dues	\$ 835,200	\$ 923,800	\$ 88,600	Projected rate increase 10.00%
SGA Service Fee	\$ 541,400	\$ 595,100	\$ 53,700	Based upon shared costs
SGA - Unfunded Pension Liability	\$ -	\$ -	\$ -	SGA anticipated to pay it's unfunded liability directly
Powerhouse Science - RWA Members	\$ 62,600	\$ 60,000	\$ (2,600)	Powerhouse Science Center collected from members over 5 years
Other	\$ 20,900	\$ 15,000	\$ (5,900)	Interest, holiday social
Subscription Program	\$ 8,381,500	\$ 12,651,200	\$ 4,269,700	Prop 50, Prop 84, WEP, Water Meter grants and retrofits, Legislative Advocacy, regional reliability, water energy
<b>Total Revenues</b>	<b>\$ 9,841,600</b>	<b>\$ 14,245,100</b>	<b>\$ 4,403,500</b>	
<b>Expenses</b>				
Staff	\$ 1,204,449	\$ 1,334,500	\$ 130,051	All staff costs, includes water policy staff in Q2.
Office	\$ 126,000	\$ 131,200	\$ 5,200	General 3% cost increases assumed and some specific cost increases
Professional Fees	\$ 225,150	\$ 300,100	\$ 74,950	Audit, PR, accounting, legal, actuary, IRWM, comp survey
Core Project Expenses	\$ 25,000	\$ 25,000	\$ -	Powerhouse Science Center
Other expenses	\$ 2,600	\$ 22,700	\$ 20,100	Office equipment plus approximate \$20K move in FY18
Subscription Program	\$ 7,947,523	\$ 12,950,400	\$ 5,002,877	Prop 50, Prop 84, WEP, Legislative Advocacy, USBR meter programs, regional reliability, water energy grant
<b>Total Expenses</b>	<b>\$ 9,530,722</b>	<b>\$ 14,763,900</b>	<b>\$ 5,233,178</b>	
<b>Revenues net of Expenses (D)</b>	<b>\$ 310,878</b>	<b>\$ (518,800)</b>	<b>\$ (829,678)</b>	
<b>Cash, beginning</b>	<b>\$ 1,841,225</b>	<b>\$ 2,152,103</b>	<b>\$ 310,878</b>	
Source (Use) of Funds	\$ 310,878	\$ (518,800)	\$ (829,678)	
<b>Cash, ending</b>	<b>\$ 2,152,103</b>	<b>\$ 1,633,303</b>	<b>\$ (518,800)</b>	
<b>DESIGNATIONS/RESTRICTIONS/ADVANCES</b>			Increase (decrease) in Cash	
<i>Designations</i>				
Operating Fund	\$ 505,400	\$ 582,200	\$ 76,800	
Membership Dues Fund	\$ 123,900	\$ 137,200	\$ 13,300	
Subscription Program Stabilization	\$ 28,400	\$ 27,300	\$ (1,100)	
Pension Plan Unfunded Liability	\$ 42,000	\$ 45,000	\$ 3,000	
Powerhouse Science Center	\$ 125,631	\$ 160,631	\$ 35,000	
Strategic Plan Fund	\$ 199,748	\$ 101,048	\$ (98,700)	
Non-designated cash	\$ 75,000	\$ 100,000	\$ 25,000	
<b>Subtotal core cash</b>	<b>\$ 1,100,079</b>	<b>\$ 1,153,379</b>	<b>\$ 53,300</b>	
<i>Restrictions and advances</i>				
2015 IRWM Grant (P84 R3)	\$ -	\$ -	\$ -	
2015 IRWM Grant (WEP R3)	\$ 7,500	\$ -	\$ (7,500)	
Prop 50 grant Management	\$ 6,939	\$ 5,739	\$ (1,200)	
Prop 84 Grant Management	\$ -	\$ -	\$ -	
2014 Drought Grant Management	\$ 60,153	\$ 60,053	\$ (100)	
Water Energy Grant	\$ 562,600	\$ -	\$ (562,600)	
Regional Reliability	\$ 50,000	\$ -	\$ (50,000)	
USBR CALFED Meter Programs	\$ -	\$ -	\$ -	
Government Relations Contract Lobbyist	\$ 72,806	\$ 72,806	\$ -	
SRCS D	\$ 3,200	\$ -	\$ (3,200)	
Water Efficiency Program - Cat 1	\$ 369,522	\$ 422,022	\$ 52,500	
Water Efficiency Program - Cat 2	\$ (80,696)	\$ (80,696)	\$ -	
<b>Subtotal program restrictions</b>	<b>\$ 1,052,024</b>	<b>\$ 479,924</b>	<b>\$ (572,100)</b>	
<b>Total Cash Designations/Restrictions</b>	<b>\$ 2,152,103</b>	<b>\$ 1,633,303</b>	<b>\$ (518,800)</b>	

% increase in fees: actual & projected FY18 general				10.00%		10.00%	10.00%	10.00%	10.00%	10.00%
% increase in fees: actual & projected FY17 associate/affiliate		11.00%		10.00%		8.00%	8.00%	8.00%	8.00%	8.00%
% increase in expenses		3.00%		3.00%		3.00%	3.00%	3.00%	3.00%	3.00%

