

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

**Thursday, March 8, 2018, 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 6, 2017 and January 24, 2018 Executive Committee meetings
- b. Draft minutes from the January 11, 2018 RWA regular board meeting
- c. Authorize Executive Director to Extend Contract with Southwest Environmental until September 2018 with a not to exceed amount of an additional \$500,000

**Action: Approve the Consent Calendar Item**

**4. POWERHOUSE SCIENCE CENTER UPDATE**

Presentation: Harry Laswell, Executive Director of the Powerhouse Science Center

**Action: Approve Amended Agreement between RWA and the Powerhouse Science Center**

**5. EXECUTIVE COMMITTEE REPORT AND RECOMMENDATION**

Accept the modifications to the Information/Education and Advocacy elements of the RWA Strategic Plan 2018+

**Action: Accept the modifications to the RWA Strategic Plan 2018+**

**6. POLICY 500.16 ALLOCATING LIABILITIES TO WITHDRAWING MEMBERS**

Information Presentation: John Woodling, Executive Director

**Action: Approve Policy 500.16 Allocating Liabilities to Withdrawing Members**

**7. RWA FINANCIAL DESIGNATION POLICY 500.1**

**Action: Approve Changes to RWA Financial Designation Policy 500.1**

**8. DEVELOPMENT OF FISCAL YEAR 2018 – 2019 BUDGET**

Presentation: John Woodling, Executive Director

**Action: Approve Fiscal Year 2018 – 2019 Budget**

**9. LEGISLATIVE AND REGULATORY UPDATE**

Discussion: Adam W. Robin, Legislative and Regulatory Affairs Project Manager

**10. EXECUTIVE DIRECTOR'S REPORT**

**11. DIRECTORS' COMMENTS**

**ADJOURNMENT**

Upcoming meetings:

Next Executive Committee Meetings – Wednesday, March 21, 2018 and April 25, 2018, 8:30 a.m. at the RWA office.

Next RWA Board of Directors' Meeting – Thursday, May 3, 2018, 9:00 a.m., at the RWA Office.

**AGENDA ITEM 3a: CONSENT CALENDAR**

Information: Final minutes of the December 6, 2017 and January 24, 2018 Executive Committee meetings

**1. CALL TO ORDER**

Vice Chair Yasutake 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  
Paul Schubert, Golden State Water Company  
Kerry Schmitz, Sacramento County Water Agency  
Rob Roscoe, Sacramento Suburban Water District  
Pam Tobin, San Juan Water District

Staff Members

John Woodling, Rob Swartz, Adam W. Robin, Nancy Marrier, Cecilia Partridge and Ryan Bezerra, legal counsel. Nicole Krotoski attended via conference phone.

Others in Attendance

Ingrid Sheipline, Bob Simons, Deb Sedwick and Charles Duncan

**2. PUBLIC COMMENT**

NONE

**3. CONSENT CALENDAR**

The minutes from the Executive Committee meeting held October 25, 2017.

Motion/Second/Carried (M/S/C) Ms. Tobin moved, with a second by Mr. Greenwood, to approve the minutes from the October 25, 2017 Executive Committee meeting. The motion carried by the voice vote of the remaining directors present.

**4. RWA 2017 AUDIT REPORT**

Ingrid Sheipline, Richardson and Company, reported that they have completed the financial audit for the fiscal year that ended June 30, 2017. The full audit report was included in the packet. Ms. Sheipline 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.

The Management's Discussion and Analysis was compiled by Nancy Marrier and Nicole Krotoski and included a comprehensive summary of some of the changes in the financial statement. Ms. Sheipline noted the changes between fiscal year 2016 and 2017 including the restricted cash balance, grants/incentives receivable, net pension obligation, net position, operating revenues and operating expenses. A significant portion of the unearned revenue includes the Powerhouse Science Center. SGA became a CalPERS member on July 1, 2016. RWA employee service while working on SGA administration is now considered SGA compensation for pension plan contributions and liabilities. This is the first year a portion of the RWA pension liability was transferred to SGA. The actuarial valuation dated July 1, 2015 includes an actuarial accrued liability of \$986,832 and an unfunded liability of \$75,579. The historical schedule of funding progress included in the required supplementary section shows whether actuarial value of plan assets are increasing or decreasing over time relative to the actuarial accrued liability for benefits. She explained the restricted net position and board designations at June 30, 2017. The operating fund is designed to ensure cash resources are available to fund daily administration and operations for RWA as well as a resource for matching funds for grant partnership opportunities.

Bob Simons, Richardson and Company, explained the governance letter that shows management judgments and accounting estimates, and a summary of what was done during the audit. There were no audit adjustments 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. There is a recurring item regarding the OPEB liability with a change in accounting principles to implement GASB 75.

M/S/C Ms. McKinney moved, with a second by Mr. Schubert, to recommend RWA Board acceptance of the 2017 RWA financial audit report. The motion carried by the unanimous voice vote of all directors present.

## **5. STRATEGIC PLAN UPDATE**

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

The Strategic Plan included objectives in four primary goal areas, 1) Regional Planning, 2) Implementation, 3) Information and Education, and 4) Advocacy. RWA has made significant progress in implementing the plan over the last four years. However, in order for the Strategic Plan to continue to guide RWA's

success, modifications are needed. RWA Board members were given the opportunity to comment on the Strategic Plan, and their input was considered by staff and the Executive Committee.

John Woodling, Executive Director, said that the RWA Board adopted modifications to the Regional Planning and Implementation elements of the Strategic Plan on July 13, 2017 and adopted modifications to the Advocacy Goal of the Strategic Plan on September 14, 2017. The final piece of the Strategic Plan to be updated is the Information/Education element. Proposed modifications to the Information/Education element were attached for consideration by the Executive Committee. Mr. Woodling explained the modifications that were made.

After discussion it was agreed to add language to A.1. to read “Educate members through periodic RWA Water Workshops and updates on relevant topics.” The title will be amended with “and a clearinghouse for sharing information” removed, with an “and” added between “issues” and “outreach.”

M/S/C Mr. Roscoe moved, with a second by Mr. Schubert, to recommend RWA Board approval of modifications to the Information/Education element of the RWA Strategic Plan 2018+ with the addition of “and updates” to A.1 and the title amended as noted above. The motion carried by the voice vote of the remaining directors present.

## **6. 2018 RWA BOARD MEETING SCHEDULE**

M/S/C Mr. Roscoe moved, with a second by Ms. Schmitz, to recommend RWA Board approval of the proposed RWA Board meetings for 2018. The motion carried by the unanimous voice vote of all directors present.

## **7. RWA JANUARY 11, 2018 BOARD MEETING AGENDA**

Mr. Woodling explained the approval of pay scales on the consent calendar. A requirement of CalPERS is that new salary schedules have to be reported to them. RWA adopted a policy where we add the COLA to the ranges annually and update the schedule. Every time a salary schedule is updated or approved, the exhibit with the new number needs to be sent to CalPERS. Salary schedules for 2014 through 2017 must be approved and sent to CalPERS to comply with their requirements.

M/S/C Mr. Roscoe moved, with a second by Mr. Greenwood, to approve the January 11, 2018 RWA Board Meeting agenda. The motion carried by the unanimous voice vote of all directors present.

## **8. SUBCOMMITTEE UPDATE**

Kerry Schmitz, Conference/Workshop Subcommittee chair, reported that the October 27<sup>th</sup> RWA Legislative Process Workshop was attended by over 20 members and interested parties. The workshop was approved for 1.5 hours of SWRCB Drinking Water Operator Certification continuing education contact credit. The subcommittee is planning a workshop on public goods charge and water

affordability on March 15 2018. Progress is being made on securing an event location, a draft agenda, possible speakers and a save the date flyer to be sent out.

Mr. Woodling commented that legal counsel is currently reviewing a proposed building lease. An update on the building lease process will be provided at the next Executive Committee meeting.

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

**Review of North American Basin Regional Drought Contingency Plan –** Mr. Woodling reported that Reclamation has found the North American Basin Regional Drought Contingency Plan to be in accordance with the Drought Response Program requirements. A copy of the memo from the Bureau of Reclamation was included in the packet.

**2018 RWA Holiday Social Event –** The Holiday Social is planned for tomorrow night at the North Ridge Country Club.

**Legislative Update –** Mr. Woodling and Mr. Robin met with Grant Davis from the Department of Water Resources to discuss the need for a technical foundation for standards and the need for the data that the state is committed to providing. Mr. Davis said that he understands what the role of the department should be. There have also been a series of meetings on Water Efficiency Drought Planning bills that are still outstanding where issues remain.

**North American Subbasin –** Staff submitted a grant application for the groundwater sustainability work. Staff is working on reviewing the DWR best management practices for sustainable management criteria, which is key to the monitoring.

**ACWA Fall Conference –** Mr. Roscoe won the emissary award at the ACWA Fall Conference. Adam W. Robin accepted a joint award that was presented to RWA and Irvine Ranch for outreach and messaging around water efficiency. RWA has good ACWA representation in the upcoming term with Pam Tobin as the Chair and Mark Emmerson as Vice Chair of Region 4, and Josh Alpine is Chair of Region 3.

**Powerhouse Science Center –** Staff expects to bring an amended contract with the Powerhouse Science Center to the Executive Committee for approval in January, 2018. The new contract will include payments to be made at certain milestones of the project.

**Office Space Lease Update –** A renegotiated lease for the current office space is anticipated early in 2018.

Mr. Woodling noted that Mr. Roscoe has served on every Executive Committee since December 2001 when he represented the Citizens Utilities Company. He has also served as Executive Committee Chair and has been on the Executive Committee since RWA's inception.

**10. DIRECTORS' COMMENTS**

Mr. Schubert asked what the RWA policy is on the maximum carry over of employee accrued vacation time. Ms. Marrier said that the policy states that the cap is a maximum of 360 hours.

Mr. Greenwood asked where we stand with regard to groundwater bank planning in our region. Mr. Swartz said that we continue to move forward.

Ms. Tobin said that she is the chair of ACWA Region 4, along with additional representation from several RWA Board members. She thanked Mr. Roscoe for sharing his great institutional knowledge. She asked that anyone with ideas for ACWA to please forward them to her. She thanked Mr. Woodling and Mr. Robin for all of their work.

Ms. Schmitz said their current Water Resources Chief Financial Officer is retiring and they will be recruiting for the position. With respect to Groundwater, there's a public meeting scheduled for December 13<sup>th</sup>, that will focus on the basin boundary modification. Tom Gohring, Sacramento Water Forum will be facilitating the meeting.

Ms. McKinney said that she enjoyed serving on the Executive Committee the past year.

Vice Chair Yasutake congratulated Mr. Roscoe on his award at ACWA and he expressed his thanks to Mr. Roscoe for his insight on water policy. Next week the City of Folsom will be holding elections for the 2018 Mayor and Vice Mayor.

Mr. Roscoe suggested that staff bring options back to future Executive Committee meetings to discuss member exit fees for future audits and future liabilities. He thanked everyone for their support.

**ADJOURNMENT**

With no further business to come before the Executive Committee, Vice Chair Yasutake adjourned the meeting at 10:05 a.m.

By:

\_\_\_\_\_  
Chairperson

Attest:

\_\_\_\_\_  
Nancy Marrier, Board Secretary / Treasurer

## **1. CALL TO ORDER**

Chair Yasutake 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  
Jim Peifer, City of Sacramento  
Debra Sedwick, Del Paso Manor  
Paul Schubert, Golden State Water Company  
Robert Dugan, Placer County Water Agency  
Dan York, Sacramento Suburban Water District  
Pam Tobin, San Juan Water District

### Staff Members

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

### Others in Attendance

Kelye McKinney, Brent Smith, Paul Helliker, Charles Duncan and Greg Zlotnick.

## **2. PUBLIC COMMENT**

None.

## **3. CONSENT CALENDAR**

The minutes from the Executive Committee meeting held December 6, 2017.

Motion/Second/Carried (M/S/C) Mr. Schubert moved, with a second by Mr. Greenwood, to approve the minutes from the December 6, 2017 Executive Committee meeting. The motion carried by the unanimous voice vote of all directors present.

## **4. DEVELOPMENT OF FISCAL YEAR 2018 – 2019 BUDGET**

Staff has begun the process of preparing a draft budget for fiscal year 2018-19. John Woodling, Executive Director, presented a proposed timeline for budget development as well as key issues for feedback from the Executive Committee. He reviewed the benefits of RWA membership, Strategic Plan Implementation, the incremental Water Efficiency Program Manager cost shift, continuing accelerated

incremental payment of the unfunded pension liability, and other cost drivers. He also presented a summary of the amount of dues paid compared to grant funding received reflecting a positive return of investments for members. In FY 2017, RWA transitioned to full-time staffing for a legislative/regulatory position. Advocacy and representation at the capitol has become important with the many water issues. The strategic plan fund designation was used by RWA in FY 2017 and FY 2018 and is expected to be depleted by FY 2019.

When the Water Efficiency Program (WEP) began, the WEP program manager position was a full time dedicated position. Over time, this position has also been assisting with RWA core functions. Consequently, the salary for that position has been incorporated into the core budget at 10% a year for the last two years and the FY19 budget is proposing another 10% this fiscal year. RWA core dues are projected to pay 30% of this position and related office costs.

The Defined Benefit Pension Plan Policy 500.15 was approved stating that the unfunded pension will be funded over a period of four years by making additional pension contributions. The discount rate for the pension liability is expected to continue to decrease and this decrease is estimated into the projected costs for future liability payments. In addition to the pension liability obligations, RWA will also continue to budget OPEB liability payments. RWA is following Other Post-Employment Benefits ("OPEB") Funding Policy 500.10 by amortizing the unfunded OPEB liability over 10 years. RWA will have an actuarial study completed this calendar year that will provide new funding requirements.

The IRWM is included in consulting fees of the core program and fully funded by RWA dues. FY19 will be the last year of the Powerhouse Science Center collection. RWA is working with the Powerhouse Science Center to amend the previous agreement to make the dates more certain for when payments are made.

A compensation study was completed and approved by the board in FY 2018. The budget will reflect potential step increases for salaries beginning January 1, 2018. Employees will pay the last 1% of the employees 7% of PERS starting July 1, 2018.

RWA has been with auditors Richardson & Associates for six years, one year past the current policy, with the approval of the board. Staff is currently working on a request for proposal for auditors which will likely result in an audit fee increase in FY 2019 and beyond.

Mr. Woodling said that consideration needs to be given for the lobbyist contract to be moved to the RWA core program since all RWA agencies benefit. The best time to make the change to the core program would be with the beginning of the new legislative session in 2019.

Staff is proposing funding to hire a human resource consultant to assist with various projects including bringing the employee manual up to date. This cost is included in the consulting costs.

Additional costs include computer maintenance fees that will increase with full support and cloud backup, travel costs will increase with a new staff member, costs will increase for GASB 75 implementation, and OPEB accounting changes and the actuarial valuation.

RWA has a new approved and signed office space lease that indicates an increase from the previous budget. Office move costs of \$20,000 had been budgeted and are not needed for a move.

A draft budget will be presented to the Executive Committee at their February 21, 2018 meeting with a draft budget presented to the RWA Board for possible adoption at the March 8, 2018 meeting. If the budget is not adopted in March, it will be brought back to the Executive Committee at the March and April Executive Committee meetings to be presented to the full board May 3, 2018 for adoption.

There was discussion about how the nonparticipating water advocacy subscription program members feel about the value of the program. There are two issues to consider, agencies who had a lobbyist at significant cost and didn't want to contribute and investor owned utilities that had concerns that the PUC would see this as a cost that the shareholders should pay as opposed to rate payers. The cost will be minimal to all participants. When presenting the budget to the board, the benefits received from the water advocacy subscription program should be included.

Ms. Krotoski reported that most agencies will have to implement two required actuarial reports with GASB 75, the funding report and the OPEB accounting report. There will be additional costs associated with these reporting requirements.

## **5. LEGISLATIVE/REGULATORY UPDATE**

Adam W. Robin, Legislative and Regulatory Affairs Program Manager, presented the 2018 Advocacy Program Work Plan to the Executive Committee. He reviewed the process for adopting positions on legislation and regulatory issues and gave an update on some key issues going into the second year of a two year session.

Included in the packet was a copy of a work plan prepared by the Lobbyist Subscription Program identifying Policy Priorities and Organizational Goals for the 2018 Advocacy Program. There are several carry over items from last year including Long-Term Urban Water Use Efficiency Legislation, the Water Tax proposals and SWRCB Permanent Prohibitions on Wasteful and Unreasonable Water Uses. The Water Tax and Public Goods Proposal, in addition to opposing this measure and related measures in accordance with RWA's established policies and principles adopted by the board of directors, there is interest in engaging in a constructive dialog over potential solutions especially for communities that face the lack of access to safe drinking water. There are a number of regulatory processes that are currently underway that could significantly impact RWA member agencies. The re-adoption of a Hexavalent Chromium standard, change to the MCL for fluoride and changes to the fee structures that all public water systems pay are examples. The work plan identifies organizational goals that are aimed at the

continued development of the Advocacy Program and providing value to the member agencies.

Included in the packet was a copy of the Advocacy Principles that was adopted by the RWA Board of Directors in 2015 that identifies the highest policy priorities of RWA as an organization. Mr. Robin reminded the Executive Committee how the legislative policy position development process works. RWA staff works with our contract lobbyist analyzing legislative proposals that may be of interest to the organization. The Lobbyist Subscription Program members then develop a recommended position that is proposed to the Executive Committee for approval. RWA policy also includes provisions for the adoption of emergency positions. The Advocacy Policy Principles are to be revisited every three years according to RWA policy. The handbook will be brought back to the full board at the beginning of the 2019 legislative session for reevaluation and approval. A bill packet will be provided at the February Executive Committee meeting.

There are two 2-year bills that are under consideration with the Long Term Water Use Efficiency Legislation, AB 1668 and SB 606. These bills could be acted on rather quickly. The authors have indicated their intent to amend these measures before they are taken up. The RWA position is oppose unless amended on both bills.

There was discussion on how SB 623 may affect future imposed financial obligations and that the water tax is now referred to as a fee.

Implementation of AB 746 would require lead sampling in public schools and SB 427 would require an inventory of lead service lines within an agency service area.

Immediately following the Executive Committee meeting Paul Jones, General Manager of Eastern Municipal Water District will give a presentation to interested RWA members on what might be a potentially supportable solution to providing safe drinking water to communities served by chronically non-compliant systems.

Item number 10 was moved ahead of item number 6 but will be reported in the order listed on the agenda.

## **6. CONFERENCE SUBCOMMITTEE UPDATE**

The Conference Subcommittee reported that RWA will convene a symposium on Thursday, March 15<sup>th</sup>, 2018 regarding the timely legislative and regulatory issues of water affordability and safe drinking water for disadvantaged communities. The event will feature a broad discussion with panels made up of representatives on all sides of the issue. The invitation containing additional details was included in the packet.

RWA members and associates have been invited to attend and asked to consider sponsorship at the Table Sponsor level or above. Space is limited for this event, and a good turnout is expected from the region as well as other parts of the state. Early registration is advised.

Ms. Schmitz will be asked to continue as chair of the Conference Subcommittee for 2018. Ms. Schmitz expressed an interest in inviting members from the RWA full board as well as the Executive Committee to participate on the Conference Subcommittee. Ms. McKinney, as an affiliate member, has agreed to continue participating on the Subcommittee.

Ms. Talbot exited the meeting.

## **7. POLICY 500.16 ALLOCATING LIABILITIES TO WITHDRAWING MEMBERS**

Members of RWA operate under a joint exercise of powers agreement that outlines powers and responsibilities of RWA and of members. The Amended and Restated Joint Exercise of Powers Agreement of the Regional Water Authority, dated October 8, 2013, provides for the voluntary withdrawal from membership subsequent to 90 days' notice. Such withdrawal is subject to the provision that the withdrawing member "shall remain responsible for any indebtedness incurred by the Member under any Project or Program Agreement to which the Member is a party, and further provided that the withdrawing Member pays or agrees to pay its share of debts, liabilities and obligations of the Regional Water Authority incurred by the Member under this Agreement prior to the effective date of such withdrawal."

Since RWA membership is voluntary, the Executive Committee requested a policy to clarify how obligations and liabilities of RWA would be allocated if a member chooses to withdraw from membership.

Most of RWA's obligations are budgeted for on an annual basis and incorporated into the annual budget. Some obligations are incurred during the membership, but the payment is made over several future periods. Examples of these types of delayed payments for past services include unfunded pension and other post-employment benefit ("OPEB") liabilities.

The draft policy outlines the framework to allocate debts, liabilities and obligations of the Regional Water Authority that are not budgeted for on an annual basis. Some changes were made to the draft policy since the last discussion that occurred at the May 24, 2017 Executive Committee Meeting. The liability allocation methodology for the unfunded pension plan obligation was changed to simply the calculation and to also account for how a membership may change over time (i.e. increasing dues as a result of changes to members' size). This draft policy also now includes other obligations, such as OPEB.

The formula for Policy 500.16 if a member chooses to withdraw from membership is to take the total dues paid as a member over the course of their participation in RWA relative to the total dues charged over time and use that percentage relationship and apply it to the RWA obligation to determine the member's part of whatever obligation the organization has for the unfunded pension liability and the OPEB liability. The obligation was created over time the members received services. The unfunded liability for pensions is based on the CalPERS assumptions of the discount rate using the hypothetical termination liability valuation. The hypothetical termination liability values the pension liability using a

lower discount rate to account for the fact that if performance of the pension assets do not meet expectations, no additional funds are contributed by the employer to pay for these shortfalls.

Mr. Schubert suggested some language changes to the policy that will be incorporated into the policy.

M/S/C Mr. Schubert moved, with a second by Mr. Peifer, to recommend approval of Policy 500.16 allocating liabilities to withdrawing members by the RWA Board of Directors with the suggested changes. The motion carried by the unanimous voice vote of all directors present.

## **8. STRATEGIC PLAN UPDATE**

John Woodling said that throughout the course of 2017, the Executive Committee considered modifications to RWA's Strategic Plan. The Planning, Implementation, and Advocacy elements of the Plan were updated and approved by the full RWA Board of Directors. The Information/Education element was modified by the Executive Committee, and will be taken to the Board for approval in March 2018.

The Strategic Plan was completed in 2013 and designed to serve the needs of the organization to 2018 and beyond. With the modifications made in 2017, the Strategic Plan should serve RWA well for the next few years.

The full text of the modified goals and objectives were included in the packet. The Information/Education element will be finalized after full board approval at the March RWA Board meeting.

Mr. Schubert requested that CWA be added to Number 5 under the Advocacy Goal, Objective A.

## **9. 2018 RWA EXECUTIVE COMMITTEE MEETING SCHEDULE**

RWA Executive Committee meetings are held on the fourth Wednesday of each month, at 8:30 a.m. at the RWA office, 5620 Birdcage Street, Suite 110 in Citrus Heights. A copy of the proposed schedule of meetings for 2018 was included in the packet. The Executive Committee will continue to meet on the fourth Wednesday of each month with the exceptions of the February meeting that will be held on February 21, 2018 at 8:00 a.m., the March meeting that will be held on March 21, 2018 and the November and December meetings will be combined and held on December 5, 2018.

M/S/C Ms. Tobin moved, with a second by Mr. Greenwood, to adopt the proposed schedule of Executive Committee meetings for 2018. The motion carried by the unanimous voice vote of all directors present.

## **10. WATER EFFICIENCY – LANDSCAPE IMAGERY PROJECT**

To assist with the evaluation of AB 1668 and SB 606, several water agencies expressed a desire to purchase aerial imagery for their service areas. Aerial imagery

provides data on landscape material type and irrigable/irrigated designation to help estimate residential landscape irrigation budgets like those associated with the proposed legislation. RWA staff researched several options for a regional purchase of aerial imagery for all RWA water agencies.

Currently the most cost effective option is to partner with the Sacramento Area Council of Governments (SACOG) and join their existing effort to purchase aerial imagery. SACOG has offered access to this imagery for our use. RWA proposes to collect additional funding to cover the remaining areas, which include parts of the city of Yuba City, Placer County Water Agency, California American Water, El Dorado Irrigation District, San Juan Water District, and City of Roseville. The goal is to obtain comprehensive consistent imagery for the entire region to evaluate regulation proposals and provide local imagery files to each agency for additional planning purposes. The imagery is at a 3-inch resolution, which will provide enough details to identify different types of vegetation and irrigable versus irrigated areas of residential and commercial parcels. The SACOG imagery is scheduled to be collected between February and April 2018 with delivery expected in September 2018. Detailed estimated areas and costs were included in the packet. The goal is to obtain one consistent regional areal imagery file that could be used for multiple purposes. Staff proposes to cover costs of ground control and the SACOG administrative fee from the Water Efficiency Program Budget. Everyone will have access to the data when complete.

