AGENDA

The public shall have the opportunity to directly address the Board on any item of interest before or during the Board’s consideration of that item. Public comment on items within the jurisdiction of the Board is welcomed, subject to reasonable time limitations for each speaker. Public documents relating to any open session item listed on this agenda that are distributed to all or a majority of the members of the Board of Directors less than 72 hours before the meeting are available for public inspection in the customer service area of the Authority’s Administrative Office at the address listed above. In compliance with the Americans with Disabilities Act, if you have a disability and need a disability-related modification or accommodation to participate in this meeting, please contact the Executive Director of the Authority at (916) 967-7692. Requests must be made as early as possible, and at least one full business day before the start of the meeting.

1. CALL TO ORDER AND ROLL CALL

2. PUBLIC COMMENT

3. CONSENT CALENDAR
   a. Minutes from the November 8, 2018 RWA regular board meeting
      Action: Approve November 8, 2018 RWA Board meeting minutes
   b. Adopt proposed RWA Board Meetings Scheduled for 2019
      Action: Adopt proposed RWA Board Meetings scheduled for 2019
   c. Adopt RWA Personnel Rules, Policy 400.1
      Action: Approve RWA Personnel Rules, Policy 400.1; Appendix C: Harassment and Retaliation Prevention; Appendix D: Drug Free Work Place; Appendix E: Workplace Violence; Appendix G: Health Reimbursement; Appendix H: Family Care Leave and Appendix
   d. Approve Update of Policy 400.2 Employee Compensation
      Action: Approve Amended Policy 400.2
   e. Accept the 2018 RWA Financial Audit Report
      Action: Accept the 2018 RWA Financial Audit Report

4. EXECUTIVE COMMITTEE REPORT AND RECOMMENDATIONS
   a. Information: Final minutes of the October 24, 2018 Executive Committee meeting and draft minutes from the December 5, 2018 Executive Committee meeting

5. AUTHORIZE THE EXECUTIVE DIRECTOR TO SIGN A MEMORANDUM OF AGREEMENT WITH NON-FEDERAL PARTNERS TO DEVELOP A WATER MARKETING STRATEGY PLAN
   Action: Adopt Resolution regarding a Memorandum of Agreement with non-Federal partners to develop a Water Marketing Strategy Plan
6. **ELECT 2019 RWA EXECUTIVE COMMITTEE**  
Action: Elect the 2019 Executive Committee of the RWA Board of Directors

7. **ELECT 2019 RWA CHAIR AND VICE-CHAIR**  
Action: Elect 2019 Chair and Vice-Chair of the RWA Executive Committee and RWA Board of Directors

8. **EXECUTIVE DIRECTOR'S REPORT**

9. **DIRECTORS' COMMENTS**

**ADJOURNMENT**

Upcoming meetings:
Next Executive Committee Meetings – Wednesday, January 23, 2019 and February 27, 2019, 8:30 a.m. at the RWA office.

Next RWA Board of Directors' Meeting – Thursday, March 14, 2019, 9:00 a.m., at the RWA Office.
AGENDA ITEM 3a: CONSENT CALENDAR

Minutes from the November 8, 2018 RWA regular board meeting

Action: Approve November 8, 2018 RWA Board meeting minutes
1. CALL TO ORDER

Chair Yasutake 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**
Audie Foster, California American Water  
Steve Nugent, Carmichael Water District  
Al Dains, Citrus Heights Water District  
Hilary Straus, Citrus Heights Water District  
Marcus Yasutake, City of Folsom  
Matthew Wheeler, City of Lincoln  
Scott Alvord, City of Roseville  
Sean Bigley, City of Roseville  
Jim Peifer, City of Sacramento  
Denix Anbiah, City of West Sacramento  
Diana Langley, City of Yuba City  
Ryan Saunders, Del Paso Manor Water District  
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  
Paul Schubert, Golden State Water Company  
Jim Lemley, Orange Vale Water Company  
Joe Duran, Orange Vale Water Company  
Robert Dugan, Placer County Water Agency  
Brent Smith, Placer County Water Agency  
Tim Shaw, Rio Linda/Elverta Community Water District  
Kerry Schmitz, Sacramento County Water Agency  
Kevin Thomas, Sacramento Suburban Water District  
Dan York, Sacramento Suburban Water District  
Pam Tobin, San Juan Water District  
Paul Helliker, San Juan Water District

**RWA Associate Members**
Christoph Dobson, Sacramento Regional County Sanitation District

**RWA Affiliate Members**
Paul Selsky, Brown & Caldwell and Alan Driscoll, Forsgren Associates
2. PUBLIC COMMENT

None.

3. CONSENT CALENDAR

a. Approve minutes from the September 13, 2018 RWA Board Meeting
b. Approve RWA Affiliate application from Fracta, Inc.

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

Information: Final minutes of the August 22, 2018 and September 27, 2018 Executive Committee meetings and draft minutes from the October 24, 2018 Executive Committee meeting

5. RETIREE HEALTH BENEFITS

John Woodling, RWA Executive Director, said that the Executive Committee directed staff to evaluate alternatives that would lower the long term costs of providing health benefits to retirees. Participating in the CalPERS health program limits options and adds complexity due to the requirements of the Public Employees Medical and Health Care Act (PEMHCA). Staff briefed the Executive Committee in September and October on the issue and the Executive Committee voted to recommend that the Board direct staff to move forward with a CalPERS resolution and associated actions.