Total FTE	6	7		6.6	7		7	7	7	7
RWA FTE	3.8	4.8		4.4	4.8		4.8	4.8	4.8	4.8

**RWA PROPOSED FY' 2017-2018 BUDGET PROJECTION**

**5-Year Projection**

	RWA FY 16 Actual Per Audit	RWA FY 17 Budget	RWA FY 17 Actual at Dec. 2016	RWA Total FY 17 Projected		RWA FY 18 Budget	Notes		RWA Projected FY 19	RWA Projected FY 20	RWA Projected FY 21	RWA Projected FY 22
<b>ANNUAL REVENUES</b>			rounded									
<b>OPERATING REVENUES</b>												
General Assessments/Fees	\$ 713,814	\$ 792,800	\$ 784,900	\$ 784,900		\$ 863,500	1		\$ 949,900	\$ 1,044,900	\$ 1,149,400	\$ 1,264,300
Associate Membership Fee	\$ 31,200	\$ 34,800	\$ 41,300	\$ 41,300		\$ 51,300	2		\$ 51,300	\$ 51,300	\$ 51,300	\$ 51,300
Affiliate Membership Fee	\$ 6,375	\$ 6,400	\$ 9,000	\$ 9,000		\$ 9,000	3		\$ 9,000	\$ 9,000	\$ 9,000	\$ 9,000
SGA Service Agreement Fee	\$ 468,679	\$ 560,300	\$ 214,300	\$ 541,400		\$ 595,100	4		\$ 621,800	\$ 670,000	\$ 704,000	\$ 756,900
SGA Service Agreement Fee - Pension	\$ 87,600	\$ -	\$ -	\$ -		\$ -	5		\$ -	\$ -	\$ -	\$ -
WEP Subscription Program	\$ 198,304	\$ 202,400	\$ 81,500	\$ 191,800		\$ 177,500	6		\$ 169,200	\$ 158,600	\$ 145,100	\$ 129,100
Subscription Program - other	\$ 67,368	\$ 75,900	\$ 56,400	\$ 92,473		\$ 95,400	6		\$ 54,700	\$ 1,200	\$ 1,200	\$ 1,200
IRWMP - From Designation	\$ -	\$ 25,000	\$ -	\$ -		\$ -			\$ -	\$ -	\$ -	\$ -
Powerhouse Science Center - Members	\$ 52,321	\$ 65,000	\$ 62,600	\$ 62,600		\$ 60,000	7		\$ 60,000	\$ -	\$ -	\$ -
Miscellaneous Revenues	\$ 6,010	\$ 7,300	\$ 15,000	\$ 15,000		\$ 8,000	8		\$ 8,800	\$ 9,700	\$ 10,700	\$ 11,800
Interest Income	\$ 6,887	\$ 4,200	\$ 2,900	\$ 5,900		\$ 7,000	9		\$ 7,600	\$ 7,500	\$ 8,600	\$ 8,700
<b>TOTAL REVENUE</b>	<b>\$ 1,638,558</b>	<b>\$ 1,774,100</b>	<b>\$ 1,267,900</b>	<b>\$ 1,744,373</b>		<b>\$ 1,866,800</b>			<b>\$ 1,932,300</b>	<b>\$ 1,952,200</b>	<b>\$ 2,079,300</b>	<b>\$ 2,232,300</b>
<b>STAFF EXPENSES (General):</b>												
Staff Salaries/Wages - 100%	\$ 653,292	\$ 793,800	\$ 348,300	\$ 764,114		\$ 867,200	10		\$ 918,800	\$ 964,400	\$ 1,012,300	\$ 1,062,600
Benefits	\$ 257,332	\$ 341,000	\$ 108,600	\$ 310,235		\$ 325,900	11		\$ 348,200	\$ 387,000	\$ 442,200	\$ 501,000
Pension Plan Unfunded Liability	\$ 225,000	\$ 42,000	\$ -	\$ 42,000		\$ 42,000	12		\$ 45,000	\$ 50,000	\$ 55,000	\$ 60,000
Payroll Taxes	\$ 43,602	\$ 62,700	\$ 18,000	\$ 61,100		\$ 69,400	13		\$ 73,500	\$ 77,200	\$ 81,000	\$ 85,000
Travel/Meals/Conferences	\$ 13,282	\$ 15,600	\$ 5,200	\$ 22,000		\$ 25,000	14		\$ 25,800	\$ 26,600	\$ 27,400	\$ 28,200
Professional Development/Training	\$ 2,706	\$ 5,200	\$ 1,600	\$ 5,000		\$ 5,000	15		\$ 5,200	\$ 5,400	\$ 5,600	\$ 5,800
<b>TOTAL GENERAL STAFF EXPENSES</b>	<b>\$ 1,195,214</b>	<b>\$ 1,260,300</b>	<b>\$ 481,700</b>	<b>\$ 1,204,449</b>		<b>\$ 1,334,500</b>			<b>\$ 1,416,500</b>	<b>\$ 1,510,600</b>	<b>\$ 1,623,500</b>	<b>\$ 1,742,600</b>

% increase in fees: actual & projected FY18 general				10.00%		10.00%	10.00%	10.00%	10.00%	10.00%
% increase in fees: actual & projected FY17 associate/affiliate			11.00%		10.00%		8.00%	8.00%	8.00%	8.00%
% increase in expenses			3.00%		3.00%		3.00%	3.00%	3.00%	3.00%
Total FTE	6	7		6.6	7		7	7	7	7
RWA FTE	3.8	4.8		4.4	4.8		4.8	4.8	4.8	4.8

**RWA PROPOSED FY' 2017-2018 BUDGET PROJECTION**

**5-Year Projection**

	RWA FY 16 Actual Per Audit	RWA FY 17 Budget	RWA FY 17 Actual at Dec. 2016	RWA Total FY 17 Projected		RWA FY 18 Budget	Notes		RWA Projected FY 19	RWA Projected FY 20	RWA Projected FY 21	RWA Projected FY 22
<b>OFFICE EXPENSES:</b>												
Rent & Utilities Contract	\$ 19,497	\$ 25,000	\$ 10,400	\$ 25,000		\$ 25,000	16		\$ 50,000	\$ 50,000	\$ 50,000	\$ 50,000
General Liability Insurance	\$ 23,586	\$ 25,000	\$ 25,000	\$ 25,000		\$ 25,800	17		\$ 26,600	\$ 27,400	\$ 28,200	\$ 29,000
Office Maintenance	\$ -	\$ 3,100	\$ -	\$ 500		\$ 500	18		\$ 600	\$ 700	\$ 800	\$ 900
Postage and Postal Meter	\$ 2,927	\$ 3,100	\$ 500	\$ 3,000		\$ 3,100	19		\$ 3,200	\$ 3,300	\$ 3,400	\$ 3,500
Telephone/internet/web hosting	\$ 10,811	\$ 11,300	\$ 4,000	\$ 11,000		\$ 12,000	20		\$ 12,400	\$ 12,800	\$ 13,200	\$ 13,600
Meetings & Annual Banquet	\$ 9,048	\$ 13,500	\$ 11,600	\$ 15,000		\$ 14,000	21		\$ 14,400	\$ 14,800	\$ 15,200	\$ 15,700
Printing/Supplies	\$ 14,220	\$ 26,400	\$ 6,000	\$ 26,400		\$ 27,200	23		\$ 28,000	\$ 28,800	\$ 29,700	\$ 30,600
Dues & Subscriptions	\$ 7,593	\$ 7,700	\$ 5,000	\$ 7,900		\$ 11,000	24		\$ 11,300	\$ 11,600	\$ 11,900	\$ 12,300
Computer hardware/software	\$ 4,254	\$ 5,200	\$ 3,900	\$ 5,200		\$ 5,400	25		\$ 5,600	\$ 5,800	\$ 6,000	\$ 6,200
Computer maintenance	\$ 4,988	\$ 7,200	\$ 2,400	\$ 7,000		\$ 7,200	26		\$ 7,400	\$ 7,600	\$ 7,800	\$ 8,000
<b>TOTAL OFFICE EXPENSE</b>	<b>\$ 96,924</b>	<b>\$ 127,500</b>	<b>\$ 68,800</b>	<b>\$ 126,000</b>		<b>\$ 131,200</b>			<b>\$ 159,500</b>	<b>\$ 162,800</b>	<b>\$ 166,200</b>	<b>\$ 169,800</b>
<b>PROFESSIONAL FEES</b>												
RWA Legal	\$ 50,940	\$ 70,000	\$ 21,500	\$ 50,000		\$ 50,000	27		\$ 52,500	\$ 55,100	\$ 57,900	\$ 60,800
RWA/SGA Audit and GASB report	\$ 20,476	\$ 19,100	\$ 650	\$ 19,750		\$ 23,000	28		\$ 28,000	\$ 29,400	\$ 30,900	\$ 32,400
ADP Payroll Services/banking	\$ 1,590	\$ 1,900	\$ 800	\$ 1,900		\$ 2,000	29		\$ 2,100	\$ 2,200	\$ 2,300	\$ 2,400
RWA Consultants	\$ 182,146	\$ 193,500	\$ 85,000	\$ 153,500		\$ 225,100	30		\$ 159,300	\$ 195,200	\$ 182,700	\$ 208,900
<b>TOTAL PROFESSIONAL FEES</b>	<b>\$ 255,152</b>	<b>\$ 284,500</b>	<b>\$ 107,950</b>	<b>\$ 225,150</b>		<b>\$ 300,100</b>			<b>\$ 241,900</b>	<b>\$ 281,900</b>	<b>\$ 273,800</b>	<b>\$ 304,500</b>
<b>OTHER EXPENSES</b>												
Office furniture & Fixed Assets - Net	\$ 1,599	\$ 2,600	\$ -	\$ 2,600		\$ 2,700	31		\$ 2,800	\$ 2,900	\$ 3,000	\$ 3,100
Office Move	\$ -	\$ -	\$ -	\$ -		\$ 20,000			\$ -	\$ -	\$ -	\$ -
New Server	\$ -	\$ -	\$ -	\$ -		\$ -	31		\$ -	\$ 15,000	\$ -	\$ -
<b>TOTAL Other Expenses</b>	<b>\$ 1,599</b>	<b>\$ 2,600</b>	<b>\$ -</b>	<b>\$ 2,600</b>		<b>\$ 22,700</b>			<b>\$ 2,800</b>	<b>\$ 17,900</b>	<b>\$ 3,000</b>	<b>\$ 3,100</b>
<b>CORE PROJECT EXPENSES</b>												
Powerhouse Science Center	\$ 25,000	\$ 25,000	\$ -	\$ 25,000		\$ 25,000	32		\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000
<b>Total Core Project Expenses</b>	<b>\$ 25,000</b>	<b>\$ 25,000</b>	<b>\$ -</b>	<b>\$ 25,000</b>		<b>\$ 25,000</b>			<b>\$ 25,000</b>	<b>\$ 25,000</b>	<b>\$ 25,000</b>	<b>\$ 25,000</b>
<b>TOTAL EXPENSES</b>	<b>\$ 1,573,889</b>	<b>\$ 1,699,900</b>	<b>\$ 658,450</b>	<b>\$ 1,583,199</b>		<b>\$ 1,813,500</b>	33		<b>\$ 1,845,700</b>	<b>\$ 1,998,200</b>	<b>\$ 2,091,500</b>	<b>\$ 2,245,000</b>
<b>Net Income (Loss) - Total</b>	<b>\$ 64,669</b>	<b>\$ 74,200</b>	<b>\$ 609,450</b>	<b>\$ 161,174</b>		<b>\$ 53,300</b>	34		<b>\$ 86,600</b>	<b>\$ (46,000)</b>	<b>\$ (12,200)</b>	<b>\$ (12,700)</b>