SACOG's deadline for participation in the project is January 26th. RWA will submit service area coverage and mileage of those agencies that are interested on the 26<sup>th</sup> for inclusion in the SACOG effort. RWA will need to execute a contract with SACOG and then execute agreements for payment from each participating agency.

M/S/C Mr. Peifer moved, with a second by Ms. Tobin, to authorize the Executive Director to execute a contract with SACOG for the Landscape Imagery Project. The motion carried by the unanimous voice vote of all directors present.

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

**RWA Outreach** – Mr. Woodling will speak to the North Bay Water group regarding the Regional Water Authority. Water agencies and local governments in the counties of Marin, Sonoma and Napa are considering formation of a regional water planning organization to build on the success they have had in the North Bay Water Reuse Authority. RWA will be the first of several organizations in the state who will provide information on potential alternatives to the group. Mr. Woodling will attend the first meeting for 2018 of the ACWA State Legislative Committee on January 19, 2017, will chair the ACWA Groundwater Committee on February 21, 2017, and will attend the ACWA Board workshop and meeting on February 1-2, 2017. Adam W. Robin will serve as the lead on water issues for the Metro Chamber's State Legislative Summit on March 13, 2017. Amy Talbot will speak at a meeting of the California Data Collaborative, hosted by the City of Sacramento, on January 19, 2017. Pam Tobin is the Chair and Mark Emmerson is the Vice Chair of ACWA Region 4.

## 12. DIRECTORS' COMMENTS

Mr. Bezerra gave an update on the Water Fix hearing. Part two was supposed to begin last week to deal with environmental issues. The American River agencies have forwarded the modified flow management standard into that hearing as proposed conditions on Reclamation Water Rights at Folsom. A number of environmental groups have sent a records request to the State Board due to concerns about modeling that is in the environmental document prepared by DWR. Sacramento County, Sacramento County Water Agency, Sacramento Regional County Sanitation District, the City of Stockton and the County of San Joaquin have filed a motion to stay the hearing for 90 days to give them time for discovery. The hearing is expected to resume on February 2, 2018.

## ADJOURNMENT

With no further business to come before the Executive Committee, Chair Yasutake adjourned the meeting at 10:28 a.m.

By:

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Chairperson

Attest:

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Nancy Marrier, Board Secretary / Treasurer

**AGENDA ITEM 3b: CONSENT CALENDAR**

Minutes from the January 11, 2018 RWA regular board meeting

**Action: Approve January 11, 2018 RWA Board meeting minutes**



**Regional Water Authority**  
BUILDING ALLIANCES IN NORTHERN CALIFORNIA

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RWA Board Meeting  
Draft Minutes  
January 11, 2018

## 1. CALL TO ORDER

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

S. Audie Foster, California American Water  
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  
Paul Joiner, City of Lincoln  
Scott Alvord, City of Roseville  
Sean Bigley, City of Roseville  
Jim Peifer, City of Sacramento  
Denix Anbiah, City of West Sacramento  
Stan Cleveland, City of Yuba City  
Diana Langley, City of Yuba City  
Deb Sedwick, Del Paso Manor Water 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  
Sharon Wilcox, Orange Vale Water Company  
Brent Smith, Placer County Water Agency  
Andy Fecko, Placer County Water Agency  
Mary Henrici, Rio Linda/Elverta Community Water District  
Tim Shaw, Rio Linda/Elverta Community Water District  
Kerry Schmitz, Sacramento County Water Agency  
Dan York, Sacramento Suburban Water District  
Neil Schild, Sacramento Suburban Water District  
Pam Tobin, San Juan Water District  
Paul Helliker, San Juan Water District

**RWA Affiliate Members**

David Zuber, Brown & Caldwell, Sergio Guillen, Forsgren Associates, Inc., Charles Duncan, Abigail Madrone and Kelye McKinney, West Yost Associates

**Staff Members**

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

**Others in Attendance:**

Einar Maisch, Dave Jones, Rob Roscoe, David Gordon, Lindsay Swain, Joe Duran and Marty Hanneman. Nicole Krotoski participated via conference call.

**2. PUBLIC COMMENT**

None.

**3. CONSENT CALENDAR**

- a. Approve Minutes of the November 9, 2017 regular board meeting
- b. Adopt proposed RWA Board Meetings scheduled for 2018
- c. Approve pay scales for 2014 through 2018 to comply with CalPERS

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

**4. EXECUTIVE COMMITTEE REPORT AND RECOMMENDATIONS**

- a. Information: Final minutes of the October 25, 2017 Executive Committee meeting and draft minutes from the December 6, 2017 Executive Committee meeting
- b. Accept the 2017 RWA Financial Audit Report

M/S/C Ms. Sedwick moved, with a second by Mr. Nugent, to accept the 2017 RWA Financial Audit Report. The motion carried by the unanimous voice vote of all directors present.

Ingrid Shepline, Richardson and Company directed the board to page 8 of the audit report for a summary of the audit. A change in the financial statements in the audit indicates a portion of the pension liability for the RWA employees who work on SGA that was moved over to the SGA. She said that it was a clean audit with no exceptions, no adjustments and no issues with compliance.

John Woodling, Executive Director, thanked Ingrid Shepline and the Richardson and Company team for their sixth year as auditors for RWA/SGA. RWA will be sending out an RFQ for a new auditor contract for next year.

Ingrid Sheipline exited the meeting.

## **5. APPROVE RWA FIVE YEAR LEASE**

John Woodling, Executive Director, reported that staff has been working on options for when our August 2018 lease ends. The Executive Committee discussed several alternatives including remaining at our current location. Legal counsel has reviewed the lease. The lease with the details of the agreement was included in the packet. The agreement includes a five year lease with an option to renew for two additional years.

Chair Peifer thanked Ms. Tobin and Mr. Greenwood for their work on seeking possible options including purchasing the current offices and leasing other properties.

M/S/C Mr. Schubert moved, with a second by Ms. Tobin, to approve the new five year lease through Vermeer & Goedhart Dairy, LLC. The motion carried by the unanimous voice vote of all directors present.

## **6. ELECT 2018 RWA EXECUTIVE COMMITTEE**

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

Mr. Bezerra, RWA legal counsel, gave a brief overview of the election process. Chair 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 2018 Executive Committee:

- Ron Greenwood, Carmichael Water District
- Pam Tobin, San Juan Water District
- Jim Peifer, City of Sacramento
- Marcus Yasutake, City of Folsom
- Paul Schubert, Golden State Water Company
- Dan York, Sacramento Suburban Water District
- Kerry Schmitz, Sacramento County Water Agency
- Deb Sedwick, Del Paso Manor Water District
- Robert Dugan, Placer County Water Agency

## 7. ELECT 2018 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. Marcus Yasutake was elected as the 2018 Chair.

Mr. Paul Schubert was elected as 2018 Vice-Chair.

## 8. EXECUTIVE DIRECTOR'S REPORT

Mr. Woodling thanked everyone for their participation in the Executive Committee elections. In the past couple of years the Executive Committee has created subcommittees for different activities including the conference and education subcommittee. A future goal is to broaden the subcommittees to include RWA board members on the subcommittees with the Executive Committee members.

**Legislative and Regulatory Update** – RWA staff provided testimony at a State Water Resources Control Board workshop and submitted written comments in response to the Board's draft "Permanent Prohibitions Against Wasteful and Unreasonable Water Uses." RWA's comments emphasized the effectiveness of locally-driven approaches to advancing water use efficiency and provided specific comments on the proposed prohibitions. The 2018 legislative session began on January 3. We will be focusing on Water Efficiency legislation and SB 623, the water tax to provide safe drinking water for disadvantaged communities.

Immediately following the January 24<sup>th</sup> Executive Committee meeting there will be a workshop with Paul Jones from Eastern Municipal Water District. Mr. Jones will talk about a legislative initiative that they're sponsoring with a goal of providing an institutional structure to make some of the small water systems more sustainable in the state as a part of this solution to disadvantaged communities.

**Save the Date** – The Making Safe, Clean, Affordable and Accessible Water a Reality event is scheduled for Thursday, March 15, 2018 from 8:30 a.m. to noon at the Capitol Event Center. A flyer will be sent out with additional information. There will be two panels to talk about the issue of affordable water. There are two issues, how are we going to fund the operations and maintenance costs of the small water systems that don't have safe drinking water and the affordability of water for customers throughout the state in general. The March 15<sup>th</sup> event will discuss what the challenges and problems are and what some of the solutions are with broad representation of the interest groups and environmental justice groups that are pushing these issues.

**Water Efficiency Update** – Staff is working on a project to understand the landscape water needs on the ground in our communities. The idea is to obtain information related to a standard for water use that is based on the needs of your community by mapping out what the landscape area is, what the indoor water use

is and moving away from the percentage based standard of saving 20% by 2020SACOG goes out periodically to member agencies to see what their aerial imagery needs are. Staff is trying to cover the agencies that are not covered by the existing SACOG effort so the entire RWA region is covered one time so we can see what parcels look like.

## **9. DIRECTORS' COMMENTS**

Mr. Madison said there should be special acknowledgement made to Mr. Roscoe for the emissary award that he was presented at the ACWA Fall Conference. It's a very prestigious award and was well deserved.

Ms. Sedwick thanked the board for electing her to the Executive Committee. Del Paso Manor Water District appointed Jeff Elmore as a new board member.

Mr. Greenwood said that he's looking forward to another great year serving on the Executive Committee.

Mr. Yasutake thanked the board for electing him as RWA Chair and thanked the 2017 Executive Committee and Chair Peifer. The new City of Folsom mayor is Steve Miklos and the vice mayor is Ernie Sheldon. He reminded the board members that Executive Committee meetings are open to anyone who wishes to attend.

Mr. Schubert thanked the board for their vote of confidence in reelecting him to the Executive Committee.

Mr. Alvord commented that the RWA Board meetings that he's attended as an alternate have always been professional.

Ms. Schmitz thanked the board for the vote of confidence and she's looking forward to another year on the Executive Committee.

Mr. Cleveland said that the City of Yuba City made water supply out of the Feather River stable by performing emergency levee repairs that were accomplished in four months on a three mile stretch. They now have close to 40 miles of reconditioned levees where the slurry wall is up to 120 feet down, which stabilizes their side. Yuba City held the kick off for their newly completed \$70 million four-lane bridge project. They are working on additional water reliability in preparation of their next drought declaration. The City of Yuba City received recognition from the State of California for their levee project when it was voted the top project by the engineers.

Ms. Henrici introduced Tim Shaw as the general manager for Rio Linda/Elverta Community Water District. Mr. Shaw was formerly with Olivehurst Public Utilities.

Ms. Tobin thanked the members for their vote of confidence and thanked the 2017 Executive Committee for their hard work during the year. She introduced Marty Hanneman as the new San Juan Water District board president.

Mr. York thanked the members for their vote of confidence voting him on the 2018 Executive Committee. Mr. Roscoe will remain with the Sacramento Suburban Water District for a few more months.

Mr. Raffety reported that beginning April 1, 2018 a portion of the property tax revenue that El Dorado Irrigation District receives will go towards subsidizing 1,500 low income customers.

Chair Peifer said he looks forward to seeing everyone at the March 15<sup>th</sup> event. He thanked everyone for their support for him as 2018 Executive Committee Chair. He thanked Mr. Yasutake and the Executive Committee. Councilmember Jeff Harris will be a new RWA Board member for the City of Sacramento,

**Adjournment**

With no further business to come before the Board, Chair Peifer adjourned the meeting at 10:41 a.m.

By:

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Chairperson

Attest:

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Nancy Marrier, Board Secretary / Treasurer

## **AGENDA ITEM 3c: SOUTHWEST ENVIRONMENTAL CONTRACT EXTENSION**

### **BACKGROUND:**

In 2015, RWA received a Department of Water Resources Water Energy Grant for \$2.5 million. The majority of this funding was used to implement a fixture direct installation program for residential and commercial properties with RWA's contractor, Southwest Environmental. Due to the nature of the grant's reimbursement schedule, it was necessary to collect "cash flow" funding from all of the participating agencies (Sacramento Suburban Water District, City of Sacramento, City of West Sacramento, and California American Water). RWA collected a total of \$500,000 from the participating agencies with the intention of refunding the full amount of each agency's contribution at the end of the grant's implementation timeframe (March 2018).

While the grant funding has all been expended, several of the participating agencies expressed interest in redirecting the cash flow funding currently held by RWA to Southwest Environmental to perform additional fixture installations. Furthermore, Southwest Environmental has already identified properties within each participating agency's service area in need of installations. All funding included in the extension would be participating water agency funding, not RWA or grant funding.

**STAFF RECOMMENDATION: Authorize Executive Director to Extend Contract with Southwest Environmental until September 2018 with a not to exceed amount of an additional \$500,000.**

## **AGENDA ITEM 4: POWERHOUSE SCIENCE CENTER UPDATE**

### **BACKGROUND:**

In November 2013, the RWA Board authorized the Executive Director to enter into an Agreement with Powerhouse Science Center (Powerhouse) to sponsor two water related exhibits for a minimum of 15 years. In May 2014, RWA executed an agreement with Powerhouse for \$500,000. According to the May 2014 agreement, the two water related exhibits and the broader Powerhouse facility were scheduled to open by January 1, 2017. Due to a series of funding complications, Powerhouse has experienced delays in construction and did not open in 2017. RWA has amended the May 2014 agreement to include several dated milestones related to future funding and construction progress as well as an updated exhibit completion/facility opening date. The amended agreement also provides RWA the option to withhold future payments (\$25,000 per year) until the scheduled milestones are reached. Details about the two water related exhibits were updated in Appendix A. Although the exhibit names and specific activities have changed, the overall intent of the two exhibits remains the same. To date, RWA has paid \$75,000 to Powerhouse. The California Water Awareness Campaign has paid \$100,000 to Powerhouse on RWA's behalf. Currently RWA has a remaining balance of \$325,000 to be paid to Powerhouse over the next 13 years (including 2018).

### **EXECUTIVE COMMITTEE RECOMMENDATION:**

**Action: Approve Amended Agreement between RWA and the Powerhouse Science Center**

**AMENDED AND RESTATED  
AGREEMENT BETWEEN POWERHOUSE SCIENCE CENTER AND  
REGIONAL WATER AUTHORITY FOR  
EXHIBIT TITLE SPONSORSHIP**

THIS AGREEMENT is entered into and made effective as of \_\_\_\_\_, 2018 by and between Regional Water Authority, a joint exercise of powers authority formed under California Government Code sections 6500 through 6599.3 hereinafter referred to as “RWA,” and Powerhouse Science Center, a California nonprofit corporation, hereinafter referred to as “Powerhouse.” RWA and Powerhouse are collectively referred to as the “Parties” and individually as a “Party.” This Agreement amends, restates, and supersedes the Agreement between the Parties dated May 23, 2014.

**RECITALS**

WHEREAS, Powerhouse’s mission is to construct and operate an institution for science education for the Sacramento area, including to provide opportunities for education on the important role of reliable water supplies and efficient water use in protecting public health and the environment;

WHEREAS, RWA was formed to ensure the reliability, affordability and quality of water resources in the greater Sacramento region for its 21 members;

WHEREAS, following a similar approach the existing Discovery Museum will be significantly expanded to become the Powerhouse Science Center, which will serve over 320,000 visitors annually as a center for science education, exploration, and promotion of the California Capitol region;

WHEREAS, Powerhouse is planning a Water Gallery and other water-related exhibits to educate the public on the role, provision and value of water supplies and suppliers, which also will have the benefit of educating the public about the value of RWA;

WHEREAS, RWA’s title sponsorship of two signature exhibit experiences within the Water Gallery will substantially increase public access, public exposure, and interaction with RWA’s leadership in advancing sustainable solutions for California’s water challenges;

WHEREAS, exhibit sponsorships will facilitate Powerhouse’s construction and the planning, design, fabrication, and maintenance of individual exhibits;

WHEREAS, on November 14, 2013 the RWA Board authorized the Executive Director to enter into an Agreement with Powerhouse to sponsor two water-related exhibits for a minimum period of 15 years; and

WHEREAS, RWA and Powerhouse desire to enter into this amended and restated Agreement for RWA's sponsorship of two water-related exhibits at Powerhouse on the terms and conditions provided herein.

## **AGREEMENT**

### **1. Title Sponsorship Exhibit Commitment.**

a. In exchange for paying the sponsorship fees described in Section 3 of this Agreement, RWA will be the "Title Sponsor" for two exhibits for a minimum 15 year public display period (the "Sponsored Exhibits") in the Powerhouse Water Gallery as described in Appendix A.

b. RWA's title sponsorship of the Sponsored Exhibits will include all of the following associated naming rights and benefits during the 15 year public display period at no additional cost:

(i) RWA staff and associated subject matter experts may provide on-going input into Sponsored Exhibit-related programming and materials provided at Powerhouse.

(ii) Powerhouse will distribute RWA-approved water efficiency related messages to Water Gallery attendees during the 15 year public display period by email, social media, and using the Powerhouse website, as appropriate.

(iii) RWA will be recognized as title sponsor on all appropriate collateral and marketing materials, including educational materials sent by Powerhouse to teachers, students and parents over at least a 12-county radius including RWA's member counties, concerning the Sponsored Exhibits and related programming. This includes prominent recognition on a special permanent display honoring title sponsors.

(iv) Upon completion of the initial 15-year public display period, RWA will have a right of first refusal to extend its title exhibit sponsorship.

(v) Enhanced outreach by a link on the Powerhouse website to RWA's educational resources.

(vi) Once completed, RWA will be entitled to use Powerhouse's demonstration areas and digital theater at least twice each year during the term of this Agreement to host events and activities that further the mission of both RWA and Powerhouse.

(vii) RWA and its members may market their partnership with Powerhouse in RWA's and its members' promotional and informational materials, including their websites, social and traditional media activities, and printed materials.

(viii) RWA may choose to add partners to its sponsorship of the Sponsored Exhibits at any time during the term of this Agreement, subject to Powerhouse's approval.

(ix) RWA will have an advisory role in reviewing the content of other Water Gallery and associated exhibitions and presentations that may be given by Powerhouse or other Water Gallery exhibitors at Powerhouse.

## **2. Obligations of RWA and Powerhouse.**

### **a. Obligations of RWA.**

(i) RWA and its members will serve as the primary consultants on the content of the Sponsored Exhibits. RWA's Executive Director or his designee is authorized to negotiate adjustments of the services provided by Powerhouse as long as the changes in services are within the general scope of the Sponsored Exhibits and the total cost does not exceed the maximum RWA sponsorship fees provided in Section 3 of this Agreement.

(ii) RWA will review all proposals, plans and other documents submitted by Powerhouse and render approvals and decisions pertaining thereto as promptly as is reasonable under the circumstances for the orderly progress of the completion and operation of Powerhouse.

### **b. Obligations of Powerhouse.**

(i) Powerhouse will perform the services described in this Agreement in an expeditious manner in accordance with a mutually acceptable schedule developed between RWA and Powerhouse as further provided in Section 3 of this Agreement. In planning, preparing and constructing the Sponsored Exhibits, Powerhouse will promptly notify RWA in writing of any tasks, subtasks, work products, or milestones that need to be reevaluated and indicate the reason and/or justification for such reevaluation.

(ii) Powerhouse will be solely responsible for the quality and accuracy of its work and the work of its subcontractors performed in connection with this Agreement. Any review, approval, or concurrence in any work by RWA will not be deemed to constitute acceptance or waiver by RWA of any error or omission in the work. Powerhouse will coordinate the activities of any subcontractors and will ensure that all plans, drawings, and specifications for the Sponsored Exhibits are coordinated with the plans, drawings, and specifications of related exhibits to produce a unified, acceptable and functional Water Gallery exhibition.

(iii) Powerhouse will be responsible for maintaining and periodically refreshing the content, structure and appearance of the Sponsored Exhibits. Powerhouse's work under this paragraph will be conducted in consultation with and approval of RWA. Additionally, RWA may request that Powerhouse refreshes the content of the Sponsored Exhibits to reflect the most current water policies and practices and Powerhouse will refresh the Sponsored Exhibits as requested in consultation with RWA.

(iii) Powerhouse, including Powerhouse's subcontractors, will not have authority to represent RWA at any meetings of public or private agencies unless it obtains the prior written approval of RWA which outlines the purpose, scope and duration of such representation. Powerhouse will not have any authority to act on behalf of RWA in any capacity, nor to bind RWA to any obligations whatsoever. RWA is responsible for making all policy and governmental decisions related to the Sponsored Exhibits.

(iv) Powerhouse will design and build its facilities and operate those facilities in accordance with indoor and outdoor water efficient best management practices including but not limited to installing WaterSense labeled fixtures, irrigation equipment and controllers and implementing River Friendly landscaping principles and practices.

**3. Sponsorship Fees.** RWA agrees to act as a Title Sponsor and fund the Sponsored Exhibits in the total amount of \$500,000 (\$250,000 per exhibit), and will pay the sponsorship fees according to the following terms.

a. RWA made an initial payment of \$50,000 in 2014 applicable toward the Sponsored Exhibits within 45 days of receipt of an invoice from Powerhouse sent after full execution of this Agreement.

b. The California Water Awareness Campaign ("CWAC") paid \$100,000 of the \$500,000 sponsorship fee to Powerhouse on behalf of RWA in 2016.

c. RWA paid \$25,000 in 2015. RWA will pay the \$325,000 balance of its sponsorship fees in 13 fixed annual payments of \$25,000 beginning in May 2018 and each May thereafter for the remaining 12 years of this Agreement. Notwithstanding the forgoing, RWA may, in its sole discretion, defer any annual payment if Powerhouse has not met any of the following milestones:

- Selling construction bonds on or before May 2018
- Commencing construction on Powerhouse by July 2018
- Opening of the new Powerhouse campus including the RWA sponsored exhibits by December 2020
- Continuously operating Powerhouse as an education center for the duration of the agreement.

RWA will make the first remaining annual payment when Powerhouse achieves the first milestone listed above and will continue making those payments annually unless Powerhouse fails to satisfy any of the listed future milestones. Powerhouse will invoice RWA for the first payment after construction bonds are sold and submit invoices for future payments to RWA on the same date in each subsequent year. RWA and Powerhouse staff may mutually agree to adjust milestone dates as needed.

d. Powerhouse will address and submit all invoices associated with this Agreement to the RWA Executive Director at the address provided in Section 17 of this Agreement. Powerhouse will include the following information on all invoices: (i) exhibit name; (ii) invoice date; (iii) amount of invoice; (iv) time period covered by invoice; (v) description of work accomplished during the invoice period; and (vi) attach a copy of the most recent annual report as described in Section 5.

e. Within 45 days of receipt of any invoice, RWA will remit all invoiced payments to Powerhouse at the address provided in Section 17 of this Agreement, subject to RWA's right to defer payment as provided in paragraph (c) of this Section 3.

**4. Term and Termination.**

a. This Agreement will be effective as of the date set forth in the preamble to this Agreement and will terminate 15 years from the date when the Sponsored Exhibits are first opened to the public, unless the term is extended upon mutual agreement of the Parties in accordance with the first right of refusal provided in Paragraph 1.b(iv) of this Agreement.

b. In the event that Powerhouse or the Water Gallery is cancelled or does not open by December 31, 2020, the Parties agree to work in good faith to reschedule the installation and public opening of the Sponsored Exhibits to a mutually acceptable future date or to allocate the sponsorship fees paid by RWA to another mutually acceptable project. Such cancellation or failure to open will not be considered a breach of this Agreement.

c. If a new date for opening the Sponsored Exhibits cannot be arranged or the Parties cannot agree on a mutually acceptable replacement project and the cancellation is due to a reason within the reasonable control of Powerhouse, Powerhouse will refund without undue delay all payments made by RWA to Powerhouse under this Agreement. If the Parties cannot agree on another project and the cancellation is due to a reason beyond the reasonable control of Powerhouse, Powerhouse will refund any portion of RWA's paid sponsorship fees that have not already been spent or irrevocably committed for the development or construction of the Sponsored Exhibits. In cases where a portion of the sponsorship fees have been irrevocably committed, upon RWA's request Powerhouse will provide evidence of the irrevocable commitment of the funds.