Mr. Woodling reviewed a PowerPoint presentation that was given to the Executive Committee in October. It included an overview of the PEMHCA requirements, a history of RWA retiree health benefits, the current status and alternatives under PEMHCA. As a CalPERS health member under PEMHCA, RWA is required to allow retirees to continue under the health care program and contributions RWA makes for retirees must be equal to the contributions made for active staff.

RWA has adopted three retiree health benefit resolutions since 1991. Under the 2007 Resolution, to be eligible for retiree health benefits from RWA under CalPERS an employee must have a minimum of five years at RWA and between 10 and 20
years of combined CalPERS service. There are currently six active employees under Resolution 2007, with four vested active employees at CalPERS retirement age. The combined monthly premium for current retirees is $2,100. There is a CERBT trust established for future retiree health benefit payments.

Proposed goals include maintaining our retirement commitment to current active employees, reducing long term retiree costs for future employees and maintaining competitive benefits that allow RWA to recruit and retain employees. By adopting a CalPERS minimum payment resolution and establishing a cafeteria flexible benefit plan, a health reimbursement arrangement can be established and retiree health benefits for new employees can be determined. The challenge is to determine what we want to provide for newly hired employees for their retiree health benefits. A minimum payment for all employees and retirees is currently $136/month.

Adopting a resolution would maintain our commitment to existing staff and retirees reinforcing our ability to meet our financial commitments reduce long term liability for OPEB and improve flexibility to modify benefits over time.

Future questions to consider include what is the benefit we provide for future hires for their retiree health benefits, how long should the vesting period be, what should the benefit amount be, is a health saving account an option and do we make any payment for foregoing coverage for actives and retirees. Industry practice needs to be included in the discussion.

Staff was looking for direction from the board to work with special counsel to prepare a resolution to comply with the minimum payment option under PEMHCA and to set up a process to pursue what we provide as the changed benefit going forward.

It was discussed that employee health benefits should be kept competitive to recruit and retain staff.

M/S/C Mr. Schubert moved, with a second by Mr. Nugent, to direct staff to work with counsel to prepare a resolution to comply with the “minimum payment” option under PEMHCA. The motion carried by the unanimous voice vote of all directors present.

6. EXECUTIVE DIRECTOR’S REPORT

Legislative and Regulatory Update – Mr. Woodling welcomed RWA’s newest staff member Ryan Ojakian to the role of Legislative and Regulatory Affairs Manager. Mr. Ojakian comes to us from the State Legislature, where he served as Senior Consultant to the Assembly Water, Parks, and Wildlife Committee, and also as staff to Assemblymember Marc Levine and Senator Joseph Simitian.

Mr. Ojakian said that he looks forward to being a resource for RWA agencies. The biggest issue in the legislature this year is the water tax that is expected to get resolved in the upcoming session. Other issues will be discussed as they come up.
Over the next few months his intention is to meet with general managers and attend agencies board meetings.

The Lobbyist Subscription Program is currently funded through a subscription program. In March the board voted to move the program to the RWA core. Effective January 1, 2019 the lobbyist will work for RWA exclusively not for a subset of members. Staff will be reaching out to agency general managers to identify a contact person to receive legislative information and who will attend meetings to discuss the issues.

A useful summary of the 2018 Legislative Session was attached for information. SB 998 (Dodd) delaying water shut-offs was signed into law by the Governor and will take effect January 1, 2019. The ACWA State Legislative Committee voted on October 26, 2018 to sponsor two bills in 2019, one as a funding proposal for safe drinking water for disadvantaged communities, and the other to establish a grace period for compliance with new water quality standards. The 2018 elections have occurred and will likely have significant implications for water policy. In addition, the SWRCB is scheduled to consider Phase I of the Bay-Delta Water Quality Control Plan on November 7, 2018. After the latest elections we now have a new governor and numerous changes in the legislature.

**Landscape Imagery Project Update** – The Sacramento region collectively purchased high resolution aerial imagery in early 2018 to assist with local and regional planning efforts, including those associated with the recently passed SB 606 and AB 1668 legislation. Part of these new laws will require the calculation of water use targets that are based, in part, on the amount of irrigable landscape in a water supplier’s service area and local climate. These landscape budgets based on irrigable land will be rolled up at the water agency level as one component of an agency’s overall water use objective or target. Water use targets are enforceable at the water agency level by the state beginning in 2023.

To better understand the development of landscape budgets and the impacts for water agencies, the region has shown interest in conducting further analysis of the aerial imagery to estimate the area of relevant irrigable and irrigated land. The resulting irrigable and irrigated land for each water agency can then be used to determine landscape water budgets prior to the state’s 2022 required deadline to adopt a similar landscape water budget methodology. This additional information will assist in helping to guide the state’s methodology. RWA staff will conduct a competitive process to select a firm to perform the analysis. Staff will release a Request for Proposals (RFP) or Request for Qualifications (RFQ) by the end of November, with selection of a firm expected in December or early January. There are several firms that have expressed interest in performing the analysis.