% increase in fees: actual & projected FY18 general				10.00%		10.00%	10.00%	10.00%	10.00%	10.00%
% increase in fees: actual & projected FY17 associate/affiliate		11.00%		10.00%		8.00%	8.00%	8.00%	8.00%	
% increase in expenses		3.00%		3.00%		3.00%	3.00%	3.00%	3.00%	3.00%
Total FTE	6	7		6.6	7	7	7	7	7	7
RWA FTE	3.8	4.8		4.4	4.8	4.8	4.8	4.8	4.8	4.8

**RWA PROPOSED FY' 2017-2018 BUDGET PROJECTION**

**5-Year Projection**

	RWA FY 16 Actual Per Audit	RWA FY 17 Budget	RWA FY 17 Actual at Dec. 2016	RWA Total FY 17 Projected		RWA FY 18 Budget	Notes		RWA Projected FY 19	RWA Projected FY 20	RWA Projected FY 21	RWA Projected FY 22
<b>CALCULATED CASH RESERVES</b>												
CASH available, Beginning	\$ 874,236	\$ 979,336	\$ 938,905	\$ 938,905		\$ 1,100,079	35		\$ 1,153,379	\$ 1,239,979	\$ 1,193,979	\$ 1,181,779
SOURCE (USE) OF FUNDS	\$ 64,669	\$ 74,200	\$ 609,450	\$ 161,174		\$ 53,300	34		\$ 86,600	\$ (46,000)	\$ (12,200)	\$ (12,700)
CASH available, Ending	\$ 938,905	\$ 1,053,536	\$ 1,548,355	\$ 1,100,079		\$ 1,153,379	36		\$ 1,239,979	\$ 1,193,979	\$ 1,181,779	\$ 1,169,079
Operating Fund (4 to 6 months)	\$ 456,200	\$ 534,300	\$ 219,500	\$ 505,400		\$ 582,200	37		\$ 821,700	\$ 787,900	\$ 781,400	\$ 773,100
Membership Dues Stabilization @ 15%	\$ 112,700	\$ 125,100	\$ 123,900	\$ 123,900		\$ 137,200	38		\$ 150,200	\$ 164,400	\$ 180,100	\$ 197,300
Subscription Progr. Stabilization @ 10%	\$ 26,000	\$ 27,800	\$ 27,800	\$ 28,400		\$ 27,300	39		\$ 22,400	\$ 16,000	\$ 14,600	\$ 13,000
Pension Plan Unfunded Liability	\$ 42,000	\$ 42,000	\$ 42,000	\$ 42,000		\$ 45,000	40		\$ 50,000	\$ 55,000	\$ 60,000	\$ 65,000
IRWMP Designated Fund	\$ -	\$ 8,511	\$ -	\$ -		\$ -	41		\$ -	\$ -	\$ -	\$ -
Powerhouse Science Center Fund	\$ 88,031	\$ 143,910	\$ 150,631	\$ 125,631		\$ 160,631	42		\$ 195,631	\$ 170,631	\$ 145,631	\$ 120,631
Strategic Plan Fund	\$ 155,900	\$ 96,915	\$ 155,900	\$ 199,748		\$ 101,048	43		\$ -	\$ -	\$ -	\$ -
Non-designated Cash	\$ 58,074	\$ 75,000	\$ 828,624	\$ 75,000		\$ 100,000	44		\$ 48	\$ 48	\$ 48	\$ 48
Total Cash in bank	\$ 938,905	\$ 1,053,536	\$ 1,548,355	\$ 1,100,079		\$ 1,153,379	36		\$ 1,239,979	\$ 1,193,979	\$ 1,181,779	\$ 1,169,079
# of months core + non-designated cash covers expenses	4.7	4.6		4.6		4.7	45		5.6	4.9	4.7	4.3

**RWA**  
**FY 2017-2018 BUDGET PROJECTION NOTES**  
**CORE ONLY**

- 1 Assumes a 10% 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 now five 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. RWA anticipates that SGA will begin paying it's share of the unfunded liability directly to CalPERS in FY17.
- 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 and is projected to decrease it's contribution to the CORE program over time as the cost of funding the WEP manager and related office costs is shifting incrementally at 10% per year. For FY18, RWA is projecting a 20% shift of costs being paid by RWA Core dues..
- 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.

**RWA**  
**FY 2017-2018 BUDGET PROJECTION NOTES**  
**CORE ONLY**

- 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.
- 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 legislative and regulatory staff position that started in December 2016. FY18 reflects full year of this position.
- 11 Benefits include employer PERS, medical, vision, dental, disability insurance, OPEB and workers' compensation for the seven staff members. FY 2018 budget anticipates an increase in medical costs of 7.0%, other costs at 3% and OPEB costs to fund explicit and implicit subsidy and using the implicit credit subsidy from current employees as calculated by the actuaries. Reflects employees paying 2% more of their CalPERS contribution so RWA's contribution for the employees' share drops from 3% to 1%. In FY18, a salary compensation study will be done and will include the additional 1%, so that by FY19, classic employees pay their 7% share of CalPERS contribution.
- 12 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. Beginning in FY19, CalPERS will decrease the discount rate from 7.5% to 6.5%, increasing the unfunded liability as much as 40%. This budget reflects continued additional annual down payments to pay down this unfunded liability. See note 40 for additional details.
- 13 Payroll taxes for seven staff members. Payroll taxes for the retired annuitant are included in the retired annuitant costs.
- 14 Travel and conferences.
- 15 Includes computer training and other professional development classes.
- 16 In accordance with ACWA/JPIA lease. The current lease expires in FY18. FY18 built in moving costs of \$20K.

**RWA**  
**FY 2017-2018 BUDGET PROJECTION NOTES**  
**CORE ONLY**

- 17 No increase in costs for property and liability coverage obtained through ACWA JPIA forecasted for the coming year.
- 18 Includes costs for office maintenance needs.
- 19 Reflects mailing activities and cost of postage machine rental.
- 20 Includes telephone and conference call costs, web hosting for the website and internet service costs.
- 21 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
- 22 Not used
- 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. The Executive Committee continued the contract with Richardson and Company to make a smooth transition with the CalPERS issue with SGA for one year only in FY18. Will need new auditors for FY19.
- 29 Payroll service costs for 7 employees, two retired annuitants, plus commercial banking fees.