**5. Reports.** Powerhouse will, without additional compensation, provide an annual report each January and additional reports as may be reasonably required by RWA concerning Powerhouse's activities as they affect the scope of RWA's sponsorship described in this Agreement. Content of reports will be mutually agreed by RWA and Powerhouse, but at a minimum will include total teacher and student attendance organized by geographic location, school district and grade level, a list and content description of all current water-related exhibits, a summary of Powerhouse outreach and promotional activities, and a Powerhouse partner list.

**6. Compliance with Laws.** Powerhouse will perform all services under this Agreement in compliance with applicable federal, California, and local laws and regulations, including applicable anti-discrimination and anti-harassment laws. Powerhouse also will possess, maintain and comply with all federal, state and local permits, licenses, certificates, and approvals that may be required for it to perform its obligations under this Agreement.

**7. Audits and Records.** a. Powerhouse will keep and maintain all ledgers, books of account, invoices, vouchers, canceled checks, and other records and documents evidencing or relating to the Sponsorship Exhibits and the sponsorship fees paid by RWA for those exhibits for a minimum period of three years (or for any longer period required by law) from the date of final fee payment to Powerhouse under this Agreement. RWA may inspect and audit such books and records, including source documents, to verify all Powerhouse expenditures for the Sponsored Exhibits and related activities described in this Agreement.

b. In accordance with California Government Code section 8546.7, the Parties acknowledge that this Agreement, and performance and payments under it, are subject to examination and audit by the State Auditor General for three years following final payment hereunder.

**8. Confidentiality of Information.** Powerhouse will keep in strict confidence all documents and information provided to, shared with or created by Powerhouse in connection with the performance of the obligations described in this Agreement (collectively “Information”). Powerhouse will not use any Information for any purpose other than the performance of the obligations under this Agreement, unless otherwise authorized in writing by RWA. Powerhouse will not disclose any Information to any person or entity not connected with the performance of the obligations under this Agreement, unless otherwise authorized in writing by RWA.

**9. Conflict Of Interest.** Powerhouse, and its officers, employees, subcontractors and agents, represent and acknowledge that they do not now and will not have a financial interest, or acquire any financial interest, direct or indirect, in any business, property, or source of income which could be financially affected by or otherwise conflict in any manner or degree with the performance of the obligations under this Agreement. The Parties agree that Powerhouse is not a designated employee within the meaning of the Political Reform Act and RWA’s conflict of interest code because Powerhouse will perform its obligations independent of the control and direction of RWA or of any RWA official, other than normal contract monitoring, and Powerhouse possesses no authority with respect to any RWA decision beyond the rendition of information, advice, recommendation or counsel. Powerhouse will not engage in any conduct or other employment or business that would be incompatible with or unreasonably interfere with its

obligations under this Agreement, that would create a conflict of interest, or that would reflect unfavorably upon the interests of RWA.

**10. Indemnification.** RWA agrees, to the fullest extent permitted by law, to indemnify, defend (with mutually acceptable counsel) and hold Powerhouse, and its officers, directors, employees, agents, or authorized volunteers, harmless from any damage, liability, or cost (including attorney's fees and costs of defense) to the extent caused by RWA's negligent acts, errors or omissions in the performance of services under this Agreement including sub-contractors or others for whom RWA is legally liable.

Powerhouse agrees, to the fullest extent permitted by law, to indemnify, defend (with mutually acceptable counsel) and hold RWA, and its officers, directors, employees, agents, or authorized volunteers, harmless from any damage, liability, or cost (including attorney's fees and costs of defense) to the extent caused by Powerhouse's negligent acts, errors or omissions in the performance of work and services under this Agreement, including sub-contractors or others for whom Powerhouse is legally liable.

Neither Party's obligation to indemnify shall be restricted to any insurance proceeds or the scope of insurance coverages provided in Section 11 to this Agreement.

**11. Insurance.** Each Party will, at its sole cost, maintain in force at all times during the term of this Agreement insurance coverages of sufficient scope and limits as is necessary to cover all risks related to or arising from that Party's obligations under this Agreement. Each Party agrees that its insurance coverages will be primary and claimed against first in case of an occurrence of a risk and that the other Party's insurance coverages will be excess and will not contribute with the injured Party's insurance. A Party may at any time request that the other Party provide evidence of its insurance coverages. Failure to maintain insurance as required by this Section 11 will be considered a material breach of this Agreement.

At minimum, each Party agrees to carry \$1,000,000/\$2,000,000 (occurrence/general and products/completed operations aggregate) of commercial general liability coverage and each Party agrees to give the other, and its directors, officers, employees, agents, and authorized volunteers, insured status under its policy using ISO endorsement CG 2010 or equivalent and to provide a certificate of insurance and additional insured endorsement.

If any of a Party's required coverages expire during the term of this agreement, that Party will deliver a renewal certificate, including the general liability additional insured endorsement, to the other Party at least ten (10) days prior to the expiration date.

**12. Status of Powerhouse.** It is expressly understood and agreed by the Parties that Powerhouse's relationship to RWA is that of an independent contractor. All persons hired by Powerhouse and performing its obligations under this Agreement will be Powerhouse's employees, subcontractors or agents, and any such third persons employed by Powerhouse will be exclusively under the direction, supervision, and control of Powerhouse. Powerhouse and its officers, employees, subcontractors, and agents are not RWA employees, and are not entitled to RWA employment, salary, wages or benefits. Powerhouse will pay, and RWA will not be responsible in any way for, the salary, wages, workers' compensation, unemployment insurance, disability insurance, tax withholding and reporting, and benefits to and on behalf of Powerhouse's employees. Powerhouse will, to the fullest extent permitted by law, indemnify RWA, and its officers, employees, volunteers and agents, from and against any and all liability, penalties, expenses and costs resulting from any adverse determination by the federal Internal Revenue Service, California Franchise Tax Board or other federal or state agency concerning Consultant's independent contractor status.

**13. Governing Laws and Jurisdiction.** This Agreement shall be deemed to have been executed and to be performed within the State of California and shall be construed and governed by California law. Any legal proceedings arising out of or relating to this Agreement shall be brought in Sacramento County, California.

**14. Amendment.** Except as provided herein, no alteration, amendment, variation, or waiver of the terms of this Agreement will be valid unless made in writing and signed by both Parties. No interpretation of any provision of this Agreement will be binding upon RWA unless agreed in writing by its Executive Director and legal counsel.

**15. Waiver.** Waiver by either Party of any default, breach or condition precedent will not be construed as a waiver of any other default, breach or condition precedent, or any other right under this Agreement.

**16. Interpretation.** This Agreement will be deemed to have been prepared by both of the Parties, and therefore this Agreement will not be construed or interpreted more favorably for one Party on the basis that the other Party prepared it.

**17. Notice.** Any notice or other communication required or permitted to be given under this Agreement will be in writing and will be deemed to be properly given if delivered, mailed or sent by facsimile or e-mail in the manner provided in this section, to the following persons:

TO RWA:  
Regional Water Authority  
5620 Birdcage Street, Suite 180  
Citrus Heights, CA 95610

TO POWERHOUSE:  
Powerhouse Science Center  
3615 Auburn Boulevard  
Sacramento, CA 95821

ATTN: John Woodling  
[jwoodling@rwah2o.org](mailto:jwoodling@rwah2o.org)

ATTN: Harry Laswell  
[harrylaswell@gmail.com](mailto:harrylaswell@gmail.com)

If sent by mail, any notice, delivery or other communication will be effective or deemed to have been given three days after it has been deposited in the United States mail, with postage prepaid, and addressed as set forth above. If sent by facsimile or e-mail, any notice, delivery or other communication will be deemed to have been given only after it has been confirmed in writing as received. If delivered personally or by overnight delivery service, any such notice, delivery or other communication will be deemed to have been given on the date of delivery. Either Party may change that Party's address by giving written notice of the change to the other Party in the manner provided in this section.

**18. Severability.** If any term or condition of this Agreement or the application thereof to any person(s) or circumstance is held invalid or unenforceable, such invalidity or unenforceability shall not affect other terms, conditions, or applications which can be given effect without the invalid term, condition, or application; to this end the terms and conditions of this Agreement are declared severable.

**19. Duplicate Counterparts.** This Agreement may be executed in duplicate counterparts. The Agreement shall be deemed executed when it has been signed by both parties.

**20. Authority to Execute.** Each person executing this Agreement represents and warrants that he or she is duly authorized and has legal authority to execute and deliver this Agreement for or on behalf of the Party for which he or she is signing. Each Party represents and warrants to the other that the execution and delivery of the Agreement and the performance of such Party's obligations hereunder have been duly authorized.

IN WITNESS WHEREOF, the Parties hereto have caused this Agreement to be duly executed as of the day and year first written above.

REGIONAL WATER AUTHORITY:

POWERHOUSE SCIENCE CENTER:

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John Woodling  
Executive Director

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Harry Laswell  
Interim Executive Director & CEO

## Appendix A

RWA's two Sponsored Exhibits are Water Day-to-Day (Section D) and Our Water Future (Section G), as fully described in Water Gallery Concept Document dated October 19, 2017 but briefly described below.

1. Water Day-to-Day: This area examines how we use water in the home and challenges some assumptions visitors may have about reducing our water footprint. It also exposes the technology necessary to create the infrastructure to bring water to our taps.

Exhibit features include:

- **Drop a Beat:** Visitors become a water DJ and create their own animated water conservation mix. Three AV stations represent different rooms in the house where they can choose from actions that conserve water. Each choice has an associated gif. For example, in the bathroom, gifs might include a repeating animation of someone turning off the water faucet while brushing their teeth. In each room visitors choose several actions and combine them to create their own custom conservation song that they can email to themselves.
- **Home Water Detective:** Visitors walk in and out of a stylized representation of a home, exploring how they can save water at every location where water is used inside and outside the house. In the process they learn the difference between water conservation and efficiency.
- **Ebb & Flow:** Humans have always had to adapt to water challenges. In this set of graphic images, Duraclear panels reveal various architectural and/or engineering strategies to deal with water.
- **Water Fountain:** Moving water in an urban environment from a water intake pipe in a river, out through your tap, and beyond is a complex process. In this interactive exhibit, visitors actively guide water through a number of systems to learn about different aspects of the water delivery process. After completing this activity, water appears for visitors to drink at a real water fountain.
- **Miles Per Drop:** California is divided into many different water districts that are responsible for filling the needs of their residents. An interactive map of Northern California water districts allows visitors to find the water source for their neighborhood. Each district relies on a different combination of water sources to satisfy this need. By entering their zip code, visitors can see what water sources serve their area.

2. Our Water Future: In this concluding area, visitors learn how others have thought differently about water in California, and what action they have taken to keep water flowing in our future. They are also prompted to think about what they might want to do differently after they leave the exhibition.

Exhibit features include:

- **Water Stories:** The Water Stories exhibit features six water champions, individuals who have worked for water sustainability in California. These champions are featured in large graphics. At a touchscreen, visitors can select a champion to watch a video that tells his or her story. Water Stories will address relevant and current policy issues, will be updated periodically and will be geographically diverse in nature. RWA will assist Powerhouse in selecting water champions.
- **Water Reminders:** Inspired by the water stories of others, visitors approach touchscreen kiosks nearby. They choose from a number of water-related topics that may interest them. After they enter in their email addresses, they are sent corresponding resources on how they too can become a water champion in California.

# SACRAMENTO BUSINESS JOURNAL

2/23/2018

## ► DONE DEAL

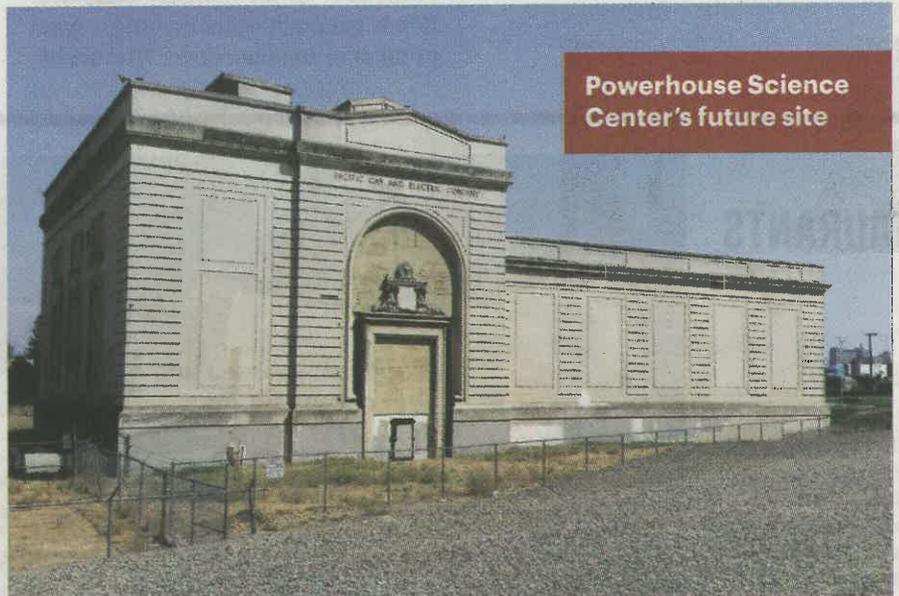
### POWERHOUSE SCIENCE CENTER PLANS SUMMER CONSTRUCTION

**What:** Additional funding from Sacramento Municipal Utility District for Powerhouse Science Center

**Why:** Pledge will give SMUD naming rights on museum

**Price:** New pledge of \$7 million, for \$9.25 million total

**Notable:** When SMUD's board of directors signed off last week on a \$7 million naming rights deal for the Powerhouse Science Center project, it unlocked the last piece for construction to get underway. Michael Galane, the museum board's current chair, said construction of the 50,000-square-foot, \$50 million project should begin this summer, because the new money gives Powerhouse's directors the ability to get full construction financing. For SMUD,



Powerhouse Science  
Center's future site

MARK ANDERSON | SACRAMENTO BUSINESS JOURNAL

naming rights help broaden exposure to the utility's core missions such as education and workforce development, said Erica Manuel, SMUD's manager of community, economic development and

education. Otto Construction will be the project contractor, with architecture from Dreyfuss & Blackford Architects. The Powerhouse Science Center is set to be completed in summer 2020. <

## **AGENDA ITEM 5: EXECUTIVE COMMITTEE REPORT AND RECOMMENDATION**

### **BACKGROUND:**

Throughout the course of 2017, the Executive Committee considered modifications to RWA's Strategic Plan. The Planning, Implementation, and Advocacy elements of the Plan were updated and approved by the full RWA Board of Directors. The Information/Education element was modified by the Executive Committee.

The Strategic Plan was completed in 2013 and designed to serve the needs of the organization to 2018 and beyond. With the modifications made in 2017, the Strategic Plan should serve RWA well for the next few years.

The full text of the modified goals and objectives is attached.

Information Presentation: John Woodling, Executive Director

### **EXECUTIVE COMMITTEE RECOMMENDATION:**

**Action: Accept the modifications to the RWA Strategic Plan 2018 +**

## **AMENDMENTS TO REGIONAL WATER AUTHORITY STRATEGIC PLAN 2018+**

**PLANNING GOAL – Continuously improve an Integrated Regional Water Management Plan that is comprehensive in scope and guides effective water resources management in the region.**

**Adopted by RWA Board July 13, 2017**

**Objective A. Develop a Regional Water Reliability Plan to identify the most promising regional opportunities to improve water supply reliability.**

1. Identify most promising opportunities for intra- and interregional transfers and exchanges to meet demands or environmental needs.
2. Evaluate regional opportunities to reduce water use.
3. Support interregional groundwater management and conjunctive use planning.
4. Support recycled water planning
5. Identify most promising opportunities for shared infrastructure and resources.

**Objective B. Evaluate and respond to external impacts on the region's water suppliers and operations.**

1. Evaluate climate as a regional vulnerability and consider climate adaptation strategies.
2. Promote Delta solutions that protect the region's water supplies.
3. Promote forecast informed reservoir operations that enhance water supplies while maintaining flood protection.
4. Update a regional hydrologic model, in coordination with groundwater sustainability agencies, to support regional planning and groundwater management.

**Objective C. Complete a comprehensive update to the American River Basin Integrated Regional Water Management Plan.**

1. Coordinate completion of a Regional Stormwater Plan for incorporation into the IRWM Plan.
2. Ensure compliance with state standards for eligibility and competitiveness for future funding.
3. Develop MOUs with adjacent IRWM groups for coordination in areas served by RWA members.

## AMENDMENTS TO REGIONAL WATER AUTHORITY STRATEGIC PLAN 2018+

**IMPLEMENTATION GOAL– Assist members with implementing successful water resources management strategies and related programs. This includes identifying, acquiring and administering external sources of funding.**

**Adopted by RWA Board July 13, 2017**

**Objective A. Promote implementation of the American River Basin Integrated Regional Water Management Plan.**

1. Seek funding for projects included in the IRWM Plan and support efforts of individual entities to leverage the IRWM Plan for funding.
2. Assist with acquiring and managing grant funding for regional projects including infrastructure, water conservation, and water reliability.
3. Maintain the IRWM database and make appropriate updates to the IRWM Plan on a quarterly basis.

**Objective B. Promote improvements in water use efficiency in the region to meet future water needs and ensure compliance with applicable requirements.**

1. Continue to cost effectively implement a clearly defined water efficiency program that allows members to satisfy public outreach and school education requirements for a number of purposes, including the Central Valley Improvement Act and Urban Water Management Plans.
2. Continue to track and report progress in attaining compliance with metering requirements.
3. Track individual member agency water use and assist in developing a strategy for regional compliance with state standards.
4. Lead the Water Forum water caucus in development of modifications to the Water Conservation element.

**Objective C. Support a lower American River Flow Management Standard that is consistent with the Water Forum co-equal goals.**

**Objective D. Support water transfers among agencies (intra- and interregional) that are beneficial to the region.**

**Objective E. Support programs to benefit from economies of scale in purchasing and resource sharing as opportunities present themselves.**

## AMENDMENTS TO REGIONAL WATER AUTHORITY STRATEGIC PLAN 2018+

**INFORMATION/EDUCATION GOAL – Inform and educate members and interested parties by providing a forum for discussion of issues and outreach to stakeholders.**

**DRAFT – FOR RWA BOARD APPROVAL**

**Objective A. Educate and inform members and other interested parties on water management issues affecting the region.**

1. Educate members through periodic RWA Water Workshops and updates on relevant topics.
2. Maintain a subcommittee to solicit and prioritize topics and assist in planning workshops.

**Objective B. Raise RWA’s profile and credibility to external audiences through outreach efforts.**

1. Inform the media on water management successes in the region.
2. Inform federal, state and local elected officials on water issues and water management successes.
3. Inform the public about water supply conditions by developing talking points and compiling water shortage information throughout the year.

**Objective C. Develop and maintain strong partnerships to advance RWA member interests.**

1. Represent the Water Caucus in the Water Forum Successor Effort.
2. Develop and maintain partnerships with other northern California water interests and water agencies outside the RWA region.
3. Maintain partnerships with business organizations including Metro Chamber and local chambers.
4. Expand involvement in statewide organizations to convey the region’s views.

**Objective D. Maintain communication among members to create and implement a consistent message for RWA and the region that supports other strategic plan elements (planning, implementation and advocacy).**

## AMENDMENTS TO REGIONAL WATER AUTHORITY STRATEGIC PLAN 2018+

**ADVOCACY GOAL - REPRESENT REGIONAL NEEDS AND CONCERNS TO POSITIVELY INFLUENCE LEGISLATIVE AND REGULATORY POLICIES AND ACTIONS. THIS INCLUDES WORKING TO PRESERVE THE WATER RIGHTS AND ENTITLEMENTS OF MEMBERS, MAINTAIN AREA OF ORIGIN PROTECTIONS, AND PROTECT AND ENSURE WATER SUPPLY RELIABILITY**

**Adopted by the RWA Board September 14, 2017**

**Additional amendment (below) for approval by the RWA Board**

**Objective A. Engage state and federal legislators representing the region and legislators on relevant committees to discuss an agenda for legislative action that represents a collective RWA member vision on items of regional importance**

1. Annually, develop a state legislative agenda and outreach plan for the region to guide advocacy efforts.
2. Maintain a tracking system of significant water related state legislation and make the information and a summary readily available electronically to members.
3. Using priorities identified through regional planning efforts, develop and advocate for positions on federal and state funding programs.
4. Monitor and actively engage on actions of the ACWA State Legislative Committee and coordinate with other external organizations.
5. Support RWA member agency activities on federal legislation and coordinate with external organizations including ACWA, NWRA, California Water Association, and the Metro Chamber.

**Objective B. Evaluate, comment and advocate on statewide water regulatory issues that may impact the region and its water supply reliability**

1. Track, evaluate and respond to water quality, water conservation, water affordability and other regulatory issues that may affect members.
2. Track, evaluate and respond to the ongoing regulatory implementation of the Sustainable Groundwater Management Act.
3. Participate and coordinate with efforts of partner organizations with similar interests.

## **AGENDA ITEM 6: POLICY 500.16 ALLOCATING LIABILITIES TO WITHDRAWING MEMBERS**

### **BACKGROUND:**

Members of RWA operate under a joint exercise agreement that outline powers and responsibilities of RWA and of members. The Amended and Restated Joint Exercise of Powers Agreement of the Regional Water Authority, dated October 8, 2013, provides for the voluntary withdrawal from membership subsequent to 90 days' notice. Such withdrawal is subject to the provision that the withdrawing member "shall remain responsible for any indebtedness incurred by the Member under any Project or Program Agreement to which the Member is a party, and further provided that the withdrawing Member pays or agrees to pay its share of debts, liabilities and obligations of the Regional Water Authority incurred by the Member under this Agreement prior to the effective date of such withdrawal."

Since RWA membership is voluntary, the Executive Committee requested a policy to clarify how obligations and liabilities of RWA would be allocated if a member chooses to withdraw from membership.

Most of RWA obligations are budgeted for on an annual basis and incorporated into the annual budget. Some obligations are incurred during the membership but the payment is made over several future periods. Examples of these types of delayed payments for past services include unfunded pension and other post-employment benefit ("OPEB") liabilities.

This draft policy outlines the framework to allocate debts, liabilities and obligation of the Regional Water Authority that are not budgeted for on an annual basis. The liability allocation methodology for the unfunded pension plan obligation calculates each member's liability based upon total dues paid for that member in relation to the total dues for all members during the membership of the departing member. This methodology accounts for the how a membership may change over time (i.e. increasing dues as a result of changes to members' size). Additionally, RWA is using the hypothetical termination liability as determined by the latest CalPERS valuation report in determining the pension plan payment. The termination liability assumes that all risk of the plan will be paid for by the plan and future shortfalls cannot be collected from the member.

### **EXECUTIVE COMMITTEE RECOMMENDATION:**

**Action: Approve Policy 500.16 Allocating Liabilities to Withdrawing Members**

# REGIONAL WATER AUTHORITY POLICIES AND PROCEDURES MANUAL

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Policy Type : Fiscal Management  
Policy Title : Allocating Liabilities to Withdrawing Members  
Policy Number : 500.16  
Date Adopted :  
Date Amended :

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## ALLOCATING LIABILITIES TO WITHDRAWING MEMBERS

### Background

Members of RWA operate under a joint exercise of powers agreement that outlines powers and responsibilities of RWA and of members. The Amended and Restated Joint Exercise of Powers Agreement of the Regional Water Authority, dated October 8, 2013, provides for the voluntary withdrawal from membership subsequent to 90 days' notice. Such withdrawal is subject to the provision that the withdrawing member "shall remain responsible for any indebtedness incurred by the Member under any Project or Program Agreement to which the Member is a party, and further provided that the withdrawing Member pays or agrees to pay its share of debts, liabilities and obligations of the Regional Water Authority incurred by the Member under this Agreement prior to the effective date of such withdrawal."

Most of RWA's obligations are budgeted for on an annual basis and incorporated into the annual budget. Some obligations are incurred during the membership, but the payment is made over several future periods. Examples of these types of delayed payments for past services include unfunded pension and other post-employment benefit ("OPEB") liabilities. Required payments of these future obligations based upon prior and current service are dependent upon estimates since investment performance and experience may be different than forecasted.

This policy outlines the framework to allocate debts, liabilities and obligations of the Regional Water Authority.