**RWA Outreach** – The Sacramento Groundwater Authority held a well-attended 20th Anniversary Event on October 18, 2018 at the North Ridge Country Club. Former Assemblymember Roger Dickinson, co-author of the Sustainable Groundwater Management Act, was the keynote speaker. Resolutions recognizing the work of SGA were presented by Assemblymember Ken Cooley and by Matthew Ceccato,
staff to Congressman Ami Bera. Mr. Woodling chaired a meeting of the ACWA Groundwater Committee on September 20th in Bakersfield. He will Chair the ACWA Groundwater Committee on November 28th in San Diego and speak on a panel at the ACWA Conference as well.

**Grants Update** – A Grant Award table was enclosed showing the five grant awards totaling just over $28.5 million that staff is currently managing. There will be an opportunity for Prop 1 Integrated Regional Water Management funding in 2019.

**Holiday Social** – A flier was attached for the RWA/SGA Holiday Social scheduled for December 6, 2018 at 6:00 p.m. at the North Ridge Country Club.

7. **DIRECTORS’ COMMENTS**

Mr. Straus thanked RWA staff for assisting Citrus Heights Water District in obtaining a grant for their projects. Mr. Swartz was helpful in initiating their regional water transfer. ACWA and DWR are forming work groups on AB 1668 and SB 606 issues related to the regulatory report and requirements.

Mr. Raffety reported that El Dorado Irrigation District had two board members voted out of office. Replacements are expected soon.

Mr. Dugan said that there are voluntary settlement meetings scheduled for representatives of the Sacramento River and its tributaries.

Mr. York said that the board of Sacramento Suburban Water District approved a contract and resolution to Reclamation for a long term contract that allows the district to purchase Middle Fork water from Placer County Water Agency delivered through Folsom Reservoir, treated by San Juan Water District and delivered into the District’s north service area.

Mr. Nugent said that Jeff Nelson will replace retired John Wallace on the Carmichael Water District board.

Mr. Saunders said that there were will be three new board members for Del Paso Manor Water District. This is the last meeting that Mr. Saunders will attend representing the District.

Mr. Woodling thanked Mr. Saunders for his service on the RWA Board of Directors.

Mr. Madison said that it was not necessary for Elk Grove Water District to hold an election. Tom Nelson will be an RWA representative for the District for another four years.

Chair Yasutake said that DWR reached out to City of Folsom regarding AB 1668 and aerial imagery. DWR would like to do a pilot study with the City of Folsom to include an algorithm to use to take aerial imagery to their vendor and provide the
data for the City with the focus on residential. The City of Folsom is continuing to discuss the possibilities.

Adjournment

With no further business to come before the Board, Chair Yasutake adjourned the meeting at 9:55 a.m.

By:

_______________________________
Chairperson

Attest:

_______________________________
Nancy Marrier, Board Secretary / Treasurer
AGENDA ITEM 3b: CONSENT CALENDAR

BACKGROUND:

RWA Board meetings are held on the second Thursday of every other month. The meetings begin at 9:00 a.m. Following is the current schedule of meetings for 2019. There is one potential meeting conflict to the normal schedule for the May 2019 meeting.

<table>
<thead>
<tr>
<th>Current RWA Board Meeting Schedule</th>
<th>Meeting Conflict</th>
<th>Proposed 2019 RWA Board Meeting Schedule</th>
</tr>
</thead>
<tbody>
<tr>
<td>March 14, 2019</td>
<td></td>
<td>March 14, 2019</td>
</tr>
<tr>
<td>May 9, 2019</td>
<td>ACWA Spring Conference May 7 – May 10, 2019</td>
<td>May 2, 2019</td>
</tr>
<tr>
<td>July 11, 2019</td>
<td></td>
<td>July 11, 2019</td>
</tr>
<tr>
<td>September 12, 2019</td>
<td></td>
<td>September 12, 2019</td>
</tr>
<tr>
<td>November 14, 2019</td>
<td></td>
<td>November 14, 2019</td>
</tr>
</tbody>
</table>

EXECUTIVE COMMITTEE RECOMMENDATION:

Action: Adopt proposed RWA Board Meetings Scheduled for 2019
AGENDA ITEM 3c: CONSENT CALENDAR

BACKGROUND:

On June 27, 2018 the Executive Committee authorized the Executive Director to approve a master service agreement for human resources services with Regional Government Services Authority (RGS). RGS was tasked with updating RWA's employee handbook to comply with all current state and federal laws. A new successor document combining and replacing Policy 400.1 Employee Handbook (dated November 13, 2008)

and appendices is attached. The policy includes four new Appendices (C, D, E and H) as well as Appendices A, B and F which incorporate existing RWA Policies by reference. Appendix G includes the existing policy relative to health care reimbursement which was previously included in the body of the Employee Handbook. The new personnel policies have been reviewed by legal counsel.

Staff will also update the Executive Committee on the status of work to change the Authority's policy on retiree health benefits.