**RWA**  
**FY 2017-2018 BUDGET PROJECTION NOTES**  
**CORE ONLY**

- 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 but expected to use about \$30K. Also includes \$60K for IRWM work in FY18.
- 31 Includes furniture. Anticipates a possible replacement of the server in FY20 and website overhaul in FY16. Includes potential moving costs related to the lease expiration in FY19.
- 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.
- 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.

**RWA**  
**FY 2017-2018 BUDGET PROJECTION NOTES**  
**CORE ONLY**

- 40 The total estimate for the unfunded pension liability for RWA at June 30, 2016 is approximately \$173,171 based upon CalPERS June 30, 2015 report and does include the \$225,000 payment. This unfunded liability will be split between SGA and RWA, allocating 39% to SGA. 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 did include contributions from SGA to fund the payment. CalPERS decided in November 2016 to lower the discount rate beginning in FY18 over a period of time until the rate reaches 6.5%. The change in discount rate could increase the unfunded liability by 40%. This budget reflects a continued path to pay additional unfunded liability contributions every year.
- 41 This subscription program ended in FY14 with the remaining funds assigned to RWA core to be used for purposes related to updating or maintaining the IRWMP as a RWA Core Project activity. Core dues must now fund this core activity and is reflected as part of the consulting costs.
- 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 5 years, placed in a designation and will be paid out over 15 years. The California Water Awareness Campaign contributed \$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).
- 43 The strategic plan outlined staffing a legislative and regulatory manager 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 6 months in FY17) 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' 2017-2018 Program Budget Projection								
	RWA FY 16 Actual	RWA FY 17	RWA FY 17 Dec. 2016	RWA Total FY 17		FY 18 Proposed Budget	Notes		Projected FY 19	Projected FY 20	Projected FY 21	Projected FY 22
<b>REVENUES/GRANTS/AGREEMENTS</b>												
Proposition 50 Grant Management Fees	\$ 17,204	\$ -	\$ 8,200	\$ 12,000		\$ -	1,2		\$ -	\$ -	\$ -	\$ -
Prop. 50 Grant Awards	\$ 4,716,191	\$ -	\$ 302,000	\$ 377,000		\$ -	2		\$ -	\$ -	\$ -	\$ -
2015 IRWM Grant Application	\$ 30,000	\$ -	\$ -	\$ -		\$ -	3		\$ -	\$ -	\$ -	\$ -
2015 IRWM Grant Pass Through (RWA R3)	\$ -	\$ -	\$ -	\$ 205,500		\$ 657,000	3		\$ -	\$ -	\$ -	\$ -
2015 IRWM Grant Management Fees (RWA R3)	\$ -	\$ 45,000	\$ 15,000	\$ 17,000		\$ 20,000	3		\$ 30,500	\$ -	\$ -	\$ -
2015 IRWM Grant Pass Through (WEP R3)	\$ -	\$ -	\$ 119,800	\$ 210,000		\$ 611,000	3		\$ -	\$ -	\$ -	\$ -
2015 IRWM Grant Management Fees (WEP R3)	\$ -	\$ -	\$ 7,500	\$ 11,800		\$ 8,600	3		\$ -	\$ -	\$ -	\$ -
Regional Reliability Plan Management Fees	\$ -	\$ -	\$ 255,200	\$ 450,000		\$ 350,000	4		\$ -	\$ -	\$ -	\$ -
2014 Drought Application Fees	\$ 14,447	\$ -	\$ -	\$ -		\$ -	5		\$ -	\$ -	\$ -	\$ -
2014 Drought Grant Management Fees	\$ -	\$ -	\$ -	\$ 96,000		\$ 46,000	6		\$ -	\$ -	\$ -	\$ -
2014 Drought Grant Reimbursements from DWR	\$ 1,127,128	\$ 2,000,000	\$ 35,300	\$ 1,705,800		\$ 3,400,500	7		\$ -	\$ -	\$ -	\$ -
2014 Water Energy Grant Management Fees	\$ -	\$ -	\$ 200,000	\$ 509,100		\$ 10,100	8		\$ -	\$ -	\$ -	\$ -
2014 Water Energy Grant Reimbursements DWR	\$ 27,354	\$ -	\$ 22,500	\$ 1,212,800		\$ 1,212,800	9		\$ -	\$ -	\$ -	\$ -
Proposition 84 Grant Management	\$ 14,555	\$ -	\$ -	\$ 15,000		\$ 12,000	10		\$ -	\$ -	\$ -	\$ -
Proposition 84 Reimbursements from DWR	\$ 1,660,980	\$ 3,798,300	\$ -	\$ 2,700,000		\$ 5,400,000	11		\$ -	\$ -	\$ -	\$ -
USBR CalFed Meter 2013 fees	\$ 4,951	\$ -	\$ -	\$ -		\$ -	12		\$ -	\$ -	\$ -	\$ -
USBR CalFed Meter 2014 fees	\$ 2,550	\$ -	\$ -	\$ -		\$ -	13		\$ -	\$ -	\$ -	\$ -
USBR CalFed WaterSmart Meter 2014 Fees	\$ 2,100	\$ -	\$ -	\$ -		\$ -	14		\$ -	\$ -	\$ -	\$ -
USBR CalFed Retrofits 2014 Fees	\$ 390,288	\$ -	\$ 76,500	\$ 76,500		\$ -	15		\$ -	\$ -	\$ -	\$ -
American River Basin (ARB Plan of Study)	\$ -	\$ -	\$ 30,000	\$ 30,000		\$ -	16		\$ -	\$ -	\$ -	\$ -
Labor Compliance Revenues	\$ 13,886	\$ -	\$ -	\$ -		\$ -	17		\$ -	\$ -	\$ -	\$ -
American River Basin Proposal	\$ 15,000	\$ -	\$ -	\$ -		\$ -	18		\$ -	\$ -	\$ -	\$ -
Government Relations Contract Lobbyist Fees	\$ 122,194	\$ 130,000	\$ -	\$ 115,000		\$ 120,000	19		\$ 120,000	\$ 120,000	\$ 120,000	\$ 120,000
Water Efficiency Program Admin. Fees (Cat.1)	\$ 597,873	\$ 431,600	\$ 431,600	\$ 431,600		\$ 453,200	20		\$ 453,200	\$ 453,200	\$ 453,200	\$ 453,200
Water Efficiency Grant Revenues (Cat. 2)	\$ 656,502	\$ 100,000	\$ 93,000	\$ 200,000		\$ 350,000	21		\$ 350,000	\$ 350,000	\$ 350,000	\$ 350,000
Water Efficiency Program Admin. Fees (Cat. 2)	\$ 3,323	\$ -	\$ 6,400	\$ 6,400		\$ -	21		\$ -	\$ -	\$ -	\$ -
<b>TOTAL PROGRAM REVENUE</b>	<b>\$ 9,416,526</b>	<b>\$ 6,504,900</b>	<b>\$ 1,603,000</b>	<b>\$ 8,381,500</b>		<b>\$ 12,651,200</b>			<b>\$ 953,700</b>	<b>\$ 923,200</b>	<b>\$ 923,200</b>	<b>\$ 923,200</b>
<b>PROGRAM EXPENSES</b>												
Proposition 50 Grant Management	\$ 7,914	\$ 5,000	\$ 3,100	\$ 15,000		\$ -	1,2		\$ -	\$ -	\$ -	\$ -
Prop. 50 Grant Payments	\$ 4,716,191	\$ -	\$ 302,000	\$ 377,000		\$ -	2		\$ -	\$ -	\$ -	\$ -
2015 IRWM Grant Application Expenses	\$ 29,996	\$ -	\$ -	\$ -		\$ -	3		\$ -	\$ -	\$ -	\$ -
2015 IRWM Grant Pass Through (RWA R3)	\$ -	\$ -	\$ -	\$ 205,500		\$ 657,000	3		\$ -	\$ -	\$ -	\$ -
2015 IRWM Grant Management (RWA R3)	\$ -	\$ -	\$ -	\$ -		\$ -	3		\$ -	\$ -	\$ -	\$ -
2015 IRWM Grant Pass Through (WEP R3)	\$ 71,669	\$ -	\$ 119,800	\$ 210,000		\$ 611,000	3		\$ -	\$ -	\$ -	\$ -
2015 IRWM Grant Management Expenses (WEP R3)	\$ -	\$ -	\$ -	\$ -		\$ 7,500	3		\$ -	\$ -	\$ -	\$ -
Regional Reliability Plan Direct Expenses	\$ 41,607	\$ -	\$ 58,900	\$ 400,000		\$ 400,000	4		\$ -	\$ -	\$ -	\$ -
2014 Drought Application	\$ -	\$ -	\$ -	\$ 72,833		\$ -	5		\$ -	\$ -	\$ -	\$ -
2014 Drought Grant Management	\$ -	\$ -	\$ -	\$ 75,800		\$ -	6		\$ 37,053	\$ -	\$ -	\$ -
2014 Drought Grant Disbursements from DWR	\$ 1,111,642	\$ 2,000,000	\$ 35,300	\$ 1,705,800		\$ 3,400,500	7		\$ -	\$ -	\$ -	\$ -
2014 Water Energy Grant Management	\$ -	\$ -	\$ 27,100	\$ 30,000		\$ 568,400	8		\$ -	\$ -	\$ -	\$ -
2014 Water Energy Grant Reimbursements DWR	\$ 21,284	\$ -	\$ 22,500	\$ 1,212,800		\$ 1,212,800	9		\$ -	\$ -	\$ -	\$ -
Proposition 84 implementation Grant Management	\$ -	\$ -	\$ -	\$ 112,090		\$ -	10		\$ -	\$ -	\$ -	\$ -
Proposition 84 payments to Member Agencies	\$ 1,660,980	\$ 3,798,300	\$ -	\$ 2,700,000		\$ 5,400,000	11		\$ -	\$ -	\$ -	\$ -