### Unfunded Pension Liabilities

RWA provides defined pension benefits for plan participants that meet the vesting criteria as established by CalPERS, the California Public Employees' Pension Reform Act (PEPRA)<sup>1</sup>. The fundamental financial objective of an employee defined

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<sup>1</sup> Any current or future changes to the pension laws will dictate available benefits to employees or retirees.

benefit pension plan is to fund the long-term costs of benefits promised to the plan participants. In a defined benefit plan, an employer has promised a benefit and must make contributions to the plan in order to meet the promised benefit<sup>2</sup>. In order to assure the pension benefits will remain sustainable, RWA should accumulate adequate resources for future benefit payments in a systematic and disciplined manner during the active service life of the benefitting employees.

These pension plan obligations are accumulated over the life time of employee service. RWA's pension plan payments have been based upon CalPERS Annual Valuation reports which specify the amount of payments RWA is required to make to fund these pension plan obligations. RWA has paid 100% of the annual required contributions towards the pension plan. However, due to amortization policies<sup>3</sup> of the CalPERS pension plan that account for differences between actuarial assumptions and actual results, RWA's actuarially determined pension liabilities for prior employee service has not yet been fully funded. Because RWA's membership is voluntary, RWA has adopted Policy 500.15 Defined Benefit Pension Plan Funding Policy. The goal of Policy 500.15 is to accelerate additional payments towards the unfunded pension liability over a period of four years so as to achieve a 100% funded ratio. A 100% funded ratio is calculated by comparing the allocated market value of pension assets compared to the actuarial accrued liability for RWA's plan. However, since every year new liabilities can be created when actual pension plan results don't match the actuarial assumptions or assumptions change, new additional unfunded liabilities can be created.

Since RWA membership is voluntary, it is important that the pension costs for employee services incurred while serving active members is adequately and timely funded by these RWA members as they receive these services so as to achieve intergenerational equity. The unfunded liability represents pension costs associated with past service of employees that have been received by RWA members. These past services have contributed to the current influence and success of RWA as a regional water advocate.

RWA's unfunded pension liability is considered incurred by the member for services received during membership. This liability shall be calculated and allocated to members who withdraw based upon the following framework:

1. Determine the withdrawing member's proportion of annual dues for all years of membership.
2. Determine total RWA membership dues since organization inception in July 2001 for all remaining members, including the withdrawing member.
3. Calculate an allocation percentage for the withdrawing member by taking the dues in step one divided by the dues in step two.

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<sup>2</sup> The required contributions are typically variable in nature due to variable market performance and changing assumptions.

<sup>3</sup> CalPERS has amortization policies that typically amortize these differences over 30 years with a five-year ramp up of amortization costs.

4. Obtain the unfunded hypothetical termination liability (“UHTL”) as prepared by the latest available CalPERS annual valuation report using the highest discount rate available as calculated for the UHTL. The hypothetical termination liability assumes that once the termination liability is “paid” by the employer, the pension plan will no longer continue to receive employer funds and therefore must be self-sustaining to pay for legal pension obligations. A lower discount rate is assumed for this calculation to mitigate the risk of funds being insufficient to pay for pension obligations due to changes in assumptions. Even if RWA has fully paid its unfunded liability as determined by CalPERS using funding discount rates,<sup>4</sup> RWA can still have an unfunded hypothetical termination liability since lower discount rates are used.
5. The members’ allocation percentage as calculated in step 3 multiplied by the UHTL in step 4 will result in a pension liability payment due from the withdrawing member.

Any funds received by RWA specifically for the pension plan obligations as calculated above will be remitted to CalPERS pension plan as part of the annual additional lump sum payment(s) made by RWA in excess of the required annual contributions. Based upon staff recommendations, the Board may exercise discretion in regards to the timing of the payment to CalPERS for these type of payments.

### **Unfunded Other Post-Employment Liabilities (“OPEB”)**

Bi-annually, RWA has an actuary calculate the unfunded OPEB. Beginning in fiscal year 2017, the unfunded liability includes two components – an explicit and implicit liability. RWA has been funding both portions of this liability since fiscal year 2017. The annual required contribution for OPEB pays for the current year employees OPEB benefits and for the prior year unfunded benefits. In determining the portion to allocate to a withdrawing member, the unfunded actuarial accrued liability as determined by the latest actuary report, including both the explicit and implicit liability, will be the liability basis used to allocate to the member. This unfunded actuarial accrued liability allocation will be determined in the same manner as the unfunded pension liability allocation.

### **Dues Surcharges**

From time to time, RWA may incur obligations that benefit members but may be paid for over a period of several years, such as the Powerhouse Science center project. RWA may make one-time or multi-year special assessments to fund these opportunities. Withdrawing members will be responsible for the allocated obligation of these special assessments, including any future unpaid multi-year assessments. These obligations due from the withdrawing member will be calculated using the same allocation basis to derive the special assessments.

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<sup>4</sup> The discount rates for funding have varied over the years. Historically, the discount rate was 7.75% and is expected to decrease to at least 7.0 and perhaps further in future years.

### **Project or Program Management Liabilities**

These specific liabilities are based upon project management agreements between various members, depending upon the project. As stated in the joint powers agreement, the withdrawing member shall be obligated to pay its portion of liabilities as agreed to according to the project or program management agreement and approved by the Project Committee as of the date of withdrawal.

### **Leases**

If leases represent use of space or equipment on a prospective or ongoing use basis, these obligations are accounted for in current dues and would typically not be allocated to withdrawing members.

### **Payment to RWA**

Payment for these obligations and liabilities are payable to RWA within 90 days of withdrawal.

DRAFT

## **AGENDA ITEM 7: RWA FINANCIAL DESIGNATION POLICY 500.1**

### **BACKGROUND:**

Attached for review is a draft of the revised Policy 500.1. In addition to some editorial changes, the significant changes to this policy include the following:

#### **Calculating the Operating Fund Target Balance**

In determining the minimum and maximum operating fund balance, RWA has used the budgeted operating expenses. Since SGA reimburses RWA for a portion of shared common costs, and SGA also carries an operating reserve, including these shared costs as part of the calculation for operating fund target balance results in a higher than needed balance. For example, in FY17, SGA reimbursed RWA for \$476,712 in common operating expenses. When projecting these expenses, RWA's operating fund needed a minimum of \$158,900<sup>1</sup> in the operating fund to pay for these costs. Since RWA can expect repayment of these common operating costs in a timely manner, including these common operating costs as part of the operating fund balance calculation inflates the cash flow requirement.

Additionally, non-recurring costs have historically been excluded from calculating the operating fund target balance in previous budgets. The policy now reflects the practice of excluding these costs.

#### **Retirement Benefits Fund**

The rationale section was streamlined and simplified. Additionally, the policy was modified to remove SGA's reference to reimbursements since SGA has its own pension plan and pays for pension plan services directly.

### **EXECUTIVE COMMITTEE RECOMMENDATION:**

**Action: Approve Changes to RWA Financial Designation Policy 500.1**

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<sup>1</sup> Calculated as follows: \$476,712 in expenses divided by 12 months, multiplied by 4 months = \$158,904. Four months is the minimum target balance.

# REGIONAL WATER AUTHORITY POLICIES AND PROCEDURES MANUAL

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Policy Type : Fiscal Management  
Policy Title : Financial Designation/Reserve Policy  
Policy Number : 500.1  
Date Adopted : May 12, 2005  
Date Amended : November 8, 2007  
July 12, 2012  
May 14, 2015  
[March 8, 2018](#)

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## FINANCIAL DESIGNATION/RESERVE POLICY

The policy establishes financial designation funds to mitigate current and future risks due to revenue shortfalls and unanticipated expenses, or to designate funds for specific purposes. Designation funds are discretionary funds designated by the Regional Water Authority (RWA) Board of Directors to accomplish financial obligations and objectives of the organization. These balances are a crucial consideration in long-term financial planning. The adequacy of the target designation balance and/or annual contributions will be reviewed annually during the RWA budgeting process and may be revised accordingly as necessary, including but not limited to temporary suspension or reduction of minimum or maximum target balances. The following designation categories are established:

I. Operating Fund:

- A. Purpose: To ensure cash resources are available to fund daily administration and operations for RWA member services. Additionally, this fund may provide resources for the matching fund component for partnership funding opportunities not previously anticipated during the annual budget process.
- B. Use of Funds: These funds will be used to pay for expenses according to budget and spending authority. This fund may also be used as the matching fund component for partnership opportunities with other local, state or federal organizations that were not anticipated during the budget process. Additionally, this fund will be used to cover the timing lag of invoicing for fees versus receipts of fees. Funds in excess of the maximum target balance may be used to offset future member fees. This

fund will be reviewed on an annual basis to determine the fund's adequacy.

- C. Rationale: RWA has a fiduciary responsibility to maintain adequate cash flow to meet its operating expenses in a timely manner. Additionally, matching funds are sometimes needed on short notice to take advantage of state and/or federal partnership funding opportunities. Government Code Section 53646(b) (3) suggests that an agency should have sufficient cash flow to meet the next six months of budgeted expenses. The next six months of projected cash revenues can be included as a source of cash flow to satisfy this requirement. The Government Finance Officers Association ("GFOA") recommends a baseline of ninety days' worth of working capital (designations) and then adjusts the target based on the particular characteristics of the enterprise fund<sup>1</sup>.
- D. Target Balance: A minimum target balance will be 33% or four months of cash to fund budgeted operating expenses. A maximum target balance will be approximately 50% of annual budgeted operating expenses (approximately six months of operating expenses). Since SGA reimburses RWA for common costs, these estimated reimbursements are deducted from total budgeted operating expenses to determine RWA's net cash requirement for operating expenses. Additionally, non-recurring expenditures are not included in the operating expense calculation to determine the target balance.
- E. Replenishment: Annual replenishment will vary, depending upon other designation requirements and current year expense requirements. As part of the annual operating budget process, the operating fund should be budgeted to comply with the target balance. However, the Board may consider suspending the target balance when evaluating the overall budget on an annual basis.

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## II. Membership Fees Stabilization Fund:

- A. Purpose: To mitigate the financial impact of membership non-renewal.
- B. Use of Funds: These funds will be used to supplement operating cash flow in the event a member does not renew. Alternatively, this fund can be used for pro-rated refunds for membership termination (subject

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<sup>1</sup> From GFOA best practices, "Determining the Appropriate Levels of Working Capital in Enterprise Funds", February 2011.

to a proper notice period)<sup>3</sup>. This fund will be reviewed on an annual basis to determine the fund's adequacy.

- C. Rationale: RWA derives its financial support from membership fees. Membership fees are based upon the assumption that current year members renew in the subsequent year. The membership base is small and could easily be adversely affected by one or two members choosing not to renew membership. This fund could mitigate requiring additional contributions for membership fees in the year of occurrence. It provides RWA and renewing members a one year planning horizon to address the financial impact of these occurrences.
- D. Target Balance: The minimum target balance is approximately 15% of total membership fees (equal to approximately one large agency, one medium agency, and one small agency).
- E. Replenishment: Annual replenishment will vary, depending upon other designation requirements, current year expense requirements and use of this fund.

### III. Subscription Program Revenue Fund:

- A. Purpose: To mitigate the financial impact of uncertain collection of operating fund revenues paid through subscription program funding.
- B. Use of Funds: These funds will be used to supplement operating cash flow in the event subscription program net revenue does not materialize as planned.
- C. Rationale: A portion of RWA's financial support is derived from subscription based programs. Membership fees are based upon some net subscription revenues contributing to the RWA operations. To the extent these net revenues do not materialize as planned, RWA needs additional resources to maintain basic operations.
- D. Target Balance: The minimum target balance of 10% of net subscription program revenues is designated for this fund.
- E. Replenishment: Annual replenishment will vary, depending upon other designation requirements and current year expense requirements.

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<sup>3</sup> Only current year fees could be subject to potential refunds and would require Executive Committee approval.

#### IV. Subscription Program Fund:

- A. Purpose: To set aside subscription program operating funds for the purposes of administering the subscription programs. These funds are committed by individual contract obligations between the various participating agencies.
- B. Use of Funds: These funds will be used to administer the specific subscription programs.
- C. Rationale: In administering a subscription program, the program often expands beyond one fiscal year. The unused and unspent funds of an active subscription program are restricted for use within that program by contract.
- D. Target Balance: No target balance needed as these funds will be dependent upon the life cycle and existence of a subscription program.
- E. Replenishment: Replenishment will come from the subscription program agreements as needed.

#### V. Retirement Benefits Fund:

- A. Purpose: To set aside funds for the purpose of funding the cost of the retirement benefits earned for prior service of retired and current employees.
- B. Use of Funds: These funds will be used specifically for funding payment of retirement benefits.
- C. Rationale: This fund [is used to set aside non-recurring contributions for retirement related benefits, such as other post-employment benefits or additional lump sum payments for unfunded pension plan liabilities.](#)
- D. Target Balance: The target balance will be dependent upon the actuarial calculation of any actual liability accrued for unfunded retirement benefits of any kind. The valuation will be dependent upon RWA's timing of funding this liability. RWA may fund the historically determined liability over several years.
- E. Replenishment: Replenishment will come from the RWA membership fees.

**Deleted:** was originally set up to pre-fund retiree health insurance costs in accordance with Governmental Accounting Standards Board (GASB) Statement No. 45. While RWA has pre-funded its retiree health care costs as recommended by GASB, this fund is being retained because employee benefits remain an issue in public agency finance and it may be recommended or required to pre-fund other retirement benefit liabilities in the future.

**Deleted:** , as well as a cost share from the Sacramento Groundwater Authority (SGA), representing SGA's shared cost of staff. The allocated cost share from SGA will be based upon historical estimates of shared staffing and/or allocations as calculated by CalPERS

## VI. Sponsorship Contribution Fund:

- A. Purpose: To help offset the costs of special events such as educational workshops, seminars, the annual holiday social and/or long-term collaborative partnerships and projects<sup>4</sup>.
- B. Use of Funds: Whenever possible, RWA will use all of the funds collected for each special event on the specific event for which those funds were solicited. In the event that not all of the sponsorship funds collected for a specified event are used for the event, any excess funds will be deposited in this fund for use at RWA's next scheduled special event.
- C. Rationale: Sponsorship contributions should be applied toward the costs of hosting and conducting the specific event for which the contributions were solicited. Appropriate costs include: food and non-alcoholic beverages; speaker costs; and miscellaneous event costs such as room rental, audio visual equipment, direct project collaboration costs, long-term partnership costs, etc.
- D. Target Balance: No target balance is required because this fund should be used only when all sponsorship funding for a special event cannot be spent, Excess funds will be used to the next special event.
- E. Replenishment: There is no formal replenishment process for this fund. Contributions for this fund come from private firms, companies and/or public agencies from solicitations for these events.

**Deleted:** and the fund balance should be depleted by spending any deposited funds for the next scheduled special event

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**Deleted:** , partnerships or projects are made

## VII. Strategic Plan Fund

- A. Purpose: To designate resources needed to achieve multi-year objectives and goals that arise from RWA's strategic plan.<sup>5</sup>
- B. Use of Funds: These funds will be used specifically for launching or expanding programs and projects to achieve strategic plan objectives and goals. Designation of contributions of funds, and use of the funds, will be approved by the Board of Directors during the annual budget process as recommended by the Executive Committee.

<sup>4</sup> An example would be the Powerhouse Science Center partnership started in fiscal year 2015.

<sup>5</sup> Establishing this fund does not preclude RWA from immediate implementation of strategic plan objectives as part of the annual budget adoption.

- C. Rationale: Over the years, RWA has evolved and provides increased services for its members and influence on regional water issues. As RWA continues to expand services, the cost of these services may require significant increase in membership fees. Since RWA members adopt annual budgets and have varied fiscal years that may be different than RWA, setting aside incremental resources to implement these additional services will aid the membership in fiscal budgeting and planning with their various governing bodies.
- D. Target Balance: No target balance is required and will depend upon the Board's approval of which strategic objective to fulfill, the timing of when to start it, and the pace at which to implement it. These factors will influence the required cash flow.
- E. Replenishment: Annual replenishment will vary, depending upon the required costs to achieve the strategic objectives, the timing and pace at which to implement them.

# REGIONAL WATER AUTHORITY POLICIES AND PROCEDURES MANUAL

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Policy Type : Fiscal Management  
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## FINANCIAL DESIGNATION/RESERVE POLICY

The policy establishes financial designation funds to mitigate current and future risks due to revenue shortfalls and unanticipated expenses, or to designate funds for specific purposes. Designation funds are discretionary funds designated by the Regional Water Authority (RWA) Board of Directors to accomplish financial obligations and objectives of the organization. These balances are a crucial consideration in long-term financial planning. The adequacy of the target designation balance and/or annual contributions will be reviewed annually during the RWA budgeting process and may be revised accordingly as necessary, including but not limited to temporary suspension or reduction of minimum or maximum target balances. The following designation categories are established:

- I. Operating Fund:
  - A. Purpose: To ensure cash resources are available to fund daily administration and operations for RWA member services. Additionally, this fund may provide resources for the matching fund component for partnership funding opportunities not previously anticipated during the annual budget process.
  - B. Use of Funds: These funds will be used to pay for expenses according to budget and spending authority. This fund may also be used as the matching fund component for partnership opportunities with other local, state or federal organizations that were not anticipated during the budget process. Additionally, this fund will be used to cover the timing lag of invoicing for fees versus receipts of fees. Funds in excess of the maximum target balance may be used to offset future member fees. This

fund will be reviewed on an annual basis to determine the fund's adequacy.

- C. Rationale: RWA has a fiduciary responsibility to maintain adequate cash flow to meet its operating expenses in a timely manner. Additionally, matching funds are sometimes needed on short notice to take advantage of state and/or federal partnership funding opportunities. Government Code Section 53646(b) (3) suggests that an agency should have sufficient cash flow to meet the next six months of budgeted expenses. The next six months of projected cash revenues can be included as a source of cash flow to satisfy this requirement. The Government Finance Officers Association ("GFOA") recommends a baseline of ninety days' worth of working capital (designations) and then adjusts the target based on the particular characteristics of the enterprise fund<sup>1</sup>.
- D. Target Balance: A minimum target balance will be 33% or four months of cash to fund budgeted operating expenses. A maximum target balance will be approximately 50% of annual budgeted operating expenses (approximately six months of operating expenses). Since SGA reimburses RWA for common costs, these estimated reimbursements are deducted from total budgeted operating expenses to determine RWA's net cash requirement for operating expenses. Additionally, non-recurring expenditures are not included in the operating expense calculation to determine the target balance.
- E. Replenishment: Annual replenishment will vary, depending upon other designation requirements and current year expense requirements. As part of the annual operating budget process, the operating fund should be budgeted to comply with the target balance. However, the Board may consider suspending the target balance when evaluating the overall budget on an annual basis.

## II. Membership Fees Stabilization Fund:

- A. Purpose: To mitigate the financial impact of membership non-renewal.
- B. Use of Funds: These funds will be used to supplement operating cash flow in the event a member does not renew. Alternatively, this fund can be used for pro-rated refunds for membership termination (subject

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<sup>1</sup> From GFOA best practices, "Determining the Appropriate Levels of Working Capital in Enterprise Funds", February 2011.

to a proper notice period)<sup>2</sup>. This fund will be reviewed on an annual basis to determine the fund's adequacy.

- C. Rationale: RWA derives its financial support from membership fees. Membership fees are based upon the assumption that current year members renew in the subsequent year. The membership base is small and could easily be adversely affected by one or two members choosing not to renew membership. This fund could mitigate requiring additional contributions for membership fees in the year of occurrence. It provides RWA and renewing members a one year planning horizon to address the financial impact of these occurrences.
- D. Target Balance: The minimum target balance is approximately 15% of total membership fees (equal to approximately one large agency, one medium agency, and one small agency).
- E. Replenishment: Annual replenishment will vary, depending upon other designation requirements, current year expense requirements and use of this fund.

### III. Subscription Program Revenue Fund:

- A. Purpose: To mitigate the financial impact of uncertain collection of operating fund revenues paid through subscription program funding.
- B. Use of Funds: These funds will be used to supplement operating cash flow in the event subscription program net revenue does not materialize as planned.
- C. Rationale: A portion of RWA's financial support is derived from subscription based programs. Membership fees are based upon some net subscription revenues contributing to the RWA operations. To the extent these net revenues do not materialize as planned, RWA needs additional resources to maintain basic operations.
- D. Target Balance: The minimum target balance of 10% of net subscription program revenues is designated for this fund.
- E. Replenishment: Annual replenishment will vary, depending upon other designation requirements and current year expense requirements.

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<sup>2</sup> Only current year fees could be subject to potential refunds and would require Executive Committee approval.

#### IV. Subscription Program Fund:

- A. Purpose: To set aside subscription program operating funds for the purposes of administering the subscription programs. These funds are committed by individual contract obligations between the various participating agencies.
- B. Use of Funds: These funds will be used to administer the specific subscription programs.
- C. Rationale: In administering a subscription program, the program often expands beyond one fiscal year. The unused and unspent funds of an active subscription program are restricted for use within that program by contract.
- D. Target Balance: No target balance needed as these funds will be dependent upon the life cycle and existence of a subscription program.
- E. Replenishment: Replenishment will come from the subscription program agreements as needed.

#### V. Retirement Benefits Fund:

- A. Purpose: To set aside funds for the purpose of funding the cost of the retirement benefits earned for prior service of retired and current employees.
- B. Use of Funds: These funds will be used specifically for funding payment of retirement benefits.
- C. Rationale: This fund is used to set aside non-recurring contributions for retirement related benefits, such as other post-employment benefits or additional lump sum payments for unfunded pension plan liabilities.
- D. Target Balance: The target balance will be dependent upon the actuarial calculation of any actual liability accrued for unfunded retirement benefits of any kind. The valuation will be dependent upon RWA's timing of funding this liability. RWA may fund the historically determined liability over several years.
- E. Replenishment: Replenishment will come from the RWA membership fees.

## VI. Sponsorship Contribution Fund:

- A. Purpose: To help offset the costs of special events such as educational workshops, seminars, the annual holiday social and/or long-term collaborative partnerships and projects<sup>3</sup>.
- B. Use of Funds: Whenever possible, RWA will use all of the funds collected for each special event on the specific event for which those funds were solicited. In the event that not all of the sponsorship funds collected for a specified event are used for the event, any excess funds will be deposited in this fund for use at RWA's next scheduled special event.
- C. Rationale: Sponsorship contributions should be applied toward the costs of hosting and conducting the specific event for which the contributions were solicited. Appropriate costs include: food and non-alcoholic beverages; speaker costs; and miscellaneous event costs such as room rental, audio visual equipment, direct project collaboration costs, long-term partnership costs, etc.
- D. Target Balance: No target balance is required because this fund should be used only when all sponsorship funding for a special event cannot be spent. Excess funds will be used to the next special event.
- E. Replenishment: There is no formal replenishment process for this fund. Contributions for this fund come from private firms, companies and/or public agencies from solicitations for these events.

## VII. Strategic Plan Fund

- A. Purpose: To designate resources needed to achieve multi-year objectives and goals that arise from RWA's strategic plan.<sup>4</sup>
- B. Use of Funds: These funds will be used specifically for launching or expanding programs and projects to achieve strategic plan objectives and goals. Designation of contributions of funds, and use of the funds, will be approved by the Board of Directors during the annual budget process as recommended by the Executive Committee.

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<sup>3</sup> An example would be the Powerhouse Science Center partnership started in fiscal year 2015.

<sup>4</sup> Establishing this fund does not preclude RWA from immediate implementation of strategic plan objectives as part of the annual budget adoption.

- C. Rationale: Over the years, RWA has evolved and provides increased services for its members and influence on regional water issues. As RWA continues to expand services, the cost of these services may require significant increase in membership fees. Since RWA members adopt annual budgets and have varied fiscal years that may be different than RWA, setting aside incremental resources to implement these additional services will aid the membership in fiscal budgeting and planning with their various governing bodies.
- D. Target Balance: No target balance is required and will depend upon the Board's approval of which strategic objective to fulfill, the timing of when to start it, and the pace at which to implement it. These factors will influence the required cash flow.
- E. Replenishment: Annual replenishment will vary, depending upon the required costs to achieve the strategic objectives, the timing and pace at which to implement them.

## AGENDA ITEM 8: DEVELOPMENT OF FISCAL YEAR 2018 – 2019 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 2018-2019 budget (“FY19 Budget”) at the January 24, 2018 and the February 21, 2018 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 EC voted unanimously to recommend Board approval of the draft budget.