EXECUTIVE COMMITTEE RECOMMENDATION:

Information and Presentation: John Woodling, Executive Director

Action: Approve RWA Personnel Rules, Policy 400.1; Appendix C: Harassment and Retaliation Prevention; Appendix D: Drug Free Work Place; Appendix E: Workplace Violence; Appendix G: Health Reimbursement and Appendix H: Family Care Leave
Regional Water Authority

PERSONNEL RULES

RWA Policy 400.1

Adopted on XXXXX Resolution XXXX

Successor policy document combining and replacing:
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Appendix A: Policy 200.4. Conflict of Interest Code incorporated by reference
Appendix B: Policy 300.5. Electronic Mail Management and Retention incorporated by reference
Appendix C: Harassment and Retaliation Prevention
Appendix D: Drug Free Work Place
Appendix E: Workplace Violence
Appendix F: Policy 400.2. Employee Compensation incorporated by reference
Appendix G: Health Reimbursement
Appendix H: Family Care Leave
RULE 1. GENERAL PROVISIONS

101. AUTHORITY
The Regional Water Authority, hereafter “Authority”, establishes these Personnel Rules, hereafter “Rules”, to implement the following principles:

(a) The Authority will institute equitable and uniform procedures for managing personnel matters.
(b) The Authority will recruit, select and retain the most competent workforce available.
(c) The Authority will provide equal opportunity for all persons at all levels of Authority employment in accordance with provisions of these Rules, policies and procedures, and pursuant to state and federal law.
(d) The Authority will appoint, evaluate, transfer, promote, compensate, discipline, and dismiss employees on the basis of job-related qualifications, performance, merit, and equal employment opportunity.

The Executive Director is responsible for implementing, administering, and ensuring compliance with the provisions of the Rules, subject to the direction of the Board of Directors. In the event any provision of these Rules needs clarification, the Executive Director may issue administrative instructions clarifying the intent of said provision. The Executive Director may develop and issue procedures, consistent with these Rules in order to facilitate implementation. The Executive Director may delegate any personnel powers or duties to another employee of the Authority.

These Rules do not create any contract of employment, expressed or implied, or any rights in the nature of a contract.

Unless otherwise expressly specified herein, the Rules, policies and procedures contained herein supersede any and all previously issued Authority policies, procedures, or rules related to matters discussed herein.

Circumstances will require that Rules, policies, procedures, and benefits described herein change from time to time. Consequently, the Authority reserves the right to amend, supplement, or rescind any provisions of these Rules.

102. APPLICATION OF PERSONNEL RULES
The provisions of these Rules will apply to all regular employees. Except as described below, these Rules do not apply to the following employees or officials:

1. Elected or appointed members of the Board of Directors, hereinafter referred to as “officials.”

2. Persons engaged under a professional services agreement to supply expert professional, technical or other services, hereinafter referred to as “contractors.”
These Rules apply to all Authority employees, including those with an employment contract. If there is an irreconcilable conflict between a provision of these Rules and an employment contract, the contract will prevail.

Failure to adhere to these Rules may result in disciplinary action, up to and including termination.

103. PERSONNEL RULES, AND LAWS
If a provision of these Rules conflicts with any provision of an applicable state or federal law, the Authority will comply with the state or federal law.

104. SEVERABILITY
If any provision of these Rules, or the application of such provision to any person or circumstance, will be held invalid, the remainder of the Rules, or the application of such provision to persons or circumstances other than those as to which it is held invalid, will not be affected thereby.

105. ACKNOWLEDGEMENT
Employees must sign an acknowledgement that they have received these Rules and are responsible for reading and familiarizing themselves with the Rules.
Acknowledgement of Receipt Form

I have received my copy of the Regional Water Authority Personnel Rules, Policy 400.1 and appendices. I understand and agree that is my responsibility to read, familiarize myself with, and comply with the policies and procedures contained in the Policy. I acknowledge that all employment with the Authority is “at will,” meaning that both the employee and the Authority have the right to terminate employment at any time with or without advance notice, and with or without cause. I also understand that the Authority reserves full discretion to add to, modify, or delete provisions of this Handbook and other employment policies, procedures, work rules or benefits, at any time and without advance notice. I understand that no individual other than the Authority Board of Directors has the authority to modify or amend this Handbook or to enter into any employment contract. Any such modification or amendment to my employee contract must be in writing and, for employment contracts, signed by me (employee) and the Authority Board Chair.

Dated: ______________________  __________________________________________

Employee Signature

________________________________________

Print Name
RULE 2. POLICIES GOVERNING EMPLOYMENT AND WORKING CONDITIONS

201. OUTSIDE EMPLOYMENT
   A. An employee will not engage in any paid or self-employment, activity, or enterprise which is inconsistent, incompatible, or in conflict with the employee’s duties, functions, responsibilities, or that of the department in which the employee is employed at the Authority. In order to avoid perceived or actual conflicts of interest that may arise from outside employment, all employees must obtain written approval from the Executive Director prior to undertaking any outside employment as described in this Policy. (Gov. Code § 1126(a).)