<b>Regional Water Authority</b> See Budget Projection Notes for Budget Assumptions				<b>FY' 2017-2018 Program Budget Projection</b>								
	<b>RWA</b>	<b>RWA</b>	<b>RWA</b>	<b>RWA</b>		<b>FY 18</b>	<b>Notes</b>		<b>Projected</b>	<b>Projected</b>	<b>Projected</b>	<b>Projected</b>
	<b>FY 16</b>		<b>FY 17</b>	<b>Total</b>		<b>Proposed</b>			<b>FY 19</b>	<b>FY 20</b>	<b>FY 21</b>	<b>FY 22</b>
USBR CalFed Meter 2013	\$ -	\$ -	\$ -	\$ -		\$ -	12		\$ -	\$ -	\$ -	\$ -
USBR CalFed Meter 2014	\$ -	\$ 24,400	\$ -	\$ 12,500		\$ -	13		\$ -	\$ -	\$ -	\$ -
USBR CalFed WaterSmart Meter 2014	\$ -	\$ 21,300	\$ -	\$ 12,500		\$ -	14		\$ -	\$ -	\$ -	\$ -
USBR CalFed Retrofits 2014	\$ 389,113	\$ 178,400	\$ 127,800	\$ 204,300		\$ -	15		\$ -	\$ -	\$ -	\$ -
American River Basin (ARB Plan of Study)	\$ -	\$ -	\$ 18,100	\$ 30,000		\$ -	16		\$ -	\$ -	\$ -	\$ -
Labor Compliance Revenues	\$ 13,886	\$ -	\$ -	\$ -		\$ -	17		\$ -	\$ -	\$ -	\$ -
American River Basin Proposal	\$ 14,964	\$ -	\$ -	\$ -		\$ -	18		\$ -	\$ -	\$ -	\$ -
Government Relations Contract Lobbyist & Fees	\$ 122,194	\$ 130,000	\$ 60,000	\$ 120,000		\$ 120,000	19		\$ 120,000	\$ 120,000	\$ 120,000	\$ 120,000
Water Efficiency Program Admin. (Cat. 1)	\$ 283,247	\$ 231,400	\$ 51,300	\$ 251,400		\$ 223,200	20		\$ 241,300	\$ 234,700	\$ 225,500	\$ 214,000
Water Efficiency Grant Payments (Cat. 2)	\$ 674,081	\$ 84,000	\$ 156,600	\$ 200,000		\$ 350,000	21		\$ 350,000	\$ 350,000	\$ 350,000	\$ 350,000
Water Efficiency Program Admin. (Cat. 2)	\$ -	\$ -	\$ -	\$ -		\$ -	21		\$ -	\$ -	\$ -	\$ -
Staffing and Office Program Management	\$ 265,672	\$ 278,300	\$ 137,900	\$ 284,273		\$ 272,900	22		\$ 223,900	\$ 159,800	\$ 146,300	\$ 130,300
<b>TOTAL PROGRAM EXPENSES</b>	<b>\$ 9,424,440</b>	<b>\$ 6,751,100</b>	<b>\$ 1,120,400</b>	<b>\$ 8,231,796</b>		<b>\$ 13,223,300</b>			<b>\$ 972,253</b>	<b>\$ 864,500</b>	<b>\$ 841,800</b>	<b>\$ 814,300</b>
<b>Net Income (Loss)</b>	<b>\$ (7,914)</b>	<b>\$ (246,200)</b>	<b>\$ 482,600</b>	<b>\$ 149,704</b>		<b>\$ (572,100)</b>	23		<b>\$ (18,553)</b>	<b>\$ 58,700</b>	<b>\$ 81,400</b>	<b>\$ 108,900</b>