The following topics were discussed:

- 1) The strategic plan implementation for water advocacy is in its final phase of implementation. RWA created a strategic designation fund to help buffer large fee increases as staffing for the advocacy program was brought on board. For FY19, this proposed budget moves the related advocacy consulting support to the core program that has been previously been funded by a subscription program. All members benefit from this service and related work. The funding for the consulting support would be funded in part from the strategic plan designation as follows:

	FY19	FY20	FY21
Estimated remaining Subscription Designation from FY18 (\$100,800)	\$100,800	\$ -	\$ -
Estimated Strategic Fund Designation from FY18 for consultant costs (\$109,800)	\$ 19,200	\$90,600	\$ -
Funding from Core Dues	\$ -	\$29,400	\$120,000

Under this proposal, subscription fees will not be collected in 2019 for this consulting support. Moving this consulting support to core dues will impact core dues in FY20 and FY21, especially in year FY21 when the full cost of this program will need to be funded by the core dues. There will be a net cost savings to the members who have been paying for this service for the last several years on behalf of themselves and other members.

- 2) When the Water Efficiency Program (WEP) began, the program manager position was a full time dedicated position for WEP. For the last several years, that position has been assisting with RWA core functions. Some of these activities have included responding to State Water Resources Control Board emergency regulations, water supply data collection, the water-energy study, and the development of an RWA annual report. Beginning with the FY17 budget cycle, approximately 10% of the staffing and administrative 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 budget will reflect an increase to 10% of staffing and related office costs each year

to be funded by core dues (30% in FY19). The subsequent years will also assume an increasing 10% per year (FY23 projected at 70% paid for by core dues). This offsets costs to the WEP Program, allowing WEP additional funds to support direct public outreach costs or to reduce WEP fees in the future.

- 3) RWA follows Policy 500.1 Financial Designation and Reserve Policy. According to the existing policy, the minimum target balance of the operating fund should be four months to fund budgeted operating expenses with a maximum of six months. RWA has been following this policy with Board approved modifications from time to time. In paying for operating expenses, a portion of expenses are reimbursed by SGA. In calculating the operating fund designation, RWA can reduce its required operating fund calculation by deducting the SGA expected reimbursements for shared operating costs since SGA also maintains designations to pay for expenses. This proposed budget adjusts the operating fund designation to take into consideration the estimated SGA reimbursement. The change in calculation results in a lower required operating fund for RWA in FY19. It also results in a lower required fee increase in FY19 and future periods. This change in how the operating fund balance is calculated was also applied to the FY18 operating fund balance.
- 4) In keeping with RWA's direction in reducing the pension plan unfunded liability, the FY19 budget will reflect an additional payment above the required annual pension payment. The FY20 through FY22 budget also reflects an estimate of 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. Following Policy 500.15, Defined Benefit Pension Plan Funding policy, additional payments to pay down the pension plan unfunded liability are scheduled over a four year period which is slightly more aggressive than in previous budgets. SGA pays its own contributions directly to CalPERS since SGA became a CalPERS member in FY17.
- 5) 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. RWA will have an actuarial study completed this calendar year that will provide updated funding data. The proposed draft budget estimates an increase in OPEB payments due to a potential additional decrease in discount rates.
- 6) The IRWM is included in consulting fees of the core program.
- 7) This year will be the last year of the Powerhouse Science Center collection. RWA has worked with the Powerhouse Science Center to amend the previous agreement to make the dates more certain for when payments are made.
- 8) RWA staff negotiated a very favorable lease rate at the time ACWA JPIA moved out of the building in September 2011. The RWA Board approved a new lease at its meeting on January 11, 2018, which will become effective in September 2018. The new lease will increase costs to \$1.00 square foot for two years and \$1.10 square foot for three additional years.

- 9) A compensation study was completed and approved by the board in FY 2018. The budget will reflect potential step increases for salaries that began on January 1, 2018. It also will include shifting the last 1% to the employees on July 1, 2018 so that employees pay their entire CalPERS contribution of 7% without increasing employee pay by 1%.
- 10) RWA expects to incur increased audit costs. RWA has been using Richardson & Associates for six years, one year past the current policy, with board approval. Staff is currently working on a Request for Proposals for auditors which will result in an expected audit price increase in FY 2019 and beyond. Additionally, there are increased actuarial and accounting costs to implement GASB 75.
- 11) Staff is proposing funding to hire a human resource consultant to assist with various projects including updating the employee manual. This assistance will be included in consulting costs.
- 12) A new contract was signed for computer maintenance to include full support and cloud back up replacing the tape backup system. This coverage is needed because it is more secure and will reduce downtime of the server if compromised.
- 13) Travel costs will increase with the new staff member on board.

Based upon the discussions above as well as historical financial information, the FY19 proposed budget is attached for your review.

## **Summary Budget Overview**

### Revenues

- 1) A total 4% increase on general and associate membership fees is proposed. A 10% increase was forecast in the previous year for FY19. An increase is needed to fully implement the strategic plan staffing, plus continuing to pay sums towards the unfunded pension liability. Additionally, core revenues are now projected to cover 30% of the WEP manager costs and related office expenses. For participants who helped fund the advocacy work through a subscription program, the fees in FY19 will be lower than the combined general dues plus subscription fees paid in FY18.
- 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 approximately 13% 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 years of collection of funds with FY19 as the final year, to be paid to PSC over 15 years.
- 6) Other revenues represent interest income and holiday social revenues.

## Expenses

- 1) The core program budgets for all staffing positions.
- 2) Shared staffing costs are allocated 50/50 to SGA and RWA. The Legislative Program Manager is fully funded by RWA; the Water Efficiency Program Manager is funded 30% by RWA and 70% by WEP; and the Project Research Assistant is funded 80% by WEP and 20% by 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 the FY18 total compensation survey and reflect a possible 4% increase for merit plus 3% COLA and a 5% increase in out years. Beginning in FY19, staff will pay the full 7% employee share of their pension contributions.
- 4) Benefit costs also include projected increases for OPEB and health care, and a reduction of the employer pick up of the employee portion of PERS retirement benefits, so that the employees are paying their entire 7% of their employee portion starting in July 2018.
- 5) RWA continues to plan for additional CalPERS pension payments for the unfunded liability. The additional payment is higher than previously projected in the FY18 cycle since the time horizon for payment is now four years which follows policy 500.15.
- 6) Office cost increases are based upon estimated increases in FY19. For FY20 and beyond, these costs are estimated at 3% annual increases unless specific increases have been identified.
- 7) Professional fees includes higher audit, accounting and actuarial analysis fees due to the reporting requirement for GASB 68 and implementation of GASB 75, increased public relations, human resources assistance, increased legal costs associated with advocacy, IRWM consulting costs, water advocacy consulting fees and \$20,000 for unexpected items.
- 8) Other includes office equipment purchases.
- 9) Core project expenses include costs associated with the Powerhouse Science Center partnership.

## Revenues net of Expenses

- 1) Core expenses in excess of core revenues project a net cash outflow of approximately \$7,100 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 \$242,700. Many subscription program expenses will be funded from previously collected funds which have been set aside for this purpose. The 2014 Water Energy grant fees were 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. The balance of these fees of approximately \$200,000 is projected to be returned in FY19.
- 3) Combined core and subscription expenses versus revenues net a projected decrease in cash out flow of approximately \$249,800.

## Designations

- 1) The operating fund is targeted at six months for FYE 18-19 (using the new method of deducting SGA reimbursements), which falls within the policy guideline of four to six months.
- 2) The Strategic Plan Fund represents resources being set aside to fully implement the strategic plan. The FY18 budget used a portion of this fund to pay for the new legislative program manager. In FY19, the remaining funds from the legislative subscription program will be moved to the RWA core program and pay for the water advocacy. A portion of the cost will also come from the strategic plan fund. In FY20, the remaining strategic fund will help pay for the water advocacy.
- 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 FY18 to Proposed FY19 by subtotal for the core program reflects the overall net cash outflow of approximately \$7,100 and the effect on each type of designation.
- 5) The designations for the subscription program reflect a decrease of approximately \$242,700 over subscription based expenses. 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 13% for FY19. Adopting the fiscal year 2018-2019 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 2014 drought grant management and grant revenue, 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 deducted 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) An additional \$18,700 equaling 10% of salary and administrative expenses for WEP reflects a shift of salary and administrative expenses to the core RWA budget. For the FY19 budget, a total of 30% of expenses, or approximately \$50,200, will be paid for by RWA core dues.
- 5) The subscription restrictions reflect the available funds for these programs. The use of these designations projected in FY19 is reflected in the changes in the individual restrictions.

### **Outlook for FY 2020 and FY 2021**

In looking out to the future, RWA can anticipate a potential 15% increase in dues in FY20 in order to meet increased expenses related to the water advocacy consulting, increased leasing costs, continue paying the unfunded pension plan liability and increased costs related to the change in discount rate, and continue paying for the shift of the WEP manager costs to be funded 40% by core dues. This 15% increase will be offset by no longer collecting subscription payments for the lobbyist contract and by the cessation of the Powerhouse Science Center collection. In FY21, RWA is currently projecting a 22% increase that largely reflects when RWA core dues pay the full cost of the water advocacy consulting costs. FY20 and beyond does reflect increased budgeted 5% salary costs. Future projections assume RWA and SGA share staffing and administrative costs and subscription based programs will contribute approximately 10% 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 or recruitment of new members. Any membership changes would have a significant impact on rate increases in the future.

### **EXECUTIVE COMMITTEE RECOMMENDATION:**

Information Presentation and Discussion of FY 2018 – 2019 Budget Process, Timeline and Key Questions for Direction

**Action: Approve the FY 2018-19 Budget**



## 2018- 2019 FYE Budget Summary

**Projected Fee Increase 4.00%**

**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. 4.00%  
The water advocacy is now included as a core program for RWA members since it benefits all members. Members who were previously funding this work will experience an overall combined reduction in fees.
- 2) SGA Service Fees represents 50% cost sharing excluding staffing allocated to WEP and the legislative program and RWA only costs.
- 3) Subscription Program core revenues contribute approximately 13% towards Core operations and represent fees earned by RWA for providing staff consulting services and allocated office costs to the subscription programs.
- 4) 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 WEP grant in FY15. WEP also contributes \$5,000 per year for a total of \$50,000. This will be the last year of collecting for the Powerhouse program.
- 5) Other represents interest income and holiday social revenues.
- 6) Subscription Program represents revenues for subscription services from the Water Efficiency Program, Prop 50, Prop 84, Water Advocacy, Regional Reliability, Drought grant, and the Water Energy grant. 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 2018-2019 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 water advocacy staff. The project assistant splits time between SGA, WEP and RWA subscription projects. With the addition of a new advocacy 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 1.3 FTE. Staffing costs projected within salary range for positions and includes a 5% increase for merit and a 2% COLA. The employees will be picking up the last 1% of their PERS employee portion and will now pay their entire 7% of the employees share.
- 3) Staffing expenses continue to include additional annual payments to pay the unfunded PERS pension liability over the next four 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) The strategic funding was partially used to hire the legislative manager. Over the next two fiscal years it will help to fund part of the water advocacy program which will now become a core program and shared among all of the agencies.
- 5) The WEP project manager is projected to be funded 70% by WEP dues and 30% by RWA core dues. Over time, the budget assumes the



## 2018- 2019 FYE Budget Summary

**Projected Fee Increase 4.00%**

**Combined Core & Subscription Program Budget**

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

WEP project manager will be 100% funded by core dues, increasing funding by 10% per annum.

- 6) For FY19 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, human resources and regional water issues and includes \$10,000 in consulting fees for IRWM related activities in FY19. Additionally, the water advocacy subscription program will become a core program starting in FY19 and will use the remaining funds from the Strategic Plan fund over FY19 and FY20. Funding for the water advocacy in FY19 will be \$100,800 from carryover subscription fees and \$19,100 from Strategic Fund. In FY20, funding will be \$90,600 from strategic fund and \$29,400 from core dues. In FY21, \$120K will come from core dues.
- 8) Other includes office equipment purchases.
- 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), the staffing and office 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 expected to exceed revenues by \$249,800, mainly due to subscription expenses exceeding subscription revenues. Of the \$249,800, RWA is projecting to return \$200,000 in advances related to the water energy grant.
- 2) Core expenses are expected to exceed revenues by approximately \$7,100.
- 3) The subscription program projects expenses in excess of revenues. Subscription 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. Seventy 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. Thirty percent of the WEP project manager position and related office costs are paid for by RWA core dues beginning in FY19.

### **Designations/Restrictions**

- 1) The Operating fund is projected to be approximately six months at the end of FY19 assuming a 4% fee increase.
- 2) The designations and restrictions are broken out by type and subtotaled by core and subscription services. The total change in cash from Projected FY18 to Proposed FY19 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 FY19. The June 30, 2016 report estimates this amount at June 30, 2016 at approximately \$281,700 at a 7.0% discount rate, but doesn't reflect the FY17 \$42K additional payment. RWA anticipates additional pension contributions over the next four years (including FY19) to pay down this unfunded liability. Since RWA's budget



## 2018- 2019 FYE Budget Summary

**Projected Fee Increase 4.00%**

**Combined Core & Subscription Program Budget**

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

now anticipates making annual additional lump sum payments to pay down the unfunded liability, these payments should be coming from operating funds on an annual basis.

- 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 Strategic Plan designation allowed RWA to hire a new staff position in FY 17. This designation will be drawn down over FY19 and FY20 to assist in transitioning the water policy advocate program to a core program.

### **FY17 Data sources**

The FY17 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 \$58,728 but no actual accounting revenue was recognized in FY17.

### **FY20 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 FY20, WEP is forecasted to be supported by RWA dues by 40%, 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 can expect to incur additional integrated water management costs which are forecasted to be approximately \$10K per year.
- 4) Dues are expected to increase significantly in FY20 and FY21 to support the transition of the government support program as well as support for the WEP program cost shift.



**2018 - 2019 FYE Budget Summary**

**Projected Fee Increase**

**4.00%**

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

**See Budget Notes for Budget assumptions**

	Actual FY17	Budget FY18	Projected FY18	Proposed FY19	Comments
<b>Revenues</b>					
Dues	\$ 835,231	\$ 923,800	\$ 922,700	\$ 959,000	Increase to cover strategic plan staffing costs
SGA Service Fee	\$ 476,712	\$ 595,100	\$ 568,900	\$ 624,800	Based upon shared costs.
Subscription Programs					
WEP (C)	\$ 184,310	\$ 177,500	\$ 181,500	\$ 162,300	Cost reimbursement fees from WEP subscription program
Other (C)	\$ 94,406	\$ 95,400	\$ 72,600	\$ 88,600	Cost reimbursement fees from other subscription programs
Powerhouse Science Center - Members	\$ 58,728	\$ 60,000	\$ 59,000	\$ 60,000	Powerhouse Science Center - Member payment
Other	\$ 32,323	\$ 15,000	\$ 25,100	\$ 27,600	Interest, holiday social revenues
<b>Total Revenues</b>	<b>\$ 1,681,710</b>	<b>\$ 1,866,800</b>	<b>\$ 1,829,800</b>	<b>\$ 1,922,300</b>	
<b>Expenses</b>					
Staff	\$ 1,131,157	\$ 1,334,500	\$ 1,300,900	\$ 1,429,200	Includes 7 FTEs and CalPERS payment for unfunded liability in out years
Office	\$ 104,588	\$ 131,200	\$ 129,100	\$ 139,300	General 3% cost increases assumed unless specifically identified increase
Professional Fees	\$ 268,597	\$ 300,100	\$ 325,500	\$ 333,100	Audit, actuarial, PR, accounting, legal, IRWM, human resources, water advocacy
Core Project Expenses	\$ -	\$ 25,000	\$ 50,000	\$ 25,000	Powerhouse FY17 payment delayed to FY18. FY18 will reflect FY17 & FY18
Other	\$ 835	\$ 22,700	\$ 12,700	\$ 2,800	Office Furniture
<b>Total Expenses</b>	<b>\$ 1,505,177</b>	<b>\$ 1,813,500</b>	<b>\$ 1,818,200</b>	<b>\$ 1,929,400</b>	
<b>Core Revenue less Expenses (A)</b>	<b>\$ 176,533</b>	<b>\$ 53,300</b>	<b>\$ 11,600</b>	<b>\$ (7,100)</b>	Excludes Subscription programs. Positive result = core revenues < expenses; negative amount = expenses > revenues
<b>Cash, beginning</b>	<b>\$ 943,816</b>	<b>\$ 1,100,079</b>	<b>\$ 1,120,349</b>	<b>\$ 1,131,949</b>	
Source (Use) of Funds (A)	\$ 176,533	\$ 53,300	\$ 11,600	\$ (7,100)	
Net change	\$ 176,533	\$ 53,300	\$ 11,600	\$ (7,100)	
<b>Cash, ending</b>	<b>\$ 1,120,349</b>	<b>\$ 1,153,379</b>	<b>\$ 1,131,949</b>	<b>\$ 1,124,849</b>	
<b>DESIGNATIONS</b>					
Designations					
Operating Fund	\$ 505,400	\$ 582,200	\$ 628,100	\$ 671,000	\$ 42,900
Membership Dues Fund	\$ 123,900	\$ 137,200	\$ 137,200	\$ 142,700	\$ 5,500
Subscription Program Stabilization	\$ 28,400	\$ 27,300	\$ 25,400	\$ 25,100	\$ (300)
Pension Plan Unfunded Liability	\$ 42,000	\$ 45,000	\$ 45,000	\$ -	\$ (45,000)
Powerhouse Science Center	\$ 146,759	\$ 160,631	\$ 155,759	\$ 190,759	\$ 35,000
Strategic Plan Fund	\$ 199,748	\$ 101,048	\$ 109,748	\$ 90,648	\$ (19,100)
Non-designated cash	\$ 74,142	\$ 100,000	\$ 30,742	\$ 4,642	\$ (26,100)
<b>Subtotal core cash</b>	<b>\$ 1,120,349</b>	<b>\$ 1,153,379</b>	<b>\$ 1,131,949</b>	<b>\$ 1,124,849</b>	<b>\$ (7,100)</b>

Increase (decrease)  
in Cash



**2018 - 2019 FYE Budget Summary**  
**Summary Program only**  
**See Program Notes for Budget Assumptions**

<b>Subscription Programs</b>		Actual FY17	Budget FY18	Projected FY18	Proposed FY19	
Revenues		\$ 6,994,077	\$ 12,651,200	\$ 6,222,600	\$ 7,418,600	Prop 84, IRWMP, Drought, Gov't Advocacy & WEP
Expenses - Direct Program		\$ 6,621,380	\$ 12,950,400	\$ 6,338,900	\$ 7,410,400	Prop 50, Prop 84, WEP, CalFed Meter Prog: Government Advocacy
WEP Expenses - Allocated Program	(C)	\$ 184,310	\$ 177,500	\$ 181,500	\$ 162,300	Prop 50, Prop 84, WEP, Government Advocacy
Other Expenses - Allocated Program	(C)	\$ 94,406	\$ 95,400	\$ 72,600	\$ 88,600	Staffing and office costs allocated to subscription programs - WEP
		\$ 6,900,096	\$ 13,223,300	\$ 6,593,000	\$ 7,661,300	Staffing and office costs allocated to other subscription programs
Net subscription income (loss)	(B)	\$ 93,981	\$ (572,100)	\$ (370,400)	\$ (242,700)	
<b>Cash, beginning</b>		\$ 902,321	\$ 1,052,024	\$ 1,239,173	\$ 868,773	
Source (Use) of Funds		\$ 93,981	\$ (572,100)	\$ (370,400)	\$ (242,700)	
Advance adjustments		\$ 242,871	\$ -	\$ -	\$ -	Adjusting for cash used versus accrual accounting of costs
<b>Cash, ending</b>		\$ 1,239,173	\$ 479,924	\$ 868,773	\$ 626,073	
						Increase (decrease) in Cash (FY18 to FY19)
<b>Restrictions and advances</b>						
2015 IRWM Grant (P84 Round 3)		\$ 20,949	\$ -	\$ 27,049	\$ 40,049	\$ 13,000
2015 IRWM Grant (WEP R3)		\$ 7,263	\$ -	\$ 7,263	\$ 7,263	\$ -
IRWM Update		\$ -	\$ -	\$ (40,000)	\$ -	\$ 40,000
Government Relations Contract Lobbyist		\$ 81,806	\$ 72,806	\$ 100,806	\$ 6	\$ (100,800)
Prop 84 Grant Management		\$ 86,572	\$ -	\$ 73,572	\$ 38,572	\$ (35,000)
Prop 50 Grant Management		\$ 11,415	\$ 5,739	\$ 9,415	\$ 7,415	\$ (2,000)
2014 Drought Management		\$ 37,199	\$ 60,053	\$ 37,199	\$ 17,699	\$ (19,500)
Water Energy Grant		\$ 500,000	\$ -	\$ 203,400	\$ 3,400	\$ (200,000)
Regional Reliability		\$ 86,143	\$ -	\$ 43	\$ 43	\$ -
SRCS D		\$ 2,325	\$ -	\$ 25	\$ (2,475)	\$ (2,500)
Water Efficiency Program - Cat 1		\$ 548,772	\$ 422,022	\$ 598,772	\$ 662,872	\$ 64,100
Water Efficiency Program - Cat 2		\$ (143,271)	\$ (80,696)	\$ (148,771)	\$ (148,771)	\$ -
		\$ 1,239,173	\$ 479,924	\$ 868,773	\$ 626,073	\$ (242,700)

Reconcile Summary Split to Summary Table		Projected FY18	Proposed FY19	
Core Program Income (Loss)	(A)	\$ 11,600 (A)	\$ (7,100)	
Subscription Program Income (loss)	(B)	\$ (370,400) (B)	\$ (242,700)	
<b>RWA Total</b>	(D)	\$ (358,800) (D)	\$ (249,800)	See Summary Combined Table



**2018 - 2019 FYE Budget Summary**  
**Projected Fee Increase 4.00%**  
**Combined Core & Subscription Program Budget**  
**See Budget and Program Notes for Budget Assumptions**

	Projected FY18	Proposed FY19	Change from Prior Year	Comments
<b>Revenues</b>				
Dues	\$ 922,700	\$ 959,000	\$ 36,300	Projected rate increase 4.00%
SGA Service Fee	\$ 568,900	\$ 624,800	\$ 55,900	Based upon shared costs
Powerhouse Science - RWA Members	\$ 59,000	\$ 60,000	\$ 1,000	Powerhouse Science Center collected from members over 5 years - last year of collection in FY19
Other	\$ 25,100	\$ 27,600	\$ 2,500	Interest, holiday social
Subscription Program	\$ 6,222,600	\$ 7,418,600	\$ 1,196,000	Prop 50, Prop 84, WEP, Legislative Advocacy, regional reliability, water energy
<b>Total Revenues</b>	<b>\$ 7,798,300</b>	<b>\$ 9,090,000</b>	<b>\$ 1,291,700</b>	
<b>Expenses</b>				
Staff	\$ 1,300,900	\$ 1,429,200	\$ 128,300	All staff costs, including additional pension plan liability payment
Office	\$ 129,100	\$ 139,300	\$ 10,200	General 3% cost increases assumed and some specific cost increases
Professional Fees	\$ 325,500	\$ 333,100	\$ 7,600	Audit, PR, accounting, legal, actuary, IRWM, human resources
Core Project Expenses	\$ 50,000	\$ 25,000	\$ (25,000)	Powerhouse Science Center
Other expenses	\$ 12,700	\$ 2,800	\$ (9,900)	Office equipment
Subscription Program	\$ 6,338,900	\$ 7,410,400	\$ 1,071,500	Prop 50, Prop 84, WEP, Legislative Advocacy, regional reliability, water energy grant
<b>Total Expenses</b>	<b>\$ 8,157,100</b>	<b>\$ 9,339,800</b>	<b>\$ 1,182,700</b>	
<b>Revenues net of Expenses (D)</b>	<b>\$ (358,800)</b>	<b>\$ (249,800)</b>	<b>\$ 109,000</b>	
<b>Cash, beginning</b>	<b>\$ 2,359,522</b>	<b>\$ 2,000,722</b>	<b>\$ (358,800)</b>	
Source (Use) of Funds	\$ (358,800)	\$ (249,800)	\$ 109,000	
<b>Cash, ending</b>	<b>\$ 2,000,722</b>	<b>\$ 1,750,922</b>	<b>\$ (249,800)</b>	
			Increase (decrease) in Cash	
<b>DESIGNATIONS/RESTRICTIONS/ADVANCES</b>				
<i>Designations</i>				
Operating Fund	\$ 628,100	\$ 671,000	\$ 42,900	
Membership Dues Fund	\$ 137,200	\$ 142,700	\$ 5,500	
Subscription Program Stabilization	\$ 25,400	\$ 25,100	\$ (300)	
Pension Plan Unfunded Liability	\$ 45,000	\$ -	\$ (45,000)	
Powerhouse Science Center	\$ 155,759	\$ 190,759	\$ 35,000	
Strategic Plan Fund	\$ 109,748	\$ 90,648	\$ (19,100)	
Non-designated cash	\$ 30,742	\$ 4,642	\$ (26,100)	
<b>Subtotal core cash</b>	<b>\$ 1,131,949</b>	<b>\$ 1,124,849</b>	<b>\$ (7,100)</b>	
<i>Restrictions and advances</i>				
2015 IRWM Grant (P84 R3)	\$ 27,049	\$ 40,049	\$ 13,000	
2015 IRWM Grant (WEP R3)	\$ 7,263	\$ 7,263	\$ -	
IRWM Update	\$ (40,000)	\$ -	\$ 40,000	
Prop 50 grant Management	\$ 9,415	\$ 7,415	\$ (2,000)	
Prop 84 Grant Management	\$ 73,572	\$ 38,572	\$ (35,000)	
2014 Drought Grant Management	\$ 37,199	\$ 17,699	\$ (19,500)	
Water Energy Grant	\$ 203,400	\$ 3,400	\$ (200,000)	
Regional Reliability	\$ 43	\$ 43	\$ -	
Government Relations Contract Lobbyist	\$ 100,806	\$ 6	\$ (100,800)	
SRCS D	\$ 25	\$ (2,475)	\$ (2,500)	
Water Efficiency Program - Cat 1	\$ 598,772	\$ 662,872	\$ 64,100	
Water Efficiency Program - Cat 2	\$ (148,771)	\$ (148,771)	\$ -	
<b>Subtotal program restrictions</b>	<b>\$ 868,773</b>	<b>\$ 626,073</b>	<b>\$ (242,700)</b>	
<b>Total Cash Designations/Restrictions</b>	<b>\$ 2,000,722</b>	<b>\$ 1,750,922</b>	<b>\$ (249,800)</b>	