   B. Prohibited Outside Activities
      An employee’s outside employment, activity, or enterprise may be prohibited if it:

      1. Involves the use for private gain or advantage of Authority time, facilities, equipment, and supplies, or prestige, or influence of the Authority or employment at the Authority;

      2. Involves receipt or acceptance by the employee of any money or other consideration from anyone other than the Authority for the performance of an act, which the employee would be required or expected to render in the regular course or hours of the employee’s employment or as part of the employee’s duties;

      3. Involves the performance of an act in other than the employee’s capacity as an Authority employee which act may later be subject directly or indirectly to the control, inspection, review, audit, or enforcement by such employee or the department by which the employee is employed; or

      4. Involves time demands that would render the employee’s performance of the employee’s regular Authority employment less efficient, or otherwise conflicts with the employee’s work schedule, duties and responsibilities.

   C. Self-employment is considered outside employment and must meet the same conditions as other outside employment, with the addition of the restriction that the employment does not involve ownership of a private business that is incompatible with the employee’s position with the Authority.

   D. Any changes in outside employment, business activity or enterprise must be reported to the Executive Director or designee within ten (10) calendar days of the change.

   F. If the Executive Director determines that such employment, business activity or enterprise is inconsistent, incompatible, in conflict with or inimical to the proper discharge of the employee’s official duties, the employee will be ordered to
refrain from that employment, activity or enterprise.

202. CONFLICTS OF INTEREST
   A. Pursuant to the provisions of Gov. Code Section 87300, et seq. the Authority adopted a Conflict of Interest Code. No official or employee will accept a fee, compensation, gift, payment of expenses or any other thing of monetary value in any circumstances in which acceptance may result in or create the appearance of any one or more of the following:

   1. Use of public office and/or employment for personal or private gain.
   3. Loss of complete independence or impartiality.
   4. Making an Authority decision outside of official channels.
   5. Reduction of public confidence in the integrity of the Authority and/or its employees.
   6. Impeding government efficiency or economy.

   B. It is the employee’s responsibility to disclose and report all potential conflict of interest situations to his/her supervisor or the Executive Director. Appendix A contains by reference the Authority’s Conflict of Interest Code, Policy 200.4.

   C. An employee will not have a financial interest in a contract with the Authority, or be a purchaser at a sale by the Authority or a vendor at a purchase made by the Authority, unless the employee’s participation is authorized under Government Code section 1090 et seq. or other provisions of law.

203. CONFIDENTIAL INFORMATION
   No Authority official or employee will disclose to any third party or other employees information that is regarded as confidential (except as authorized or required by law), or otherwise use such information for personal gain or benefit. All personnel records will be confidential except when disclosure is required by law.

204. USE OF AUTHORITY PROPERTY
   Authority property is to be used only for conducting Authority business unless otherwise authorized. Authority property includes, but is not limited to: telephones, mobile phones, desks, computers and tablets (including hardware and software), file cabinets, lockers, communications stored or transmitted on Authority property (such as emails and voicemails), vehicles, equipment, and any other Authority property used by Authority employees in their work. Employees are prohibited from using Authority-owned equipment, materials, or property for personal benefit or profit or for political purposes.

   The Authority, at the sole discretion of the Executive Director, may issue to an employee a mobile phone, laptop computer, iPad, or other electronic equipment.
Personal use of Authority property should be kept to a de minimus level. Under the law, de minimus is defined as “trivial” and “not worthy of judicial scrutiny.” For example, an employee asked to work longer on their regular work shift, might contact a family member briefly to let them know they will be late but should not discuss other plans over a longer period of time.

Authority property may be monitored through electronic and/or video means and searched at any time and for any reason. Messages sent or received on Authority equipment, including mobile phones, may be saved and reviewed by others. Location services may be turned on in Authority equipment. Authority workplace facilities may be monitored at any time. Vehicle maintenance, location, and operational data may be collected at any time. Therefore, except as provided for by law, employees must have no expectation of privacy when on Authority property, at an Authority worksite, or when using Authority property or equipment.

All Authority property must be returned upon an employee leaving employment.

205. ELECTRONIC COMMUNICATIONS
The Authority’s email system is an official communication tool for Authority business. An official email address is established and assigned by the Authority to each employee. All Authority communications sent via email will be sent to this address. Employees must use the official Authority email, instead of their private email address, when conducting or communicating Authority business via email.

Electronic communications resources must be used in compliance with applicable statutes, regulations, and Authority policies including those that require a work environment free from discrimination and harassment. Electronic communications should conform to the same standards of propriety and respect as any other verbal or written communication at the Authority.

Employees are expected to use common sense and judgment to avoid any communication that is disrespectful, offensive or illegal.

The Authority, as the provider of access to its electronic communications resources, reserves the right to specify how those resources will be used and administered to comply with this Rule. It is important to realize that the message content sent from the Authority’s account reflects upon the Authority (positively or negatively) to those who receive the message. Employees may be subject to disciplinary action for using the electronic communications resources in a manner other than for their intended purposes, or in a manner that violates applicable laws, rules and policies.