Regional Water Authority See Budget Projection Notes for Budget Assumptions				FY' 2017-2018 Program Budget Projection								
	RWA FY 16	RWA	RWA FY 17	RWA Total		FY 18 Proposed	Notes		Projected FY 19	Projected FY 20	Projected FY 21	Projected FY 22
<b>CASH RESERVES</b>												
Beginning reserves	\$ 668,329	\$ 845,629	\$ 902,320	\$ 902,320		\$ 1,052,024	24		\$ 479,924	\$ 461,371	\$ 520,071	\$ 601,471
<b>SOURCE (USE) OF FUNDS</b>	\$ (7,914)	\$ (246,200)	\$ 482,600	\$ 149,704		\$ (572,100)	23		\$ (18,553)	\$ 58,700	\$ 81,400	\$ 108,900
ADVANCE ADJUSTMENTS	\$ 241,905	\$ -	\$ -	\$ -		\$ -	25		\$ -	\$ -	\$ -	\$ -
<b>CASH RESERVES, Ending</b>	<b>\$ 902,320</b>	<b>\$ 599,429</b>	<b>\$ 1,384,920</b>	<b>\$ 1,052,024</b>		<b>\$ 479,924</b>	<b>26</b>		<b>\$ 461,371</b>	<b>\$ 520,071</b>	<b>\$ 601,471</b>	<b>\$ 710,371</b>
<b>Subscription Program Designations/Advanced Revenues</b>												
Water Efficiency Program - Category 1	\$ 376,122	\$ 496,559	\$ 677,422	\$ 369,522		\$ 422,022	27		\$ 464,722	\$ 524,622	\$ 607,222	\$ 717,322
Water Efficiency Program - Category 2	\$ (75,696)	\$ (144,600)	\$ (141,796)	\$ (80,696)		\$ (80,696)	27		\$ (80,696)	\$ (80,696)	\$ (80,696)	\$ (80,696)
<b>Subtotal - Designations</b>	<b>\$ 300,426</b>	<b>\$ 351,959</b>	<b>\$ 535,626</b>	<b>\$ 288,826</b>		<b>\$ 341,326</b>	<b>26</b>		<b>\$ 384,026</b>	<b>\$ 443,926</b>	<b>\$ 526,526</b>	<b>\$ 636,626</b>
<b>Advanced Revenues (recognized as income when expenses are incurred)</b>												
2015 IRWM Grant (RWA R3)	\$ -	\$ 20,000	\$ 9,600	\$ -		\$ -			\$ -	\$ -	\$ -	\$ -
2015 IRWM Grant (WEP R3)	\$ -	\$ -	\$ 5,800	\$ 7,500		\$ -			\$ -	\$ -	\$ -	\$ -
USBR CALFED Meter Grant 2014	\$ 14,966	\$ 2,245	\$ 12,966	\$ -		\$ -			\$ -	\$ -	\$ -	\$ -
USBR CalFed WaterSmart Meter 2014	\$ 15,416	\$ -	\$ 13,416	\$ -		\$ -			\$ -	\$ -	\$ -	\$ -
USBR CALFED Retrofits 2014	\$ 131,391	\$ -	\$ 76,491	\$ -		\$ -			\$ -	\$ -	\$ -	\$ -
Government Relations Contract Lobbyist	\$ 77,806	\$ 70,000	\$ 17,806	\$ 72,806		\$ 72,806			\$ 72,806	\$ 72,806	\$ 72,806	\$ 72,806
Prop 84 Grant Management	\$ 112,090	\$ 96,652	\$ 100,090	\$ -		\$ -			\$ -	\$ -	\$ -	\$ -
Prop 50 Grant Management	\$ 17,439	\$ 15,250	\$ 16,239	\$ 6,939		\$ 5,739			\$ 4,539	\$ 3,339	\$ 2,139	\$ 939
2014 Drought Application	\$ 72,833	\$ -	\$ 72,833	\$ -		\$ -			\$ -	\$ -	\$ -	\$ -
2014 Drought Management	\$ 59,953	\$ 40,000	\$ 52,653	\$ 60,153		\$ 60,053			\$ -	\$ -	\$ -	\$ -
2014 Water Energy	\$ 100,000	\$ -	\$ 258,400	\$ 562,600		\$ -			\$ -	\$ -	\$ -	\$ -
Regional Reliability Plan	\$ -	\$ -	\$ 196,300	\$ 50,000		\$ -			\$ -	\$ -	\$ -	\$ -
American River Basin (ARB Plan of Study)	\$ -	\$ -	\$ 11,900	\$ -		\$ -			\$ -	\$ -	\$ -	\$ -
SRCS D	\$ -	\$ 3,323	\$ 4,800	\$ 3,200		\$ -			\$ -	\$ -	\$ -	\$ -
<b>Subtotal - Advances</b>	<b>\$ 601,894</b>	<b>\$ 247,470</b>	<b>\$ 849,294</b>	<b>\$ 763,198</b>		<b>\$ 138,598</b>	<b>28</b>		<b>\$ 77,345</b>	<b>\$ 76,145</b>	<b>\$ 74,945</b>	<b>\$ 73,745</b>
<b>Total</b>	<b>\$ 902,320</b>	<b>\$ 599,429</b>	<b>\$ 1,384,920</b>	<b>\$ 1,052,024</b>		<b>\$ 479,924</b>			<b>\$ 461,371</b>	<b>\$ 520,071</b>	<b>\$ 601,471</b>	<b>\$ 710,371</b>

**RWA PROGRAM**  
**FY 2017-2018 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 concluded in FY17, but there are ongoing reporting requirements to the state for 10 years. Funds for reporting have been collected and are reflected in advanced revenues. See note 28 below. At the conclusion of final reporting, any unused funds will be returned to participating agencies.
- 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 collected fees for program management. This IRWM grant though DWR developed and executed a funding agreement for the \$1.757 million grant award from the 2015 Proposition 84 Integrated Regional Water Management Implementation Grant to support four priority projects in the region, including a regional water efficiency grant.
- 4 The Regional Reliability Plan is a subscription project launched in FY17. Funding for the project include \$50k from the IRWM designation, fees collected from project participants, reimbursement from a Drought Contingency Planning Grant awarded to Placer County Water Agency in FY16, and reimbursement from a Prop 1 Planning Grant awarded to RWA in FY17. Expenses are to fund consultant support to develop the plan, which will include an update to the RWA Integrated Regional Water Management Plan.
- 5 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 6)
- 6 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 and were collected from participating agencies in FY16 and are reflected in advanced revenue (see note 28). 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 and is expected to be completed in FY18.
- 7 The 2014 drought grant reimbursements from DWR and disbursements to member agencies.

- 8 The 2014 Water Energy grant with DWR to develop a funding agreement for a \$2.5 million award from the DWR 2014 Water-Energy Grant Program. The project addresses the Sacramento region disadvantaged communities' (DACs) need to replace high-water-use and high-energy-use fixtures with more efficient fixtures to lower income households. The contractor-based and customer-based project provides fixtures directly to customers free of charge. The Project will replace approximately 30,000 fixtures, and will conserve more than 1,500 million gallons (MG) of water and 1,600 megawatts (MW) of energy in DACs in the service areas of Sacramento, West Sacramento, Sacramento Suburban Water District (SSWD) and California American (CalAm). Fees are being collected from participating agencies to fund contractor activities while awaiting reimbursement from the grant. At the conclusion of the project, the fees collected will be returned to participating agencies.
- 9 The 2014 Water Energy grant reimbursements from DWR and disbursements to member agencies.
- 10 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.
- 11 The Proposition 84 grant reimbursements from DWR and disbursements to member agencies.
- 12 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.
- 13 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.

- 14 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.
- 15 The third of three grants was for the USBR CalFed Retrofit grant. An application for a direct install indoor efficient fixtures was 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.
- 16 The American River Basin Study (ARBS) Letter Proposal - This was a fee collected in FY17 to fund development of a proposal to USBR to conduct a detailed analysis of supply and demand under future climate conditions in the American River Basin. Fees were provided by five agencies that will participate in the study - the cities of Folsom, Roseville, and Sacramento, El Dorado County Water Agency, and Placer County Water Agency. The fees were used to fund consultant support to develop the proposal in FY17.
- 17 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.
- 18 The ARBS Plan of Study Development - This was a fee to fund development of a detailed Plan of Study (POS) for the ARBS. USBR announced an award of federal funds to support the ARBS in FY17. In order to complete an agreement with USBR to receive the support, the POS needed to be submitted. Fees were collected from the participating agencies identified in note 16 above. The fees are being used to fund direct consulting support to complete the POS.
- 19 Represents the program to hire a contract lobbyist to help with state legislative issues.
- 20 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.