% increase in fees: actual & projected FY19 general				4.00%		15.00%	22.00%	8.00%	5.00%
% increase in fees: actual & projected FY18 associate/affiliate		10.00%		10.00%		10.00%	10.00%	10.00%	
% increase in expenses		3.00%		3.00%		3.00%	3.00%	3.00%	3.00%
Total FTE	6	7		7		7	7	7	7
RWA FTE	3.8	4.8		4.8		4.8	4.8	4.8	4.8

**RWA PROPOSED FY' 2018-2019 BUDGET PROJECTION**

**5-Year Projection**

	RWA FY 17 Actual Per Audit	RWA FY 18 Budget	RWA FY 18 Actual at Dec. 2017	RWA Total FY 18 Projected		RWA FY 19 Budget	Notes		RWA Projected FY 20	RWA Projected FY 21	RWA Projected FY 22	RWA Projected FY 23
<b>ANNUAL REVENUES</b>			<b>rounded</b>									
<b>OPERATING REVENUES</b>												
General Assessments/Fees	\$ 784,911	\$ 863,500	\$ 863,500	\$ 863,500		\$ 897,800	1		\$ 1,032,500	\$ 1,259,700	\$ 1,360,500	\$ 1,428,500
Associate Membership Fee	\$ 41,320	\$ 51,300	\$ 51,300	\$ 51,300		\$ 53,300	2		\$ 53,300	\$ 53,300	\$ 53,300	\$ 53,300
Affiliate Membership Fee	\$ 9,000	\$ 9,000	\$ 7,875	\$ 7,900		\$ 7,900	3		\$ 7,900	\$ 7,900	\$ 7,900	\$ 7,900
SGA Service Agreement Fee	\$ 476,712	\$ 595,100	\$ 228,252	\$ 568,900		\$ 624,800	4		\$ 660,100	\$ 704,200	\$ 723,800	\$ 766,300
WEP Subscription Program	\$ 184,310	\$ 177,500	\$ 82,846	\$ 181,500		\$ 162,300	6		\$ 155,600	\$ 145,000	\$ 132,400	\$ 118,900
Subscription Program - other	\$ 94,406	\$ 95,400	\$ 46,200	\$ 72,600		\$ 88,600	6		\$ 45,500	\$ 16,000	\$ 11,000	\$ 1,000
Powerhouse Science Center - Members	\$ 58,728	\$ 60,000	\$ 58,994	\$ 59,000		\$ 60,000	7		\$ -	\$ -	\$ -	\$ -
Miscellaneous Revenues	\$ 15,676	\$ 8,000	\$ 6,655	\$ 7,100		\$ 8,000	8		\$ 9,200	\$ 11,200	\$ 12,100	\$ 12,700
Interest Income	\$ 16,647	\$ 7,000	\$ 6,862	\$ 18,000		\$ 19,600	9		\$ 18,800	\$ 16,900	\$ 16,300	\$ 15,100
<b>TOTAL REVENUE</b>	<b>\$ 1,681,710</b>	<b>\$ 1,866,800</b>	<b>\$ 1,352,484</b>	<b>\$ 1,829,800</b>		<b>\$ 1,922,300</b>			<b>\$ 1,982,900</b>	<b>\$ 2,214,200</b>	<b>\$ 2,317,300</b>	<b>\$ 2,403,700</b>
<b>STAFF EXPENSES (General):</b>												
Staff Salaries/Wages - 100%	\$ 763,705	\$ 867,200	\$ 406,818	\$ 862,500		\$ 922,300	10		\$ 968,100	\$ 1,016,200	\$ 1,066,600	\$ 1,119,600
Benefits	\$ 250,213	\$ 325,900	\$ 97,919	\$ 297,400		\$ 333,100	11		\$ 360,400	\$ 392,600	\$ 421,700	\$ 445,700
Pension Plan Unfunded Liability	\$ 42,000	\$ 42,000	\$ 42,000	\$ 42,000		\$ 63,000	12		\$ 63,000	\$ 63,000	\$ 63,000	\$ -
Payroll Taxes	\$ 50,790	\$ 69,400	\$ 23,470	\$ 69,000		\$ 73,800	13		\$ 77,400	\$ 81,300	\$ 85,300	\$ 89,600
Travel/Meals/Conferences	\$ 19,598	\$ 25,000	\$ 10,085	\$ 25,000		\$ 30,000	14		\$ 30,900	\$ 31,800	\$ 32,800	\$ 33,800
Professional Development/Training	\$ 4,851	\$ 5,000	\$ -	\$ 5,000		\$ 7,000	15		\$ 7,200	\$ 7,400	\$ 7,600	\$ 7,800
<b>TOTAL GENERAL STAFF EXPENSES</b>	<b>\$ 1,131,157</b>	<b>\$ 1,334,500</b>	<b>\$ 580,292</b>	<b>\$ 1,300,900</b>		<b>\$ 1,429,200</b>			<b>\$ 1,507,000</b>	<b>\$ 1,592,300</b>	<b>\$ 1,677,000</b>	<b>\$ 1,696,500</b>

% increase in fees: actual & projected FY19 general					4.00%			15.00%	22.00%	8.00%	5.00%	
% increase in fees: actual & projected FY18 associate/affiliate			10.00%		10.00%			10.00%	10.00%	10.00%		
% increase in expenses			3.00%		3.00%			3.00%	3.00%	3.00%	3.00%	
Total FTE	6	7		7		7		7	7	7	7	
RWA FTE	3.8	4.8		4.8		4.8		4.8	4.8	4.8	4.8	
<b>RWA PROPOSED FY' 2018-2019 BUDGET PROJECTION</b>								<b>5-Year Projection</b>				
	RWA FY 17 Actual Per Audit	RWA FY 18 Budget	RWA FY 18 Actual at Dec. 2017	RWA Total FY 18 Projected		RWA FY 19 Budget	Notes		RWA Projected FY 20	RWA Projected FY 21	RWA Projected FY 22	RWA Projected FY 23
<b>OFFICE EXPENSES:</b>												
Rent & Utilities Contract	\$ 19,497	\$ 25,000	\$ 10,403	\$ 25,000		\$ 32,300	16		\$ 32,300	\$ 35,600	\$ 35,600	\$ 35,600
General Liability Insurance	\$ 24,813	\$ 25,800	\$ 25,729	\$ 25,900		\$ 26,500	17		\$ 27,300	\$ 28,100	\$ 28,900	\$ 29,800
Office Maintenance	\$ -	\$ 500	\$ -	\$ 500		\$ 500	18		\$ 600	\$ 700	\$ 800	\$ 900
Postage and Postal Meter	\$ 1,093	\$ 3,100	\$ 1,909	\$ 3,000		\$ 3,000	19		\$ 3,100	\$ 3,200	\$ 3,300	\$ 3,400
Telephone/internet/web hosting	\$ 11,173	\$ 12,000	\$ 5,047	\$ 12,300		\$ 12,700	20		\$ 13,100	\$ 13,500	\$ 13,900	\$ 14,300
Meetings & Annual Banquet	\$ 13,924	\$ 14,000	\$ 2,700	\$ 15,000		\$ 15,500	21		\$ 16,000	\$ 16,500	\$ 17,000	\$ 17,500
Printing/Supplies	\$ 15,401	\$ 27,200	\$ 6,786	\$ 20,000		\$ 20,600	23		\$ 21,200	\$ 21,800	\$ 22,500	\$ 23,200
Dues & Subscriptions	\$ 7,077	\$ 11,000	\$ 2,204	\$ 11,000		\$ 11,300	24		\$ 11,600	\$ 11,900	\$ 12,300	\$ 12,700
Computer hardware/software	\$ 4,379	\$ 5,400	\$ -	\$ 5,400		\$ 5,600	25		\$ 5,800	\$ 6,000	\$ 6,200	\$ 6,400
Computer maintenance	\$ 7,231	\$ 7,200	\$ 6,620	\$ 11,000		\$ 11,300	26		\$ 11,600	\$ 11,900	\$ 12,300	\$ 12,700
<b>TOTAL OFFICE EXPENSE</b>	<b>\$ 104,588</b>	<b>\$ 131,200</b>	<b>\$ 61,398</b>	<b>\$ 129,100</b>		<b>\$ 139,300</b>			<b>\$ 142,600</b>	<b>\$ 149,200</b>	<b>\$ 152,800</b>	<b>\$ 156,500</b>
<b>PROFESSIONAL FEES</b>												
RWA Legal	\$ 59,754	\$ 50,000	\$ 32,221	\$ 65,000		\$ 68,300	27		\$ 71,700	\$ 75,300	\$ 79,100	\$ 83,100
RWA/SGA Audit	\$ 20,250	\$ 23,000	\$ 350	\$ 21,400		\$ 32,000	28		\$ 33,600	\$ 35,300	\$ 37,100	\$ 39,000
ADP Payroll Services/banking	\$ 2,065	\$ 2,000	\$ 979	\$ 2,600		\$ 2,700	29		\$ 2,800	\$ 2,900	\$ 3,000	\$ 3,100
RWA Consultants	\$ 186,528	\$ 225,100	\$ 53,020	\$ 236,500		\$ 230,100	30		\$ 345,200	\$ 380,800	\$ 359,900	\$ 393,800
<b>TOTAL PROFESSIONAL FEES</b>	<b>\$ 268,597</b>	<b>\$ 300,100</b>	<b>\$ 86,570</b>	<b>\$ 325,500</b>		<b>\$ 333,100</b>			<b>\$ 453,300</b>	<b>\$ 494,300</b>	<b>\$ 479,100</b>	<b>\$ 519,000</b>
<b>OTHER EXPENSES</b>			<b>\$ 42,612</b>									
Office furniture & Fixed Assets - Net	\$ 835	\$ 2,700	\$ 789	\$ 12,700		\$ 2,800	31		\$ 2,900	\$ 3,000	\$ 3,100	\$ 3,200
Office Move	\$ -	\$ 20,000	\$ -	\$ -		\$ -			\$ -	\$ -	\$ -	\$ -
New Server	\$ -	\$ -	\$ -	\$ -		\$ -	31		\$ -	\$ 15,000	\$ -	\$ -
<b>TOTAL Other Expenses</b>	<b>\$ 835</b>	<b>\$ 22,700</b>	<b>\$ 789</b>	<b>\$ 12,700</b>		<b>\$ 2,800</b>			<b>\$ 2,900</b>	<b>\$ 18,000</b>	<b>\$ 3,100</b>	<b>\$ 3,200</b>
<b>CORE PROJECT EXPENSES</b>												
Powerhouse Science Center	\$ -	\$ 25,000	\$ -	\$ 50,000		\$ 25,000	32		\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000
<b>Total Core Project Expenses</b>	<b>\$ -</b>	<b>\$ 25,000</b>	<b>\$ -</b>	<b>\$ 50,000</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>\$ 1,505,177</b>	<b>\$ 1,813,500</b>	<b>\$ 729,049</b>	<b>\$ 1,818,200</b>		<b>\$ 1,929,400</b>	33		<b>\$ 2,130,800</b>	<b>\$ 2,278,800</b>	<b>\$ 2,337,000</b>	<b>\$ 2,400,200</b>
<b>Net Income (Loss) - Total</b>	<b>\$ 176,533</b>	<b>\$ 53,300</b>	<b>\$ 623,435</b>	<b>\$ 11,600</b>		<b>\$ (7,100)</b>	34		<b>\$ (147,900)</b>	<b>\$ (64,600)</b>	<b>\$ (19,700)</b>	<b>\$ 3,500</b>

% increase in fees: actual & projected FY19 general				4.00%		15.00%	22.00%	8.00%	5.00%
% increase in fees: actual & projected FY18 associate/affiliate		10.00%		10.00%		10.00%	10.00%	10.00%	
% increase in expenses		3.00%		3.00%		3.00%	3.00%	3.00%	3.00%
Total FTE	6	7		7		7	7	7	7
RWA FTE	3.8	4.8		4.8		4.8	4.8	4.8	4.8
<b>RWA PROPOSED FY' 2018-2019 BUDGET PROJECTION</b>									
<b>5-Year Projection</b>									

	RWA FY 17 Actual Per Audit	RWA FY 18 Budget	RWA FY 18 Actual at Dec. 2017	RWA Total FY 18 Projected		RWA FY 19 Budget	Notes		RWA Projected FY 20	RWA Projected FY 21	RWA Projected FY 22	RWA Projected FY 23
<b>CALCULATED CASH RESERVES</b>												
CASH available, Beginning	\$ 943,816	\$ 1,100,079	\$ 1,120,349	\$ 1,120,349		\$ 1,131,949	35		\$ 1,124,849	\$ 976,949	\$ 912,349	\$ 892,649
SOURCE (USE) OF FUNDS	\$ 176,533	\$ 53,300	\$ 623,435	\$ 11,600		\$ (7,100)	34		\$ (147,900)	\$ (64,600)	\$ (19,700)	\$ 3,500
CASH available, Ending	\$ 1,120,349	\$ 1,153,379	\$ 1,743,784	\$ 1,131,949		\$ 1,124,849	36		\$ 976,949	\$ 912,349	\$ 892,649	\$ 896,149
Operating Fund (4 to 6 months)	\$ 505,400	\$ 582,200	\$ 243,000	\$ 628,100		\$ 671,000	37		\$ 628,200	\$ 558,500	\$ 550,500	\$ 571,100
Membership Dues Stabilization @ 15%	\$ 123,900	\$ 137,200	\$ 137,200	\$ 137,200		\$ 142,700	38		\$ 162,900	\$ 197,000	\$ 212,100	\$ 222,300
Subscription Progr. Stabilization @ 10%	\$ 28,400	\$ 27,300	\$ 27,300	\$ 25,400		\$ 25,100	39		\$ 20,100	\$ 16,100	\$ 14,300	\$ 12,000
Pension Plan Unfunded Liability	\$ 42,000	\$ 45,000	\$ 45,000	\$ 45,000		\$ -	40		\$ -	\$ -	\$ -	\$ -
Powerhouse Science Center Fund	\$ 146,759	\$ 160,631	\$ 205,753	\$ 155,759		\$ 190,759	41		\$ 165,759	\$ 140,759	\$ 115,759	\$ 90,759
Strategic Plan Fund	\$ 199,748	\$ 101,048	\$ -	\$ 109,748		\$ 90,648	42		\$ -	\$ -	\$ -	\$ -
Non-designated Cash	\$ 74,142	\$ 100,000	\$ 1,085,531	\$ 30,742		\$ 4,642	43		\$ (10)	\$ (10)	\$ (10)	\$ (10)
Total Cash in bank	\$ 1,120,349	\$ 1,153,379	\$ 1,743,784	\$ 1,131,949		\$ 1,124,849	36		\$ 976,949	\$ 912,349	\$ 892,649	\$ 896,149
# of months core + non-designated cash covers expenses	4.8	4.7		6.3		6.0	44		5.0	4.1	4.0	4.1

**RWA**  
**FY 2018-2019 BUDGET PROJECTION NOTES**  
**CORE ONLY**

- 1 Assumes a 4% increase in RWA general fees due to partially paying for the lobbyist program that will become a part of the core program as well as continued set aside of CalPERS unfunded liability for future payment.
- 2 There are now five associate members.
- 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 Not used
- 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 its 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 FY19, RWA is projecting a 30% 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 were collected from members and placed in a designation and will be paid out over 15 years. The California Water Awareness Campaign 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. Includes back payment from El Dorado County Water Agency.
- 8 Miscellaneous revenues include revenues collected for the December holiday social and cash discounts from CalCard for paying on time.
- 9 Interest income from the RWA Local Agency Investment Fund (LAIF) account.

**RWA**  
**FY 2018-2019 BUDGET PROJECTION NOTES**  
**CORE ONLY**

- 10 Staff salaries include a total of seven full time positions, split between the organizations, with a total of 2.2 FTEs for SGA. The FTE count does not include the retired annuitants. This year's salaries reflect the compensation survey amounts approved by the RWA Board. It also will include shifting the last 1% to the employees so that employees pay their entire CalPERS contribution of 7%.
- 11 Benefits include employer PERS, medical, vision, dental, disability insurance, OPEB and workers' compensation for the seven staff members. FY 2019 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. In FY18, a salary compensation study was completed and included the employees paying their 7% share of CalPERS contribution.
- 12 Represents the estimated 100% payment of the allocated unfunded pension liability to RWA over four years, with an installment payment in FY2019. This budget reflects continued additional annual down payments to pay down this unfunded liability at a 7.0% discount rate. 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 The current lease expires in FY18. The RWA Board approved a new lease that will start in August, 2018. The lease terms includes two years at \$1.00 square foot and increases for three years at \$1.10 square foot.
- 17 Property and liability coverage obtained through ACWA JPIA.
- 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 social event.

**RWA**  
**FY 2018-2019 BUDGET PROJECTION NOTES**  
**CORE ONLY**

- 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, the Capitol Morning Report and Sacramento Bee.
- 25 Acquisition of new hardware/software to replace aging and out-of-date components.
- 26 General computer maintenance service. A new contract was signed to include cloud back up replacing the tape back up system. This coverage is needed because it is more secure and will reduce downtime if something happens to the server.
- 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.
- 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. The audit costs will increase.
- 29 Payroll service costs for 7 employees, two retired annuitants, plus commercial banking fees.
- 30 Fees for public relations, communications, outreach services (media relations, meeting facilitation, engineering support, workshop facilitation), HR services, accounting and budgeting support, water policy advocacy, and actuarial valuations (GASB 68 and 75).
- 31 Includes furniture and office equipment. Anticipates a possible replacement of the server in FY21.
- 32 Reflects expected annual payment to Powerhouse science center. RWA negotiated a new contract with the PH and includes a \$50k payment in FY 18 (\$25K for FY 2017 and \$25K for FY18). Payments will continue at \$25K per year. (15 years total)
- 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.

**RWA**  
**FY 2018-2019 BUDGET PROJECTION NOTES**  
**CORE ONLY**

- 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 net of SGA expected reimbursements (approximately 90%), not including Core Project expenses and non-recurring one-time expense. For FY16 through FY17, the operating designation was set at a maximum of 4 months in order to fund the Strategic Plan Fund designation.
- 38 Represents membership dues designation according to policy at 15% of anticipated membership dues.
- 39 Represents the subscription program designation according to policy at 10% of expected management fees and indirect office costs.
- 40 The total estimate for the unfunded pension liability for RWA at June 30, 2016 is approximately \$281,700 at 7.0% based upon CalPERS June 30, 2016 report and doesn't factor in the FY17 \$42K additional payment. This unfunded liability represents 100% of RWA's liability. According to Policy 500.15, RWA will now budget to pay the unfunded liability over a four year period using the latest data available from CalPERS valuation reports. Previously, RWA had approximated additional payments over a longer time horizon (approximately 10 years due to anticipated decreases in discount rates).
- 41 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).
- 42 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 program has proved to be successful and is now staffed by a full-time person to fully implement the strategic plan goals. This designation will be drawn down by the end of FY20 and will be used to fund the second half of FY19 and the remainder in FY20 to help pay for the water advocacy consultant fees which will now be a core program mid FY19.

**RWA**  
**FY 2018-2019 BUDGET PROJECTION NOTES**  
**CORE ONLY**

- 43 Represents cash over and above designation policies, if any.
- 44 Per policy, the target range for this fund is four to six months of operating expenses net of SGA reimbursements, and does not include Core Project expenses and one-time non-recurring costs. In anticipation of fully implementing the strategic plan and funding the water policy position in future years, the operating designation maximum for FY16-17 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 FY20.