The Authority owns the rights to all data and files in any computer, network, or other information system used in the Authority and to all data and files sent or received using any Authority system or using the Authority’s access to any computer network, to the extent that such rights are not superseded by applicable laws relating to intellectual property. The Authority also reserves the right to monitor electronic mail messages and their content, as well as any and all use by employees of the Internet and of computer equipment used to create, view, or access e-mail and Internet
content. Employees must be aware that the electronic mail messages sent and received using Authority equipment or Internet access, including web-based messaging systems used with such systems or access, are not private, are in many instances public records, and are subject to viewing, downloading, inspection, release, and archiving by Authority officials at all times. The Authority has the right to inspect any and all files stored in private areas of the network or on individual computers or storage media in order to assure compliance with Authority policies and State and Federal laws.

No employee may access another employee’s computer, computer files, or electronic mail messages without prior authorization from either the employee or the Executive Director.

In addition to the above provision, employees shall comply with Authority Policy 300.5, RWA Electronic Mail Management and Retention Policy, included by reference in Appendix B.

206. POLITICAL ACTIVITY
   A. Authority employees and officials are prohibited from engaging in political activity during working hours or on Authority property, with the exception of permitted political activities that may take place at Board of Directors meetings. (Gov. Code § 3207.)

   B. No Authority employee or official will participate in political activities of any kind while wearing clothing that identifies the employee as an Authority employee. (Gov. Code § 3206.)

   C. No Authority employee or official may use Authority funds or resources to advocate a partisan position or otherwise use Authority funds or resources to support his or her personal political activities. (Gov. Code §§ 8314, 54964.)

207. EQUAL EMPLOYMENT OPPORTUNITY
   The Authority affords equal employment opportunity to all qualified employees, officers, officials, contractors, applicants, and unpaid interns and volunteers as to all terms and conditions of employment, including compensation, hiring, training, promotion, transfer, discipline, and termination. The Authority prohibits discrimination against employees, officers, officials, contractors, applicants for employment, unpaid interns, or volunteers on the basis of race, religious creed, color, sex (including gender, gender identity, gender expression, transgender, pregnancy, and breastfeeding), national origin, ancestry, disability (mental or physical), medical condition, genetic characteristics or information, marital status, age (40 or over), sexual orientation (including homosexuality, bisexuality, or heterosexuality), military and veteran status, or any other basis protected by law.

208. POLICY AND COMPLAINT PROCEDURE AGAINST HARASSMENT, AND RETALIATION
The Authority has adopted a policy and complaint procedure against harassment and retaliation. The purpose of this Policy is to establish a strong commitment to prohibit and prevent discrimination, harassment, and retaliation in employment; to define those terms; and to set forth a procedure for investigating and resolving internal complaints. Employees, applicants, unpaid interns, volunteers, officers, officials or contractors who believe they have experienced any form of employment discrimination are encouraged to report this immediately, using the complaint procedure provided in Appendix C, Harassment and Retaliation Prevention, to the Executive Director, Board President or other member of the Board of Directors, or by contacting the U.S. Equal Employment Opportunity Commission, or the California Department of Fair Employment and Housing.

209. **REASONABLE ACCOMMODATION**

Any applicant or employee who requires an accommodation in order to test for a position or perform the essential functions of the job should notify the Executive Director orally or in writing. The Authority will engage in a timely, good faith interactive process with the applicant or employee to respond to requests for reasonable accommodations under applicable laws.

210. **EMPLOYMENT OF RELATIVES**

A. Policy

The Authority will not employ relatives, spouses, or domestic partners of current employees.

B. Definitions

1. “Relative” means child, step-child, parent, grandparent, grandchild, brother, sister, half-brother, half-sister, aunt, uncle, niece, nephew, or in-laws of those enumerated by marriage or domestic partnership.
2. “Spouse” means one of two persons to a marriage, or two people who are registered domestic partners, as defined by California law. (Fam. Code § 297 & 300.)

C. Marriage or Domestic Partnership After Employment

If two Authority employees who work in the same department later become spouses or domestic partners, the Executive Director, or designee, retains sole discretion to separate one employee from employment. Absent the resignation of one employee, the less senior employee will be separated. Any such separation is not considered to be disciplinary and is not subject to any grievance or appeal, or pre- or post-disciplinary appeal due process.

211. **DRUG FREE WORKPLACE**

Employees will not be at work under the influence of alcohol or drugs, will not use or possess alcohol or drugs while on duty or while on paid standby time and will not sell, manufacture, distribute or provide drugs to any person while on duty. The Authority has no intention of interfering with the private lives of its employees unless
involvement with alcohol and other drugs on or off the job affects job performance or public safety. The Authority encourages employees to voluntarily seek help with drug and alcohol problems. Appendix D contains the Authority’s Drug Free Workplace Policy.

212. WORKPLACE VIOLENCE
The goal of the Authority is to provide every employee a safe work environment. To this end it is the Authority’s policy that violence, or the threat of violence, in the workplace will not be tolerated in any form. It is inappropriate to use violence or threats of violence for any reason or to in any way interfere with providing a safe workplace. Employees are expected to conduct themselves in accordance with the policies and regulations of the Authority. Appendix E contains the Authority’s Workplace Violence policy.

213. PROFESSIONAL APPEARANCE
Employees are required to dress appropriately for the jobs they are performing. Dress code standards are designed to promote the Authority’s legitimate and non-discriminatory goals to promote workplace safety and a professional image that is consistent with the employee job duties and level of public contact.