- 21 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.
- 22 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 80% and the project assistant at 60% time, for a total of 1.4 FTEs for WEP.
- 23 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.
- 24 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.
- 25 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.
- 26 Represents the remaining net cash amounts reserved for subscription programs to fulfill future program obligations.
- 27 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.
- 28 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 2017-2018 Fee Schedule

### RWA Annual Dues - Updated Connections

Fee increase:

10.00%

Agency	Type	2016-2017 Annual Dues (A)	Proposed RWA 2017-2018 Annual Dues using updated Connections (B)	Powerhouse Science Center (PSC)
California American Water	Large	\$ 61,646	\$ 67,811	\$ 4,885
Carmichael Water District	Medium	\$ 21,288	\$ 23,035	\$ 1,842
Citrus Heights Water District	Medium	\$ 35,422	\$ 39,152	\$ 3,178
City of Folsom	Medium	\$ 36,559	\$ 40,460	\$ 3,038
City of Lincoln	Medium	\$ 32,190	\$ 35,427	\$ 1,620
City of Roseville	Large	\$ 61,646	\$ 67,811	\$ 4,885
City of Sacramento/Dept. of Utilities	Large	\$ 61,646	\$ 67,811	\$ 4,885
City of West Sacramento	Medium	\$ 27,419	\$ 29,672	\$ 1,908
City of Yuba City	Medium	\$ 33,387	\$ 36,744	\$ 2,824
Del Paso Manor Water District	Small	\$ 5,300	\$ 5,847	\$ 415
El Dorado Irrigation District	Large	\$ 61,646	\$ 67,811	\$ 4,885
Elk Grove Water District	Medium	\$ 22,019	\$ 24,233	\$ 1,754
Fair Oaks Water District	Medium	\$ 24,870	\$ 27,566	\$ 2,190
Golden State Water Company	Medium	\$ 29,580	\$ 32,958	\$ 2,414
Orange Vale Water Company	Small	\$ 7,903	\$ 8,693	\$ 626
Placer County Water Agency	Large	\$ 61,646	\$ 67,811	\$ 4,885
Rancho Murrieta CSD	Small	\$ 7,903	\$ 8,570	\$ 618
Rio Linda/Elverta Water District	Small	\$ 7,903	\$ 8,693	\$ 626
Sacramento County Water Agency	Large	\$ 61,646	\$ 67,811	\$ 4,885
Sacramento Suburban Water District	Large	\$ 61,646	\$ 67,811	\$ 4,885
San Juan Water District (10,070 FY04; 10,561 FY13)	Large	\$ 61,646	\$ 67,811	\$ 1,733
<b>TOTALS</b>		<b>\$ 784,913</b>	<b>\$ 863,535</b>	<b>\$ 58,981</b>

RWA Associate Members	2016-2017 Annual Dues	2017-2018 Annual Dues	PSC
Placer County	\$ 6,520	\$ 12,900	\$ 1,340
El Dorado County Water Agency	\$ 4,700	\$ 5,200	\$ 537
Sacramento Area Flood Control Agency	\$ 6,700	\$ 7,400	\$ 756
Sacramento Municipal Utilities District	\$ 11,700	\$ 12,900	\$ 1,340
SRCSD	\$ 11,700	\$ 12,900	\$ 1,340
<b>ASSOCIATE MEMBER TOTALS</b>	<b>\$ 41,320</b>	<b>\$ 51,300</b>	<b>\$ 5,313</b>

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.

**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: LEGISLATIVE AND REGULATORY UPDATE**

### **BACKGROUND:**

RWA staff will update the Board on legislative and regulatory issues including:

- a. Long-Term Urban Water Efficiency Legislation
- b. SWRCB Emergency Urban Water Conservation Regulation
- c. Proposition 218 - SB 231 and SCA 4
- d. SWRCB AB 401 (2015) Statewide Low-Income Water Rate Assistance Program
- e. SWRCB Lead Sampling of Drinking Water in California Schools Initiative

RWA staff will also provide an update on Lobbyist Subscription Program activities, membership, and recommended positions/priorities on legislation.

Discussion: Adam Robin, Legislative and Regulatory Affairs Project Manager

### **EXECUTIVE COMMITTEE RECOMMENDATION:**

**Action: Adopt Positions on Legislation**

**AGENDA ITEM 7: EXECUTIVE DIRECTOR'S REPORT**

**MARCH 9, 2017**

**TO: REGIONAL WATER AUTHORITY BOARD OF DIRECTORS**

**FROM: JOHN WOODLING**

**RE: EXECUTIVE DIRECTOR'S REPORT**

- a. Water Efficiency Update** – In January 2017, the region saved 9.6% compared to January 2013. For reference, the region saved 11.5% in 2016, 2.6% in 2015, and had an increase of 18.9% in 2014, all compared to January 2013. The format of the monthly savings summary report has been updated to align with the start of a new calendar year and the modified State Water Board timeline of June 2016 through current month to represent the implementation of the “stress test” methodology. Current January state savings information is not available at this time.
- b. Grants Update** – Staff is currently managing four grants totaling \$30 million. RWA has received confirmation from DWR that the \$25 million 2006 DWR Prop 50 Implementation Grant terms have been met (see enclosed letter). DWR is in the process of releasing the final retention on the project. In February, RWA received a commitment letter from DWR for the \$250K 2016 Prop 1 Integrated Regional Water Management Planning Grant award. The grant will be used to update the American River Basin IRWM Plan to meet updated standards released in 2016.
- c. ACWA Update** – Mr. Woodling attended the ACWA DC Conference and participated with RWA member agency staff in visits to legislators and staff. Conference attendees heard from panels of legislators, staff, and media on a number of issues. Notable was a recent executive order from the Trump Administration on the Waters of the United States (WOTUS) under the Clean Water Act. The order reverses Obama Administration Actions that would have greatly expanded the applicability of the Clean Water Act. The Trump Administration to Infrastructure funding is very uncertain at this time. Several legislators expressed the opinion that a work on infrastructure funding would not come until next year, after other priorities such as the Affordable Care Act and tax cuts are resolved. Additionally, it is unclear what form infrastructure funding will take, and to what degree water will be in the mix.

On March 10, 2017, The ACWA Board of Directors will consider a policy statement regarding the State Water Resources Control Board's approach to flow setting for the Bay-Delta Water Quality Control Plan Update. If that policy is approved, staff will bring a resolution of support to the RWA Board for consideration in May.

- d. Financial Documents** – The financial reports for the period ending January 31, 2017 are attached.

**DEPARTMENT OF WATER RESOURCES**

1416 NINTH STREET, P.O. BOX 942836  
SACRAMENTO, CA 94236-0001  
(916) 653-5791



January 30, 2017

Rob Swartz  
Regional Water Authority  
5620 Birdcage, Suite # 180  
Citrus Heights, CA 95610

Subject: Regional Water Authority, Proposition 50 Implementation Grant Program,  
Agreement 4600007651, Project Closeout and Grant Closure

Dear Mr. Swartz:

The California Department of Water Resources (DWR) has released retention in the amount of \$75,629.46 for Project 12 – Sunset Industrial Area Groundwater Supply Improvements (Project 12) of the subject grant agreement. Please provide us notice when you receive the last remaining retention payment.

This letter serves as notification that contractual obligations, with the exception of Post Performance Reporting, for the above referenced grant agreement between Regional Water Authority and DWR have been fulfilled. In accordance with the Submission of Reports section of the grant agreement, please submit your first Post Performance Report for Project 12 no later than March 30, 2017. Post Performance Reporting has already begun for all other projects in the grant, which are required to be submitted annually for 10 years. Post Performance Reports provide DWR, the legislature, and the public updates of the benefits yielded by State grant funding. Note that failure to submit these reports is a violation of the grant agreement. All Post Performance Reports should be transmitted to DWR as an email attachment and in a Microsoft Word compatible format or as a PDF. The email should be sent to [DWR\\_IRWM@water.ca.gov](mailto:DWR_IRWM@water.ca.gov). The subject line of the email should include the agreement number and "Post-Performance Report". As per the Project 9 Close-Out email submitted to your Agency on December 12, 2016, Post Performance Reports will not be required for Project 9 – Consumnes River Management Opportunities (TNC).

Please be mindful that the Grantee is obligated to continue records retention as there is a potential for a post completion audit of the Grant. Also, transmitted with this letter is a performance evaluation for you to retain for your records.

Thank you for your interest in the Proposition 50 IRWM Grant Program and your efforts to manage water resources in the American River Basin. If you have any questions, please contact Jason Brabec at [Jason.Brabec@water.ca.gov](mailto:Jason.Brabec@water.ca.gov) or 916-657-4893.