Regional Water Authority See Budget Projection Notes for Budget Assumptions				FY' 2018-2019 Program Budget Projection								
	RWA FY 17 Actual	RWA FY 18 Budget	RWA FY 18 Dec. 2017	RWA Total FY 18		FY 19 Proposed Budget	Notes		Projected FY 20	Projected FY 21	Projected FY 22	Projected FY 23
<b>REVENUES/GRANTS/AGREEMENTS</b>												
Proposition 50 Grant Management Fees	\$ 14,239	\$ -	\$ -	\$ -		\$ -	1,2		\$ -	\$ -	\$ -	\$ -
Prop. 50 Grant Awards	\$ 377,629	\$ -	\$ -	\$ -		\$ -	2		\$ -	\$ -	\$ -	\$ -
2018 IRWM Update				\$ 190,000		\$ 60,000			\$ -	\$ -	\$ -	\$ -
2015 IRWM Grant Pass Through (RWA R3)	\$ -	\$ 657,000	\$ -	\$ 205,500		\$ 657,000	3		\$ -	\$ -	\$ -	\$ -
2015 IRWM Grant Management Fees (RWA R3)	\$ 10,893	\$ 20,000	\$ 3,271	\$ 21,100		\$ 28,000	3		\$ -	\$ -	\$ -	\$ -
2015 IRWM Grant Pass Through (WEP R3)	\$ 238,226	\$ 611,000	\$ -	\$ 200,000		\$ 500,000	3		\$ -	\$ -	\$ -	\$ -
2015 IRWM Grant Management Fees (WEP R3)	\$ 2,165	\$ 8,600	\$ -	\$ 3,800		\$ 7,600	3		\$ -	\$ -	\$ -	\$ -
Regional Reliability Plan Management Fees	\$ 298,997	\$ 350,000	\$ 88,460	\$ 88,500		\$ -	4		\$ -	\$ -	\$ -	\$ -
2014 Drought Application Fees	\$ 118	\$ -	\$ -	\$ -		\$ -	5		\$ -	\$ -	\$ -	\$ -
2014 Drought Grant Management Fees	\$ 5,469	\$ 46,000	\$ -	\$ 15,300		\$ 11,500	6		\$ -	\$ -	\$ -	\$ -
2014 Drought Grant Reimbursements from DWR	\$ 1,113,031	\$ 3,400,500	\$ -	\$ 371,800		\$ 2,209,000	7		\$ -	\$ -	\$ -	\$ -
2014 Water Energy Grant Management Fees	\$ -	\$ 10,100	\$ -	\$ 28,900		\$ -	8		\$ -	\$ -	\$ -	\$ -
2014 Water Energy Grant Reimbursements DWR	\$ 807,916	\$ 1,212,800	\$ 847,154	\$ 1,740,600		\$ -	9		\$ -	\$ -	\$ -	\$ -
Proposition 84 Grant Management	\$ 25,518	\$ 12,000	\$ -	\$ -		\$ -	10		\$ -	\$ -	\$ -	\$ -
Proposition 84 Reimbursements from DWR	\$ 2,849,653	\$ 5,400,000	\$ 447,188	\$ 2,536,000		\$ 3,143,500	11		\$ -	\$ -	\$ -	\$ -
USBR CalFed Meter 2014 fees	\$ 4,390	\$ -	\$ -	\$ -		\$ -	13		\$ -	\$ -	\$ -	\$ -
USBR CalFed WaterSmart Meter 2014 Fees	\$ 3,830	\$ -	\$ -	\$ -		\$ -	14		\$ -	\$ -	\$ -	\$ -
USBR CalFed Retrofits 2014 Fees	\$ 207,262	\$ -	\$ -	\$ -		\$ -	15		\$ -	\$ -	\$ -	\$ -
American River Basin (ARB Plan of Study)	\$ 30,000	\$ -	\$ -	\$ -		\$ -	16		\$ -	\$ -	\$ -	\$ -
Labor Compliance Revenues	\$ 71,079	\$ -	\$ 15,149	\$ 15,100		\$ -	17		\$ -	\$ -	\$ -	\$ -
Government Relations Contract Lobbyist Fees	\$ 120,000	\$ 120,000	\$ 21,000	\$ 154,000		\$ -	19		\$ -	\$ -	\$ -	\$ -
Water Efficiency Program Admin. Fees (Cat.1)	\$ 450,727	\$ 453,200	\$ 451,964	\$ 452,000		\$ 452,000	20		\$ 452,000	\$ 452,000	\$ 452,000	\$ 452,000
Water Efficiency Grant Revenues (Cat. 2)	\$ 358,860	\$ 350,000	\$ 58,719	\$ 200,000		\$ 350,000	21		\$ 350,000	\$ 350,000	\$ 350,000	\$ 350,000
Water Efficiency Program Admin. Fees (Cat. 2)	\$ 4,075	\$ -	\$ -	\$ -		\$ -	21		\$ -	\$ -	\$ -	\$ -
<b>TOTAL PROGRAM REVENUE</b>	<b>\$ 6,994,077</b>	<b>\$ 12,651,200</b>	<b>\$ 1,932,905</b>	<b>\$ 6,222,600</b>		<b>\$ 7,418,600</b>			<b>\$ 802,000</b>	<b>\$ 802,000</b>	<b>\$ 802,000</b>	<b>\$ 802,000</b>
<b>PROGRAM EXPENSES</b>												
Proposition 50 Grant Management	\$ 7,074	\$ -	\$ -	\$ 2,000		\$ 2,000	1,2		\$ -	\$ -	\$ -	\$ -
Prop. 50 Grant Payments	\$ 377,629	\$ -	\$ -	\$ -		\$ -	2		\$ -	\$ -	\$ -	\$ -
2018 IRWM Update Expenses	\$ 9,587		\$ 7,677	\$ 230,000		\$ 20,000			\$ -	\$ -	\$ -	\$ -
2015 IRWM Grant Pass Through (RWA R3)	\$ -	\$ 657,000	\$ -	\$ 205,500		\$ 657,000	3		\$ -	\$ -	\$ -	\$ -
2015 IRWM Grant Management (RWA R3)	\$ -	\$ -	\$ -	\$ -		\$ -	3		\$ -	\$ -	\$ -	\$ -
2015 IRWM Grant Pass Through (WEP R3)	\$ 46,088	\$ 611,000	\$ -	\$ 200,000		\$ 500,000	3		\$ -	\$ -	\$ -	\$ -
2015 IRWM Grant Manage Expenses (WEP R3)	\$ 132,874	\$ 7,500	\$ -	\$ -		\$ -	3		\$ -	\$ -	\$ -	\$ -
Regional Reliability Plan Direct Expenses	\$ 307,389	\$ 400,000	\$ 84,352	\$ 174,600		\$ -	4		\$ -	\$ -	\$ -	\$ -
2014 Drought Application	\$ -	\$ -	\$ -	\$ -		\$ -	5		\$ -	\$ -	\$ -	\$ -
2014 Drought Grant Management	\$ 31	\$ -	\$ 16	\$ -		\$ -	6		\$ -	\$ -	\$ -	\$ -
2014 Drought Grant Disbursements from DWR	\$ 1,099,472	\$ 3,400,500	\$ -	\$ 371,800		\$ 2,209,000	7		\$ -	\$ -	\$ -	\$ -
2014 Water Energy Grant Management	\$ -	\$ 568,400	\$ 15	\$ 300,000		\$ 200,000	8		\$ -	\$ -	\$ -	\$ -
2014 Water Energy Grant Reimbursements DWR	\$ 830,612	\$ 1,212,800	\$ 1,153,379	\$ 1,740,600		\$ -	9		\$ -	\$ -	\$ -	\$ -
Proposition 84 implementation Grant Management	\$ 31	\$ -	\$ 47	\$ -		\$ -	10		\$ -	\$ -	\$ -	\$ -
Proposition 84 payments to Member Agencies	\$ 2,849,653	\$ 5,400,000	\$ 447,188	\$ 2,536,000		\$ 3,143,500	11		\$ -	\$ -	\$ -	\$ -
USBR CalFed Meter 2014	\$ 840	\$ -	\$ -	\$ -		\$ -	13		\$ -	\$ -	\$ -	\$ -
USBR CalFed WaterSmart Meter 2014	\$ 280	\$ -	\$ -	\$ -		\$ -	14		\$ -	\$ -	\$ -	\$ -

<b>Regional Water Authority</b> See Budget Projection Notes for Budget Assumptions				<b>FY' 2018-2019 Program Budget Projection</b>								
	<b>RWA</b>	<b>RWA</b>	<b>RWA</b>	<b>RWA</b>		<b>FY 19</b>	<b>Notes</b>		<b>Projected</b>	<b>Projected</b>	<b>Projected</b>	<b>Projected</b>
	<b>FY 17</b>	<b>FY 18</b>	<b>FY 18</b>	<b>Total</b>		<b>Proposed</b>			<b>FY 20</b>	<b>FY 21</b>	<b>FY 22</b>	<b>FY 23</b>
USBR CalFed Retrofits 2014	\$ 203,718	\$ -	\$ -	\$ -		\$ -	15		\$ -	\$ -	\$ -	\$ -
American River Basin (ARB Plan of Study)	\$ 29,716	\$ -	\$ -	\$ -		\$ -	16		\$ -	\$ -	\$ -	\$ -
Labor Compliance Expenses	\$ 71,079	\$ -	\$ 15,149	\$ 15,100		\$ -	17		\$ -	\$ -	\$ -	\$ -
Government Relations Contract Lobbyist & Fees	\$ 120,000	\$ 120,000	\$ 75,000	\$ 135,000		\$ 100,800	19		\$ -	\$ -	\$ -	\$ -
Water Efficiency Program Admin. (Cat.1)	\$ 171,448	\$ 223,200	\$ 51,300	\$ 228,300		\$ 228,100	20		\$ 225,200	\$ 218,600	\$ 210,300	\$ 201,300
Water Efficiency Grant Payments (Cat. 2)	\$ 363,859	\$ 350,000	\$ 156,600	\$ 200,000		\$ 350,000	21		\$ 350,000	\$ 350,000	\$ 350,000	\$ 350,000
Staffing and Office Program Management	\$ 278,716	\$ 272,900	\$ 129,046	\$ 254,100		\$ 250,900	22		\$ 201,100	\$ 161,000	\$ 143,400	\$ 119,900
<b>TOTAL PROGRAM EXPENSES</b>	<b>\$ 6,900,096</b>	<b>\$ 13,223,300</b>	<b>\$ 2,119,769</b>	<b>\$ 6,593,000</b>		<b>\$ 7,661,300</b>			<b>\$ 776,300</b>	<b>\$ 729,600</b>	<b>\$ 703,700</b>	<b>\$ 671,200</b>
<b>Net Income (Loss)</b>	<b>\$ 93,981</b>	<b>\$ (572,100)</b>	<b>\$ (186,864)</b>	<b>\$ (370,400)</b>		<b>\$ (242,700)</b>	23		<b>\$ 25,700</b>	<b>\$ 72,400</b>	<b>\$ 98,300</b>	<b>\$ 130,800</b>

Regional Water Authority See Budget Projection Notes for Budget Assumptions				FY' 2018-2019 Program Budget Projection								
	RWA FY 17	RWA FY 18	RWA FY 18	RWA Total		FY 19 Proposed	Notes		Projected FY 20	Projected FY 21	Projected FY 22	Projected FY 23
<b>CASH RESERVES</b>												
Beginning reserves	\$ 902,321	\$ 1,052,024	\$ 1,239,173	\$ 1,239,173		\$ 868,773	24		\$ 626,073	\$ 651,773	\$ 724,173	\$ 822,473
<b>SOURCE (USE) OF FUNDS</b>	\$ 93,981	\$ (572,100)	\$ (186,864)	\$ (370,400)		\$ (242,700)	23		\$ 25,700	\$ 72,400	\$ 98,300	\$ 130,800
ADVANCE ADJUSTMENTS	\$ 242,871	\$ -	\$ -	\$ -		\$ -	25		\$ -	\$ -	\$ -	\$ -
<b>CASH RESERVES, Ending</b>	<b>\$ 1,239,173</b>	<b>\$ 479,924</b>	<b>\$ 1,052,309</b>	<b>\$ 868,773</b>		<b>\$ 626,073</b>	<b>26</b>		<b>\$ 651,773</b>	<b>\$ 724,173</b>	<b>\$ 822,473</b>	<b>\$ 953,273</b>
<b>Subscription Program Designations/Advanced Revenues</b>												
Water Efficiency Program - Category 1	\$ 548,772	\$ 422,022	\$ 870,436	\$ 598,772		\$ 662,872	27		\$ 736,572	\$ 827,472	\$ 939,272	\$ 1,073,572
Water Efficiency Program - Category 2	\$ (143,271)	\$ (80,696)	\$ (243,873)	\$ (148,771)		\$ (148,771)	27		\$ (148,771)	\$ (148,771)	\$ (148,771)	\$ (148,771)
<b>Subtotal - Designations</b>	<b>\$ 405,501</b>	<b>\$ 341,326</b>	<b>\$ 626,563</b>	<b>\$ 450,001</b>		<b>\$ 514,101</b>	<b>26</b>		<b>\$ 587,801</b>	<b>\$ 678,701</b>	<b>\$ 790,501</b>	<b>\$ 924,801</b>
<b>Advanced Revenues (recognized as income when expenses are incurred)</b>												
2015 IRWM Grant (RWA R3)	\$ 20,949	\$ -	\$ 20,949	\$ 27,049		\$ 40,049			\$ 25,049	\$ 10,049	\$ 49	\$ 49
2015 IRWM Grant (WEP R3)	\$ 7,263	\$ -	\$ 6,693	\$ 7,263		\$ 7,263			\$ 7,263	\$ 7,263	\$ 7,263	\$ 7,263
2018 IRWMP Update			\$ (7,677)	\$ (40,000)		\$ -			\$ -	\$ -	\$ -	\$ -
Government Relations Contract Lobbyist	\$ 81,806	\$ 72,806	\$ 27,806	\$ 100,806		\$ 6			\$ 6	\$ 6	\$ 6	\$ 6
Prop 84 Grant Management	\$ 86,572	\$ -	\$ 77,590	\$ 73,572		\$ 38,572			\$ 9,072	\$ 9,072	\$ 9,072	\$ 9,072
Prop 50 Grant Management	\$ 11,415	\$ 5,739	\$ 11,415	\$ 9,415		\$ 7,415			\$ 6,415	\$ 5,415	\$ 4,415	\$ 3,415
2014 Drought Management	\$ 37,199	\$ 60,053	\$ 24,758	\$ 37,199		\$ 17,699			\$ 17,699	\$ 17,699	\$ 17,699	\$ 17,699
2014 Water Energy	\$ 500,000	\$ -	\$ 172,761	\$ 203,400		\$ 3,400			\$ 3,400	\$ 3,400	\$ 3,400	\$ 3,400
Regional Reliability Plan	\$ 86,143	\$ -	\$ 90,251	\$ 43		\$ 43			\$ 43	\$ 43	\$ 43	\$ 43
SRCSD	\$ 2,325	\$ -	\$ 1,200	\$ 25		\$ (2,475)			\$ (4,975)	\$ (7,475)	\$ (9,975)	\$ (12,475)
<b>Subtotal - Advances</b>	<b>\$ 833,672</b>	<b>\$ 138,598</b>	<b>\$ 425,746</b>	<b>\$ 418,772</b>		<b>\$ 111,972</b>	<b>28</b>		<b>\$ 63,972</b>	<b>\$ 45,472</b>	<b>\$ 31,972</b>	<b>\$ 28,472</b>
<b>Total</b>	<b>\$ 1,239,173</b>	<b>\$ 479,924</b>	<b>\$ 1,052,309</b>	<b>\$ 868,773</b>		<b>\$ 626,073</b>			<b>\$ 651,773</b>	<b>\$ 724,173</b>	<b>\$ 822,473</b>	<b>\$ 953,273</b>

**RWA PROGRAM**  
**FY 2018-2019 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 RWA was awarded the IRWM 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 the grant is expected to be completed in FY19.
- 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. Fees of \$300,000 will be returned to participants in FY18 and the remaining \$200,000 are projected to be returned in FY19.
- 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 Not used
- 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 was 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 was 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 was 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 was 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 was for \$300,000 and was 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 acted 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 was 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 Not used
- 19 Represents the program to hire a contract water advocate consultant to help with state legislative issues. This program will be moved to RWA core and will use the remaining funds from the Strategic Plan through FY20.
- 20 Anticipated revenues and direct costs for the program from the Water Efficiency (WEP) Program for Category I. WEP budget still under development.
- 21 WEP Category II revenue and expenses are projected for WEP Prop 84 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 70% and the project assistant at 60% time, for a total of 1.3 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 2018-2019 Fee Schedule

## RWA Annual Dues - Updated Connections

Fee increase:

4.00%

Agency	Type	2017-2018 Annual Dues (A)	Proposed RWA 2018-2019 Annual Dues using updated Connections (B)	Powerhouse Science Center (PSC)
California American Water	Large	\$ 67,811	\$ 70,523	\$ 4,885
Carmichael Water District	Medium	\$ 23,035	\$ 23,721	\$ 1,842
Citrus Heights Water District	Medium	\$ 39,152	\$ 40,401	\$ 3,178
City of Folsom	Medium	\$ 40,460	\$ 42,029	\$ 3,038
City of Lincoln	Medium	\$ 35,427	\$ 37,590	\$ 1,620
City of Roseville	Large	\$ 67,811	\$ 70,523	\$ 4,885
City of Sacramento/Dept. of Utilities	Large	\$ 67,811	\$ 70,523	\$ 4,885
City of West Sacramento	Medium	\$ 29,672	\$ 30,495	\$ 1,908
City of Yuba City	Medium	\$ 36,744	\$ 38,026	\$ 2,824
Del Paso Manor Water District	Small	\$ 5,847	\$ 6,081	\$ 415
El Dorado Irrigation District	Large	\$ 67,811	\$ 70,523	\$ 4,885
Elk Grove Water District	Medium	\$ 24,233	\$ 25,590	\$ 1,754
Fair Oaks Water District	Medium	\$ 27,566	\$ 28,392	\$ 2,190
Golden State Water Company	Medium	\$ 32,958	\$ 34,303	\$ 2,414
Orange Vale Water Company	Small	\$ 8,693	\$ 9,041	\$ 626
Placer County Water Agency	Large	\$ 67,811	\$ 70,523	\$ 4,885
Rancho Murrieta CSD	Small	\$ 8,570	\$ 8,937	\$ 618
Rio Linda/Elverta Water District	Small	\$ 8,693	\$ 9,041	\$ 626
Sacramento County Water Agency	Large	\$ 67,811	\$ 70,523	\$ 4,885
Sacramento Suburban Water District	Large	\$ 67,811	\$ 70,523	\$ 4,885
San Juan Water District (10,687 FY18; 10,667 FY17)	Large	\$ 67,811	\$ 70,523	\$ 1,733
<b>TOTALS</b>		<b>\$ 863,535</b>	<b>\$ 897,834</b>	<b>\$ 58,981</b>

RWA Associate Members	2017-2018 Annual Dues	2018-2019 Annual Dues	PSC
Placer County	\$ 12,900	\$ 13,400	\$ 1,340
El Dorado County Water Agency	\$ 5,200	\$ 5,400	\$ 537
Sacramento Area Flood Control Agency	\$ 7,400	\$ 7,700	\$ 756
Sacramento Municipal Utilities District	\$ 12,900	\$ 13,400	\$ 1,340
SRCS	\$ 12,900	\$ 13,400	\$ 1,340
<b>ASSOCIATE MEMBER TOTALS</b>	<b>\$ 51,300</b>	<b>\$ 53,300</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 2018 rates represent an increase in total dues from FY2017. When comparing combined fees with water policy subscription fees, any agencies that previously funded this effort will pay less in total for FY18 than FY17.
- (3) Wholesale water suppliers (i.e. San Juan WD) are included in "large" utility group, regardless of the actual number of retail connections, as a more accurate indication of "true" utility size.
- (4) RWA Associates pay an annual fee equal to 0.1% of the entity's annual operating budget, rounded up to the next even thousand dollars.

**Powerhouse Science Center**

- (1) Collect \$60,000 per year for 5 years; (2) SJWD adjusted to retail connections only; (3) \$50,000 Prop 84 grant funding applied; (4) \$5,000 WEP funding over 10 years; (5) \$100,000 contribution from California Water Awareness Campaign (6) FY19 last year to collect Powerhouse program.

## **AGENDA ITEM 9: LEGISLATIVE AND REGULATORY UPDATE**

### **BACKGROUND:**

#### Legislative Update

The 2018 Legislative Year is well underway, with the deadline for introducing new bills passing on February 16. RWA staff continue to engage the Brown Administration, legislators, and stakeholders on a variety of two-year bills, including long-term water use efficiency legislation (AB 1668/SB 606) and the water tax (SB 623).

A significant development related to the water tax proposal was the February 1 release of the Brown Administration's budget trailer bill language to create a "Safe and Affordable Drinking Water Fund." The budget trailer bill closely mirrors the policy framework in SB 623 and includes an identical proposal for per-connection taxes to be collected by water systems. With the release of the budget trailer bill, RWA staff and other parties with an interest in the water tax will now engage in both the policy and budget committees of the Legislature.

#### Regulatory Update

The State Water Resources Control Board released revisions to the proposed Permanent Prohibitions on Waste and Unreasonable Use of Water regulations on January 31. The proposed regulations would permanently prohibit certain uses of water, including irrigation of turf in publicly owned and maintained street medians with certain exceptions.

RWA staff prepared and submitted a comment letter in response to the revised regulations on February 12 that emphasized the effectiveness of locally-driven approaches to advancing water use efficiency and provided specific technical comments on several of the revised prohibitions. RWA was also signatory to a coalition comment letter signed by over 80 water suppliers that expressed concern with the SWRCB's potential use of its "waste and unreasonable use" authorities to enact the proposed prohibitions. The SWRCB is expected to consider adoption of the revised regulations in late March or early April.

#### 2017 Advocacy Program Highlights Document

A briefing pamphlet describing the highlights of the Advocacy Program's activities in 2017 is now available. RWA members are encouraged to make the pamphlet available to their boards and staff.

Discussion: Adam W. Robin, Legislative and Regulatory Affairs Project Manager

Attachments:

- RWA comment letter regarding SWRCB proposed Permanent Prohibitions on Waste and Unreasonable Use of Water regulations (February 12, 2018)
- 2017 RWA Advocacy Program Highlights document

**Regional Water Authority**  
Building Alliances in Northern California

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VIA EMAIL: [commentletters@waterboards.ca.gov](mailto:commentletters@waterboards.ca.gov)

February 12, 2018

Marcus Yasutake, Chair  
Paul Schubert, Vice  
Chair

#### Members

California American Water  
Carmichael Water District  
Citrus Heights Water District  
Del Paso Manor Water  
District  
El Dorado Irrigation District  
Elk Grove Water District  
Fair Oaks Water District  
Folsom, City of  
Golden State Water  
Company  
Lincoln, City of  
Orange Vale Water Company  
Placer County Water Agency  
Rancho Murieta Community  
Services District  
Roseville, City of  
Rio Linda / Elverta  
Community Water District  
Sacramento, City of  
Sacramento County Water  
Agency  
Sacramento Suburban Water  
District  
San Juan Water District  
West Sacramento, City of  
Yuba City, City of

#### Associates

County of Placer  
El Dorado County Water  
Agency  
Sacramento Area Flood  
Control Agency  
Sacramento Municipal Utility  
District  
Sacramento Regional County  
Sanitation District

Jeanine Townsend, Clerk to the Board  
State Water Resources Control Board  
1001 I Street, 24th Floor  
Sacramento, CA 95814



### RE: Regional Water Authority's Comments regarding the Revised Draft Permanent Prohibitions Against Wasteful and Unreasonable Water Uses

Dear Ms. Townsend:

The Regional Water Authority (RWA) appreciates this opportunity to provide comments on the State Water Resources Control Board's (SWRCB) revised draft Permanent Prohibitions Against Wasteful and Unreasonable Water Uses dated January 31, 2018 (Draft Regulation). RWA is a joint powers authority that represents 21 water suppliers in the greater Sacramento region. Collectively, RWA's members provide reliable water supplies to approximately two million residents and thousands of businesses.

As noted in our December 21, 2017 letter on the initial Draft Regulation, RWA and Sacramento region water suppliers have demonstrated a long-term commitment to achieving lasting improvements in water use efficiency. Many water providers in the Sacramento region have also adopted ordinances and implemented actions consistent with the Draft Regulation as an element of locally-driven, comprehensive approaches to advancing water use efficiency, and RWA is supportive of practices and actions consistent with many of the Draft Regulation's provisions.

We are supportive of the following revisions to the Draft Regulation that are consistent with comments included in RWA's December 21 letter:

- Modifying the description of "measurable rainfall" from one-tenth of one inch to one-fourth of one inch in section 963(b)(1)(E). As revised, the Draft Regulation now accounts for actions taken by Californians to prevent unnecessary irrigation when precipitation levels are sufficient to maintain plant health, such as the use of commercially-available smart irrigation controllers which are triggered at one-eighth of one inch of rain. Consistent with the intent of the prohibition, RWA believes that the description of "measurable rainfall" could be further improved by allowing the entities and individuals responsible for implementation of the final prohibition to determine the level of rainfall that constitutes "measurable" based on local conditions.

- Modifying the proposed prohibition on the irrigation of turf in section 963(b)(1)(G) to include a number of important exceptions and clarifications, including: an exception for community or neighborhood functions that include, but are not limited to, recreational uses, and civic or community uses; an exception for the incidental irrigation of turf when the primary purpose of irrigation is the irrigation of trees; and, clarifying that the prohibition applies to publicly owned *and* maintained landscape areas between the street and sidewalk.

In the interest of ensuring that the final prohibitions are crafted in a manner that accounts for other important implementation issues, RWA encourages the SWRCB to further refine the language of several elements of the Draft Regulation as follows:

- Clarifying language should be added to the draft prohibition on the application of water directly to driveways and sidewalks to exempt “cleaning or maintenance that cannot be readily accomplished by another method.” While we support the exemption for cleaning necessary to maintain health and safety currently included in section 963(b)(2)(A), this provision should be modified to also recognize an exemption for the efficient use of water to clean and maintain paved areas in cases where there are no other readily-available effective methods to do so. In some cases, the efficient use of water is necessary to address conditions that may not pose a health or safety risk but which impact a meaningful community interest, such addressing conditions of extreme griminess to maintain thriving commercial corridors or the preservation of communities’ other aesthetic values.
- The draft prohibition on the irrigation of turf on public street medians and publicly owned and maintained landscape areas between the street and sidewalk in section 963(b)(1)(G) should be modified to only apply to the irrigation of turf on new or retrofitted landscape areas. Alternatively, the final prohibition proposed should be modified to provide an exception where it is not cost effective to retrofit the area relative to the amount of water saved.

Finally, as the SWRCB considers whether and how these and the other draft prohibitions should be made permanent, it is critical to note that the prohibitions would apply to specified “practices” and “actions” for all Californians. (§963, §963(b)(1).) The violation of any final prohibition by an individual or entity should not be interpreted as the waste and unreasonable use of water by a water supplier which serves them. Additionally, while many water providers in the Sacramento region have already adopted ordinances and implemented actions consistent with the Draft Prohibitions as an element of locally-driven, comprehensive approaches to advancing water use efficiency, RWA would oppose any requirements that would shift sole responsibility for implementation of any final SWRCB prohibitions to local water suppliers.