An employee who reports to work inappropriately dressed may be asked to leave and return in acceptable attire.

214. USE OF PERSONAL AUTOMOBILE
Employees working in a position with a job description requiring the use of a personal automobile may be required to use their personal automobile on Authority business. Such employees periodically will be required to show proof of a valid California Driver’s License and current insurance. They also will be required to have a good driving record, which may be checked on an annual basis. If the driving record shows the employee to be an “at-risk” driver, it may result in reclassification into a different position or termination of employment. Employees using their personal automobiles on Authority business shall be compensated for such use in accordance with Authority employee expense reimbursement policies.
RULE 3.  JOB CLASSIFICATION

301.  GENERAL
The Authority maintains the job classifications for all positions in the Authority’s classification plan. The Executive Director or designee is responsible for classifying each position in the Authority service and developing classification specifications. Employees should familiarize themselves with the classification description for their job as certain personnel policies may or may not apply to a particular job.

302.  CLASSIFICATION PLAN
The Executive Director will prepare and maintain a classification plan based on the needs of the Authority. The plan will assign all positions to a classification and develop specifications for each, which may include, but are not limited to, a list of examples of essential functions, knowledge, skills and abilities and a statement of qualifications required for appointment.

303.  AT-WILL EMPLOYMENT
Unless otherwise provided by a written employment contract approved by the Board and signed by the Board Chairperson, all employment with the Authority is “at will,” meaning that both the employee and the Authority, through action of the Executive Director, have the right to terminate employment at any time with or without advance notice, and with or without cause and have no rights to any of the pre- or post-disciplinary processes or procedures.

No one other than the Board has the authority to alter this arrangement, to enter into an employment contract, or to make any contract contrary to this policy, and any such contract must be in writing and must be signed by the Board Chairperson.
RULE 4. RECRUITMENT AND SELECTION PROCESS

401. VACANCIES
When a vacancy occurs, the Executive Director may:
   A. Fill the vacant position with an existing Authority employee who is both qualified
      for the position and willing to accept the employment change;
   B. Leave the position vacant, or
   C. Fill the vacancy with a person who is not currently an Authority employee.

402. RECRUITMENT ANNOUNCEMENT
When recruiting to fill a vacancy or a new position, the Executive Director or designee
will announce the position by posting a job announcement deemed appropriate for
recruiting qualified applicants. The Executive Director or designee will determine and
specify the minimum qualifications of education, experience and other criteria for the
open position.

Announcements posted on the Authority website will include:
   A. The class title, or class title and working title;
   B. A basic description of the job duties;
   C. Minimum standards of education and experience required, and any
      additional desirable qualifications;
   D. Compensation range; and
   E. The method of filing applications and final filing date.

403. APPLICATIONS
Applicants must submit a complete application in the form and manner as specified by
the Executive Director or designee, together with such other information as may be
required by the Executive Director or designee.

It is the responsibility of the applicants to show that they meet the minimum
requirements for the position. Failure to do so will be grounds for rejection of the
application. All applicants will certify the truth and correctness of all information
contained in the application.

The Executive Director or designee will not in any event waive the minimum
qualifications (or equivalency) established for a classification in order to accept an
application.

The Authority will not receive applications later than the final filing date, if any, shown
on the job announcement.

404. DISQUALIFICATIONS OF APPLICANTS
The Executive Director may disqualify an applicant for any of the following reasons:
   A. Failure to demonstrate that the requirements or qualifications established for
      the authorized position have been met;
B. False statement of fact or actual or attempted misrepresentation, deception, fraud, or misconduct on an application, or during an interview or examination;

C. Interference with or attempt to interfere with the fair, equitable and orderly conduct of an interview or examination process;

D. Being tardy or failing to appear for an interview or examination; or

E. Any other reasonable grounds for disqualification as determined by the Executive Director or Board.

Whenever an application is rejected, written notice will be given to the applicant by electronic or U.S.P.S. mail. The Authority generally will not give any reasons for the rejection. Incomplete or deficient applications may be returned to the applicant for amendment.

405. EXAMINATION OF APPLICANTS
The Executive Director may provide for interviews and/or examinations of qualified applicants. Interviews and examinations, if any, will be scheduled by the Executive Director or designee as the need requires, and may be postponed, canceled or extended by the Executive Director. If the Authority conducts a background check of an applicant, the investigation will comply with applicable provisions of the Investigative Consumer Reporting Agencies Act (Civil Code Sections 1786-1786.53).

406. SELECTION PROCEDURES
The selection procedures may include one or any combination of the following: application evaluation, written tests, oral tests, performance tests, assessment centers, training and experience evaluations, or any other selection procedures. Selection procedures will be job related and constructed to sample the knowledge, skills, abilities and/or attributes deemed essential for successful job performance.

407. DISPOSITION OF RECRUITMENT AND SELECTION RECORDS
All recruitment records and backup documentation to those records are the property of the Authority, are confidential, and may be inspected or copied only under conditions specified by the Executive Director or competent judicial authority. All such records are official Authority records that will be maintained and disposed of in accordance with the Authority’s record retention schedule and/or legal requirement.
RULE 5. APPOINTMENTS

501. GENERAL
An appointment is the offer and acceptance of a job made in accordance with these Rules and the laws governing these Rules. The offer must be made by the Executive Director and only to a person eligible under these Rules for the type of appointment offered.