Sincerely,

A handwritten signature in black ink, appearing to read "Zaffar Eusuff".

Zaffar Eusuff, Implementation Program Manager  
Financial Assistance Branch  
Division of Integrated Regional Water Management

# REGIONAL WATER AUTHORITY

## Income Statement

Year-to-Date Performance, January 2017  
Department 10 to 20

	<i>7 Months Ended January 31, 2017</i>	<i>Annual Budget</i>	<i>Unused</i>	<i>% Used</i>
<b>REVENUES</b>				
Annual Assessments	784,911.00	792,800.00	7,889.00	99.0 %
Affiliate Members Annual	9,000.00	6,400.00	(2,600.00)	140.6 %
Associate Membership Annual	41,320.00	34,800.00	(6,520.00)	118.7 %
Powerhouse Science Center - Members	73,383.00	60,000.00	(13,383.00)	122.3 %
Powerhouse Science Center - Others	0.00	5,000.00	5,000.00	
SGA Service Agreement Fees	258,325.35	560,300.00	301,974.65	46.1 %
Holiday Social Revenue	6,930.00	7,300.00	370.00	94.9 %
15th Anniversary Revenue	7,155.00	0.00	(7,155.00)	
Miscellaneous Revenue	1,035.00	0.00	(1,035.00)	
Cash Discounts	158.90	0.00	(158.90)	
Interest on S/T Investments	7,240.00	4,200.00	(3,040.00)	172.4 %
<b>TOTAL REVENUES</b>	<b>1,189,458.25</b>	<b>1,470,800.00</b>	<b>281,341.75</b>	<b>80.9 %</b>
<b>Adjustments</b>				
Fees Adjustments	(1.00)	0.00	1.00	
<b>TOTAL Adjustments</b>	<b>(1.00)</b>	<b>0.00</b>	<b>1.00</b>	
<b>TOTAL REVENUE</b>	<b>1,189,457.25</b>	<b>1,470,800.00</b>	<b>281,342.75</b>	<b>80.9 %</b>
<b>GROSS PROFIT</b>	<b>1,189,457.25</b>	<b>1,470,800.00</b>	<b>281,342.75</b>	<b>80.9 %</b>
<b>OPERATING EXPENDITURES</b>				
<b>Staff Expenses</b>				
General Salaries	410,182.68	793,800.00	383,617.32	51.7 %
Benefits/Taxes	134,714.41	445,700.00	310,985.59	30.2 %
Travel / Meals	9,777.46	15,600.00	5,822.54	62.7 %
Professional Development	1,616.50	5,200.00	3,583.50	31.1 %
<b>TOTAL Staff Expenses</b>	<b>556,291.05</b>	<b>1,260,300.00</b>	<b>704,008.95</b>	<b>44.1 %</b>
<b>Office Expenses</b>				
Rent & Utilities	12,483.72	25,000.00	12,516.28	49.9 %
Insurance	24,688.00	25,000.00	312.00	98.8 %
Office Maintenance	0.00	3,100.00	3,100.00	
Telephone	5,268.61	11,300.00	6,031.39	46.6 %
Dues and Subscription	5,729.32	7,700.00	1,970.68	74.4 %
Printing & Supplies	7,216.80	26,400.00	19,183.20	27.3 %
Postage	515.42	3,100.00	2,584.58	16.6 %

	<i>7 Months Ended January 31, 2017</i>	<i>Annual Budget</i>	<i>Unused</i>	<i>% Used</i>
Meetings	13,256.44	13,500.00	243.56	98.2 %
Computer Equipment/Support	6,828.10	12,400.00	5,571.90	55.1 %
TOTAL Office Expenses	75,986.41	127,500.00	51,513.59	59.6 %
Office Furniture & Equipment				
Office Furniture	835.18	2,600.00	1,764.82	32.1 %
TOTAL Office Furniture & Equipment	835.18	2,600.00	1,764.82	32.1 %
Professional Fees				
ADP / Banking Charges	986.98	1,900.00	913.02	51.9 %
Audit Fees	19,600.00	19,100.00	(500.00)	102.6 %
Legal Fees	25,247.06	70,000.00	44,752.94	36.1 %
GASB 68 reporting fee	650.00	650.00	0.00	100.0 %
Consulting Expenses - General	101,000.03	162,850.00	61,849.97	62.0 %
Powerhouse Science Center Payments	0.00	25,000.00	25,000.00	
TOTAL Professional Fees	147,484.07	279,500.00	132,015.93	52.8 %
TOTAL OPERATING EXPENDITURES	780,596.71	1,669,900.00	889,303.29	46.7 %
OPERATING INCOME (LOSS)	408,860.54	(199,100.00)	(607,960.54)	-205.4 %
NET OPERATING INCOME (LOSS)	408,860.54	(199,100.00)	(607,960.54)	-205.4 %
NET INCOME (LOSS) NET OF PROGRAM	408,860.54	(199,100.00)	(607,960.54)	-205.4 %



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

For the period ending January 2017

Cash in checking account:	\$	235,096
LAIF Balance	\$	2,445,740

For the period of October 1 to January 2017

Total cash receipts for the period:	\$	2,091,697
-------------------------------------	----	-----------

Total cash disbursements for the period:	\$	2,004,506
--	----	-----------



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

For the month ending:	Unaudited January 31, 2017	Audited June 30, 2016
<b>Local Agency Investment Fund (LAIF)</b>	\$2,445,740	\$1,436,547
<b>General Checking Account</b>	<u>\$235,096</u>	<u>\$111,816</u>
<b>Total Cash and Investments</b>	\$2,680,836	\$1,548,363
<b>Less: Restricted Cash and Designations<sup>1</sup></b>		
Water Efficiency Program (WEP) <sup>2</sup>	\$492,925	\$297,009
Prop 84 Project Management <sup>2</sup>	\$97,342	\$112,090
Proposition 50 Grant Management <sup>2</sup>	\$13,874	\$17,439
USBR CALFED Programs <sup>2</sup>	\$102,349	\$30,382
Lobbying Subscription Program <sup>2</sup>	\$65,806	\$77,806
2014 Drought Application	\$72,715	\$72,833
2014 Drought Program Management	\$51,419	\$59,953
SRCSD Water Suppliers <sup>2</sup>	\$3,884	\$0
Membership Dues Stabilization	\$125,100 <sup>4</sup>	\$112,700
Subscription Program Stabilization	\$27,800 <sup>4</sup>	\$26,000
Pension Plan Accounting Change	\$42,000 <sup>4</sup>	\$42,000
Powerhouse Science Center	\$143,910 <sup>4</sup>	\$88,031
Strategic Plan Fund	<u>\$96,915<sup>7</sup></u>	<u>\$155,920</u>
<b>Total Designated Funds, excluding operating fund</b>	\$1,336,039	\$1,092,163
<b>Total Available Cash for Operating Funds</b>		
Operating Fund <sup>3</sup>	\$534,300 <sup>6</sup>	\$456,200
Undesignated Funds <sup>5</sup>	<u>\$810,497</u>	<u>\$0</u>
<b>Total Designated and Undesignated Funds</b>	<u><u>\$2,680,836</u></u>	<u><u>\$1,548,363</u></u>

<sup>1</sup> Designated funds represents amounts set aside for program specific purposes.

<sup>2</sup> 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.

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

<sup>4</sup> The designated amounts reflect the June 30, 2017 projected year end balance from the FY2017 budget plus/minus any year end accounting adjustments.

<sup>5</sup> 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.

<sup>6</sup> The operating fund at June 30, 2017 is planned to be at 4 months.

<sup>7</sup> Hiring of strategic planning staff occurred in December 2016. Adjusted to reflect available remaining funds at 06.30.17.

**AGENDA ITEM 8: DIRECTORS' COMMENTS**