We appreciate your consideration of these comments regarding the Draft Regulation. If you or your staff have any questions, please contact me at (916) 967-7692 or [jwoodling@rwah2o.org](mailto:jwoodling@rwah2o.org).

Sincerely,



John Woodling

Executive Director

cc: Mr. Max Gomberg, Office of Research, Planning and Performance, SWRCB  
Ms. Charlotte Ely, Office of Research, Planning and Performance, SWRCB  
Ms. Kathy Frevert, Office of Research, Planning and Performance, SWRCB



**Regional Water Authority**  
BUILDING ALLIANCES IN NORTHERN CALIFORNIA

## The Start of A New Session...



2017 was a significant year for the Regional Water Authority's Advocacy Program that represented the culmination of a five-year process initiated by the RWA Board of Directors in 2013. A key component of the Board's "Strategic Plan 2018+" was a

new emphasis on advocacy, with the goal of ensuring that regional needs and concerns would be positively represented on legislative and regulatory policies and actions. This year's accomplishments are a direct result of the Board's forward thinking and leadership. This year, the Advocacy Program allowed RWA's members to speak with a united voice in pursuit of our region's common goals.

For the first time ever, in 2017 the Regional Water Authority sponsored legislation. AB 968 and AB 1654, authored by Assembly Member Blanca Rubio (D-Baldwin Park), were companion measures focused on improving drought preparedness and increasing water efficiency statewide while preserving local control. While these bills were not ultimately enacted into law this year, we were very successful in partnering with Irvine Ranch Water District on the legislation and building a statewide coalition of over 100 water suppliers,

local governments and other supporters to help push these bills forward. We also partnered with water agencies around the state to successfully oppose measures that would be contrary to RWA member interests.

Additionally, we continued to monitor all state legislative bills and proposals that could impact RWA members. Overall, this year there were 164 measures tracked, 40 of which were extensively analyzed and discussed by the RWA Lobbyist Subscription Program. RWA acted on 14 of these bills.

There is and will always be much more work to be done, and each year we will strive to enhance our effectiveness and position ourselves in the strongest manner possible. As we head into year two of the 2017-2018 Legislative Session, we are well positioned for success. I am excited to build on this year's accomplishments as we push ahead and continue to advance RWA member interests in the State Capitol.

Let's keep moving forward in 2018!

A handwritten signature in blue ink that reads "Adam W. Robin".

**Adam W. Robin**



# 2017 Advocacy Priorities

## 1. Ensure That Long-Term Water Efficiency Legislation Accounts For Unique Local Conditions And Preserves Local Control

In 2017, RWA co-sponsored legislation to strengthen water use efficiency and enhance drought planning, preparation and reporting by water suppliers statewide. RWA engaged on all legislation related to long-term water efficiency in a manner that accounted for the following core principles:

- ◆ **Ensure that any new water use standards or targets account for unique local conditions.**
- ◆ **Protect and promote investments in a diverse, resilient and reliable water supply.**
- ◆ **Ensure that requirements are technically and economically feasible for RWA member agencies to implement.**
- ◆ **Enhance drought planning and reporting requirements, while ensuring that any state agency oversight and enforcement roles are appropriate and respect local control.**
- ◆ **Maintain existing water rights protections.**

## 2. Oppose Water Tax Proposals That Would Redirect Local Resources Away From Local Water Agencies

RWA recognizes the need for sensible, long-term funding solutions to assist disadvantaged communities that do not have safe drinking water, as well as to address water affordability issues for low-income ratepayers. A per-connection tax on Californians' water bills, however, such as the tax proposed in SB 623, is not an acceptable funding source to address these problems. A state water tax would hamper efforts to maintain safe and reliable water infrastructure at a reasonable cost for local ratepayers, including local low-income ratepayers.

## 3. Support State Funding For Regional Priorities

RWA supported the Legislature's development of SB 5, a \$4 billion general obligation bond that makes available \$10 million in funding for the Lower American River Conservancy Program, \$200 million for the implementation of voluntary agreements related to an updated Bay-Delta Water Quality Control Plan and \$290 million for drought and groundwater investments to achieve regional sustainability. SB 5 will be considered for approval by California voters in June 2018.

## 2017 Legislative Highlights

In December, the Association of California Water Agencies honored RWA and the Irvine Ranch Water District with the 2017 "Most Compelling Case" Outreach Award for their role in co-sponsoring and advocating for legislation on drought preparedness and long-term water use efficiency.



From left: RWA Legislative and Regulatory Affairs Program Manager Adam Robin, IRWD Government Relations Officer Christine Compton and IRWD Board President Douglas J. Reinhart.

*"Thanks to the Regional Water Authority, we are in control of our destiny rather than allowing other parts of the state to determine state water policy alone. We have long needed a champion, and the Regional Water Authority has elevated the Sacramento Region's position at the State Capitol as a respected voice on water policy issues."*

Mayor Linda Budge, City of Rancho Cordova

*"Having support from the Regional Water Authority as we champion responsible water policy was instrumental."*

Jim Cooper, California State Assembly Member, District 9



## By the Numbers

- 2,890** Number of total bills introduced in the 2017 Legislative Session
- 164** Number of bills introduced in the 2017 session with identified potential impacts on RWA members
- 40** Number of 2017 bills identified as high or medium priority ("hot list") at the start of the session
- 14** Number of hot list bills with active positions
- 5** Number of hot list bills enrolled by the Legislature (one bill was vetoed by the Governor)

## RWA “Hot List” bills enrolled by the Legislature in 2017

Bill (Author)	Bill Title & Description	RWA Position (Action by Governor)
<b>AB 313</b> Gray	Community Water Systems: Lead User Service Lines	<b>Support</b> (Vetoed)
<b>AB 746</b> Gonzalez Fletcher	Lead Testing: School Sites	<b>Support If Amended</b> (Signed)
<b>SB 5</b> DeLeon	CA Drought, Water, Parks, Climate, Coastal Protection & Outdoor Access Bond	<b>Support</b> (Signed)
<b>SB 427</b> Leyva	Community Water Systems: Lead User Service Lines	<b>Oppose Unless Amended</b> (Signed)
<b>SB 580</b> Pan	Water Development Projects: American and Sacramento Rivers Flood Control	<b>Support</b> (Signed)

A full analysis and text of all top priority bills are available on the RWA website at [rwah2o.org](http://rwah2o.org).

As the 2017 session came to a close, eight hot list bills became two-year bills that may be acted upon in the 2018 legislative session. A recap of RWA’s position on these two-year bills is provided below:

Legislation	Topic	RWA Position
<b>AB 968</b> Rubio	Urban Water Use Efficiency	<b>Support - RWA Sponsored Bill.</b> <i>This bill would establish new water efficiency targets for water suppliers for the year 2025 in a manner that would recognize and incentivize the development of resilient water supply sources and protect existing water rights.</i>
<b>AB 975</b> Friedman	Wild and Scenic River Designations	<b>Oppose.</b> <i>This bill would take certain provisions from the federal Wild and Scenic River law and apply them to existing State law in an inconsistent manner that could limit local land use authorities and present operational challenges for water suppliers.</i>
<b>AB 1427</b> Eggman	Groundwater Storage	<b>Support.</b> <i>This bill would establish that the underground storage of water is a beneficial use.</i>
<b>AB 1654</b> Rubio	Urban Water Management Planning	<b>Support - RWA Sponsored Bill.</b> <i>This bill would enhance drought planning requirements for water suppliers and protect water suppliers’ investments in resilient water supplies.</i>
<b>AB 1668</b> Friedman	Urban Water Conservation	<b>Oppose unless amended.</b> <i>This bill would, in part, authorize the State Water Resources Control Board (SWRCB) to adopt a variety of enforceable water use standards, including standards for outdoor residential use. This bill is a companion measure to SB 606.</i>
<b>AB 1669</b> Friedman	Urban Water Conservation	<b>Oppose.</b> <i>This bill would authorize the SWRCB to adopt and revise standards for water use including, but not limited to: standards for indoor residential water use; outdoor irrigation in connection with domestic, industrial, institutional or commercial water use; and, industrial, institutional and commercial water use.</i>
<b>SB 606</b> Skinner/ Hertzberg	Urban Water Conservation	<b>Oppose Unless Amended.</b> <i>This bill would, in part, authorize the SWRCB to adopt a variety of enforceable water use standards, including standards for outdoor residential use. This bill is a companion measure to AB 1668.</i>
<b>SB 623</b> Monning	Safe and Affordable Drinking Water Fund—Water Tax	<b>Oppose Unless Amended.</b> <i>This bill would impose a per-connection tax on every public water system customer. The proceeds of the tax would fund a “Safe and Affordable Drinking Water Fund” administered by the SWRCB to address specified drinking water issues. Other funding sources would include dairy and fertilizer fees.</i>

## Influencer Outreach

### STATE LEGISLATIVE LEADERS

Building upon existing relationships, RWA staff continued to hold one-on-one meetings with legislative members and staff to advocate for key issues. Over the course of 2017, RWA staff met with all five Senators and seven Assembly Members representing the five-county Sacramento region, as well as members of key policy and budget committees.

### LOCAL LEADERS

Throughout the year, RWA staff met with local elected officials to update them on priority issues and seek their future support with state legislative leaders. A key objective of this outreach effort was to develop a strong team of local elected officials RWA and its members can call upon to provide political support and advocacy for water-related issues important to this region.

### LEGISLATIVE PROCESS WORKSHOP

In October, RWA staff offered a new benefit for members—a workshop on the California legislative process. The session explained how RWA engages the Legislature and how individual agencies can participate in the process both through RWA and directly with their local legislators. “Hot topics” that are expected to be taken up by the Legislature and regulatory agencies in 2018 were also discussed.



## ADVOCACY THROUGH MEDIA OUTREACH AND SOCIAL MEDIA

RWA continued outreach via the media to convey RWA's perspective and the region's accomplishments, as well as to build relationships with reporters, by issuing news releases, media statements and letters to the editor.

Accomplishments include working with the Coachella Valley Water District to successfully place an op-ed in the Desert Sun in support of RWA co-sponsored legislation AB 968 and AB 1654. In addition, RWA partnered with the Water Forum to host a press event in November at the Nimbus Fish Hatchery in Rancho Cordova to promote the region's successful efforts regarding environmental stewardship on the lower American River, water supply planning and water use efficiency. The event attracted media coverage from multiple outlets, including KCRA (Channel 3), ABC 10, Capital Public Radio and others.

RWA launched a new social media presence to further connect with news media, members and stakeholders and to provide yet another avenue for outreach.



*RWA Executive Director John Woodling outlines how water providers are working to protect the lower American River.*

*"The Regional Water Authority has elevated the Sacramento Region's position at the State Capitol as a respected voice on water policy issues. We are now an integral player in shaping legislation to protect our constituency."*

Mayor Jeff Slowey, City of Citrus Heights

## LOOKING AHEAD TO 2018

A significant part of RWA's work in 2017 focused on proactively developing a vision for legislation that supports a locally-based approach to drought preparedness and long-term water use efficiency and then building and working intensely with a broad coalition throughout California to move this vision forward. This approach provides an important foundation and framework as we look toward 2018 and beyond.

Continued advocacy on legislation for implementing the Governor's framework on long-term conservation, now moving forward in AB 1668 (Friedman) and SB 606 (Hertzberg/Skinner/Friedman), will be a top legislative priority in 2018, along with SB 623 (Monning), legislation that includes a proposed tax on residential water bills. RWA will continue to engage on these bills and other priority legislation in a manner that is consistent with RWA's established policy principles.

In addition, RWA is continuing to serve in leadership positions that both provide the Sacramento region a voice on critical policy and regulatory issues, as well as build relationships statewide. These include serving as chair of the Practitioner Advisory Panel convened by the California Department of Water Resources to provide input on implementation of the Sustainable Groundwater Management Act, as well as chair of the Association of California Water Agencies' Groundwater Committee. RWA and member agency staff serve in key roles on ACWA's State Legislative Committee and lead the Sacramento Metro Chamber's State Legislative Summit.

Forging partnerships will always be a key priority of the Advocacy Program. RWA successfully grew a statewide coalition of over 100 water suppliers, local governments and other supporters to help advance RWA's sponsored legislation in 2017. In 2018 we will look to diversify our reach with groups representing the agriculture, environmental and business communities as we engage on a variety of priority issues on behalf of RWA's members.

## LOBBYIST SUPPORT

The success of the RWA Advocacy Program is dependent on the RWA members who financially contribute to the Lobbyist Subscription Program, which supports RWA's contract lobbyist.

*The 2017 Lobbyist Subscription Program members include:*

Citrus Heights Water District\*  
City of Folsom  
City of Lincoln  
City of Roseville  
City of Sacramento  
Carmichael Water District  
Del Paso Manor Water District  
Elk Grove Water District  
Fair Oaks Water District\*  
Placer County Water Agency  
Sacramento County Water Agency  
Sacramento Suburban Water District  
San Juan Water District

*\* RWA members that joined the Lobbyist Subscription Program in 2017.*

Staff will continue to recruit additional RWA members to participate in 2018.

## STAFF

For any questions or more information, please contact RWA Advocacy Program Manager Adam W. Robin at (916) 967-7692.

**Regional Water Authority**  
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[www.rwah2o.org](http://www.rwah2o.org)

[www.BeWaterSmart.info](http://www.BeWaterSmart.info)



@RWAh2o

**AGENDA ITEM 10: EXECUTIVE DIRECTOR'S REPORT**

**MARCH 8, 2018**

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

**FROM: JOHN WOODLING**

**RE: EXECUTIVE DIRECTOR'S REPORT**

**a. Grants Update** – Staff submitted a grant application to the Department of Water Resources through the Sacramento Groundwater Authority to develop a Groundwater Sustainability Plan for the North American Subbasin (NASb), which includes northern Sacramento County, western Placer County, and southeastern Sutter County in November 2017. DWR has just released its draft application results and a nearly \$1 million grant is being recommended for the NASb. Staff is currently managing five grants totaling \$30.5 million.

**b. Water Efficiency Update – Snow Survey and Water Reductions**

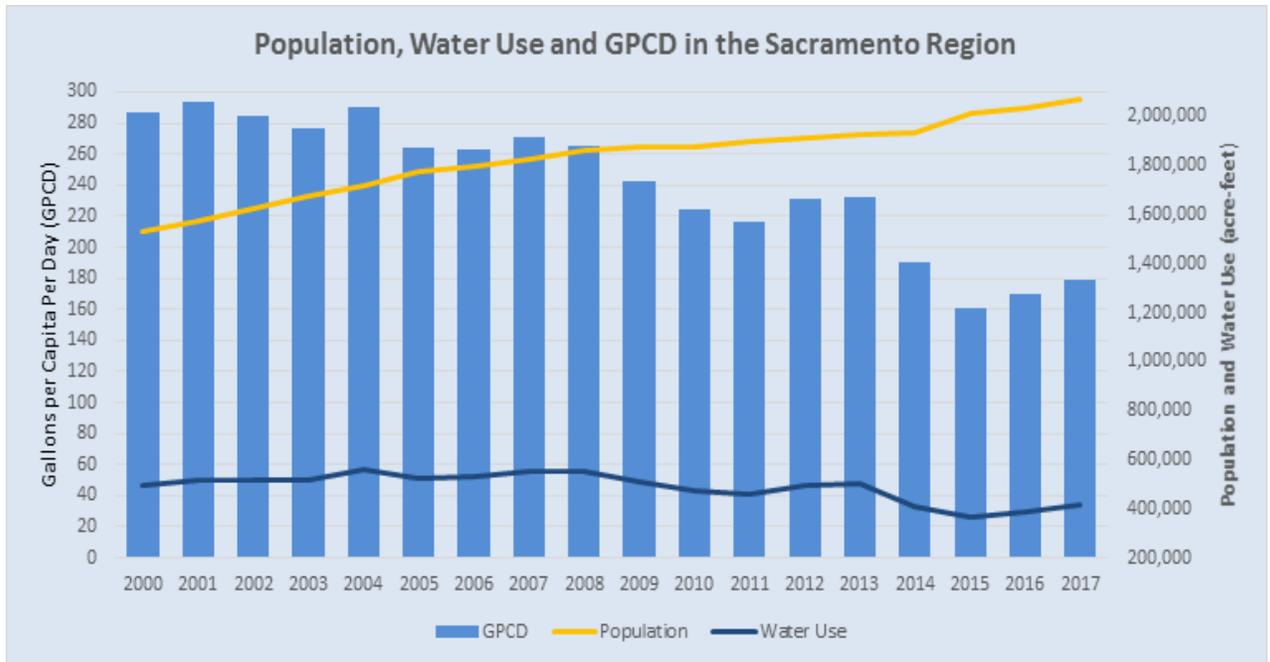
The second of five 2018 snow surveys was conducted on February 1st. The survey showed below average results both locally at Phillips Station and statewide with snow water equivalents of 2.6 inches or 14% of average for this date and 4.9 inches or 27% of average, respectively. There is discussion among state agencies, the media, and other stakeholders about the possibility of the state returning to drought conditions in 2018. However, it is too early to make definitive conclusions. Currently Folsom Lake storage is at 57% of total capacity and 107% of historical average (as of February 15, 2018). As of the end of January 2017, the 154 reservoirs throughout the state maintained above average storage equating to 24.7 million acre feet or 106% of the 23.4 million acre feet average for this time of the year.

In December 2017, the region saved 17% compared to 2013 or approximately 1.4 billion gallons. Total 2017 savings (January through December) were 19.2% or 32.3 billion gallons compared to 2013. The region's December residential gallons per capita per day (R-GPCD) was 73. The 2017 average R-GPCD was 120. The 2015-2017 annual production, savings, and R-GPCD is displayed in Table 1. The region's updated GPCD tracking graphic is displayed in Figure 1.

Table 1: 2017 Data Summary

Year	Production (MG)	Production (AF)	% Reduction from 2013	Average R-GPCD
2017	135,540	415,957	19%	120
2016	126,210	387,324	25%	113
2015	118,233	362,844	30%	108

Figure 1: Sacramento Region Production, GPCD, and Population



Ongoing Data Collection

Mandatory reporting (production, R-GPCD, water waste violations, etc.) to the State Water Resources Control Board (SWRCB) officially expired in November 2017 along with the associated Executive Order. However most water agencies in the state and the region are continuing to report. RWA is also still collecting similar monthly data and would like to continue to collect this information in the future regardless of the state’s actions. RWA uses the collected data to inform a number of projects including the Reliability Plan, grant applications, and water efficiency related metrics like GPCD. To make future reporting more efficient, RWA is considering modernizing data collection efforts with an online platform similar to what the SWRCB used during the drought.

Imagery Project

To assist with the evaluation of AB 1668 and SB 606, several water agencies expressed a desire to purchase imagery for their service areas. Imagery provides data on landscape material type, irrigation, and impervious/pervious designation to help estimate landscape irrigation budgets like those associated with the proposed legislation. RWA researched several options for a regional purchase of imagery for all RWA water agencies.

The most cost effective option was to partner with the Sacramento Area Council of Governments (SACOG) and join their existing effort. SACOG is currently under contract with its partners to purchase imagery that would provide coverage for approximately half of the RWA region’s water agency service areas, primarily in

Sacramento County (Figure 2).<sup>1</sup> RWA will collect additional funding to cover the remaining areas or approximately 260 square miles (Figure 2), which include parts of the city of Yuba City, Placer County Water Agency, California American Water, El Dorado Irrigation District, San Juan Water District, and City of Roseville. The goal is to obtain comprehensive, consistent imagery for the entire region to evaluate regulation proposals and provide local imagery files to each RWA water agency for additional planning and infrastructure maintenance purposes. As part of the partnership, SACOG has offered RWA access to all imagery under their current contract for our use (Figure 2). The imagery for both the SACOG and additional RWA areas will be 3 inch aerial imagery, which will provide enough detail to identify impervious and pervious land area for residential and commercial parcels at minimum.

RWA will also obtain near infrared imagery for all RWA water agency service areas covered by 3 inch imagery (from either SACOG or RWA) or approximately 800 square miles (Figure 2). Infrared imagery measures the amount of chlorophyll or “greenness” in vegetation that is not visible to the human eye and is often used as a proxy for evaluating plant health. For RWA’s purposes, it will provide additional insight into irrigated/non-irrigated land areas and landscape material type (tree, turf, etc.) for residential and commercial parcels. The additional cost for infrared imagery will be collected from all RWA water agencies based on service area size and level of overall participation in the Imagery Project.

There are two additional costs associated with the Imagery Project. The first is ground control or the process of matching the digital imagery to static locations on the ground to ensure imagery data accuracy. Ground control for the RWA 3 inch imagery areas will be performed by SACOG’s imagery vendor, Sanborn, Inc. The second additional cost is a 5% SACOG administration fee at add RWA to their existing contract. RWA will cover both of these additional costs as well as a portion of the infrared cost.

All imagery (3 inch and infrared) is scheduled to be collected by Sanborn, Inc., between February and April 2018 with delivery expected in September 2018. Due to the timing of infrared imagery collection, distinguishing between irrigated and non-irrigated land area may be less precise due to potential supplemental irrigation from winter storms. To address this concern, RWA may also use National Agriculture Imagery Project (NAIP) imagery (includes infrared), which is scheduled to be collected in summer 2018 at the peak of irrigation season.<sup>2</sup> All together the 3 inch, infrared, and NAIP imagery should provide a solid base to perform a wide range of analysis related to the proposed legislation.

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<sup>1</sup> Current SACOG Partners include: Yolo County, Sacramento County, City of Sacramento, City of Davis, City of Woodland, University of California Davis, City of Elk Grove, City of Galt, City of Rancho Cordova, City of Citrus Heights, City of West Sacramento, City of Folsom, City of Lincoln, and City of Rocklin.

<sup>2</sup> NAIP imagery is collected and delivered as a service of the United State Department of Agriculture (USDA)’s Farm Service Agency (FSA) and is provided when funding is available free of charge to public and private entities. The data resolution is one meter and is expected to be delivered for California in early 2019.

**c. RWA Outreach** – RWA will convene a symposium entitled Making Safe, Clean, Affordable and Accessible Water a Reality on Thursday, March 15, 2018 from 8:30 a.m. to noon at the Capitol Event Center (attached). Mr. Woodling and several other RWA member staff and elected officials will participate in ACWA's Board Strategic Planning Workshop on March 9, 2018. If you have any input into ACWA priorities for the 2018-19 term, please let me know.



# PLEASE JOIN US FOR A SYMPOSIUM ON Making Safe, Clean, Affordable and Accessible Water a Reality



## Thursday, March 15, 2018

8:30 to 9:00 a.m. Registration and  
continental breakfast  
9:15 to 10:30 a.m. Panel One  
10:30 to 11:45 a.m. Panel Two

Capitol Event Center  
at the MAY Building  
1020 11th St  
Sacramento, CA 95814

*Leaders from state government, local agencies and the non-profit sector will explore the challenges and potential solutions that can help make safe, clean, affordable and accessible water a reality in California.*



Featuring Introductory Remarks By  
**Sacramento Mayor Darrell Steinberg**

### PANEL DISCUSSIONS

#### Identifying the Challenges

**Darrin Polhemus** - Deputy Director, State Water Resources Control Board, Division of Drinking Water

**Katie Porter** - Staff Engineer, California Urban Water Agencies

**Maria Herrera** - Community Development Specialist, Self-Help Enterprises and Member of the California Water Commission

**Denise England** - Water Policy Manager, County of Tulare

#### Exploring Potential Solutions

**Max Gomberg** - Water Conservation and Climate Change Manager, State Water Resources Control Board

**Laurel Firestone** - Co-Founder and Co-Executive Director, Community Water Center

**Cindy Tuck** - Deputy Executive Director for Government Relations, Association of California Water Agencies

**Jack Hawks** - Executive Director, California Water Association

**Paul D Jones II** - General Manager, Eastern Municipal Water District

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THE METROPOLITAN WATER DISTRICT  
OF SOUTHERN CALIFORNIA

Hosted by



**\$40 for RWA members, \$55 for non-members**

**Purchase tickets by March 9, 2018**

at <https://wateraffordabilityevent.eventbrite.com>

Questions? Contact Cecilia Partridge,  
Regional Water Authority, (916) 967-7692

Attendance at this event by a public official will constitute acceptance of a reportable gift.

**AGENDA ITEM 11: DIRECTORS' COMMENTS**