The position of Executive Director will be filled by Board appointment.

502. TYPES OF APPOINTMENTS

502.1 Regular Appointment
Individuals accepting an offer of employment from the Authority will become regular at-will employees. Regular employees may be either full time or part time.

502.2 Temporary appointment
The Authority may hire temporary employees from time to time as needed. In cases of emergency, the Executive Director may hire a temporary employee or employees and without complying with the ordinary hiring process. The Executive Director will determine the terms and conditions of each temporary employee's employment. A temporary employee may serve on an on-call, as-needed basis, or may be hired for a specific project or period of time.

Temporary employees will:
A. Have no right to, or expectation of, re-employment after the term of such temporary employment;
B. Serve at will and may be terminated at any time;
C. Cease their term of employment when the Executive Director determines there is no longer a need for such temporary employees;
D. Receive no employee benefits other than wages and those proscribed by law; and

503. CONDITIONS OF APPOINTMENT
Candidates who have been offered regular full or part time appointments must meet the conditions of employment specified by the Executive Director for a particular position. Failure of such pre-employment tests or examinations may be cause for the Authority to withdraw an offer of employment. Conditions of employment may include:

503.1. Criminal Background Check
After the Authority has extended a conditional offer of employment, a candidate may be required to undergo a criminal background check.
502.2. **Pre-employment Medical Screening**

After the Authority has extended a conditional offer of employment, a candidate will undergo medical screening with a drug test and a physical examination by an Authority selected medical provider. The Executive Director may waive the pre-employment medical screening for short-term temporary employees.

503.3 **Other Job-Related Examinations**

For job-related reasons determined by the Executive Director, candidates may be required to submit to other examinations or tests prescribed by the Authority or required by applicable law.

503.4 **Proof of Right to Work**

Under federal law, all new hires must produce original documentation establishing their identity and right to work in the United States. Within three business days after commencing work with the Authority, all new hires must satisfactorily complete Immigration and Naturalization Service form I-9 with appropriate documentation showing that the applicant has the right to work in the United States.
RULE 6. RESIGNATION, NON-DISCIPLINARY SEPARATION, AND LAYOFF

601. GENERAL
The separation of any employee should comply with these Rules and should be reported to the Authority in the manner prescribed.

602. RESIGNATION
An employee’s voluntary termination of service is a resignation. An employee who wishes to leave Authority employment in good standing should file a written notice of resignation indicating the effective date of resignation with the Authority, giving at least two weeks’ notice of intention to leave the service when practicable. Written resignations will be given to the Executive Director immediately on receipt for inclusion in the employee’s personnel file. The Authority will promptly accept all written resignations in writing. Oral resignations will be immediately confirmed by the Authority in writing to the employee indicating the effective date of resignation. The resignation will be placed in the employee’s personnel file. This applies to all employees.

Upon request of the Executive Director, an employee who has resigned in good standing, and with a good record, may be permitted to be reinstated to his or her former position, if vacant, or another position for which the former employee is qualified.

603. JOB ABANDONMENT
A constructive resignation occurs and is effective when an employee has been absent from duty for three (3) or more consecutive working days without authorized leave. The Authority may consider that a constructive resignation has occurred due to the absence, or that the absence provides a reasonable basis for believing that the employee has abandoned the job.

At minimum, one phone call in an attempt to speak with the employee will occur. A voice message may be left for the employee.

After being absent for three consecutive working days, a written notice will be sent via U.S.P.S. Priority Mail to the employee. If known, a notice may also be sent to the employee’s personal e-mail address. The employee will be given written notice, at employee’s address of record, of the circumstances of the job abandonment, and an opportunity to provide an explanation for employee’s unauthorized absence. The employee will be provided five (5) calendar days to respond, in writing, why employee’s employment with the Authority should not be terminated due to job abandonment or can arrange for an appointment with the Executive Director before final action is taken to explain the unauthorized absence and failure of timely notification. The decision of the Executive Director is final.

604. LAYOFF
The Authority may lay off employees in accordance with the provisions of this Rule for
any of the following reasons:
   A. Necessity based on lack of funds or work;
   B. Advisable in the interest of economy to reduce the Authority staff; or
   C. Return of another employee with greater seniority from a leave of absence.

605. PROCEDURES FOR LAYOFFS

605.1. Order of Layoff
No regular employee will be laid off until all regular employees whose last recorded performance ratings are unacceptable, and all temporary employees have been laid off. Other regular employees will then be laid off in the inverse order of their seniority with the Authority. The order of layoff may be applied by classification depending on the needs of the Authority as determined by the Executive Director.

605.2 Types of Layoff
There will be two types of layoff: limited/short term or permanent.
   A. A limited/short term layoff is a situation where there is a lack of work because of weather, or breakdown of equipment, etc., which could last from one or two days, up to 30 calendar days. If the Authority requests an employee to take such limited/short term layoff, he or she will be able to use accrued vacation time and compensatory time off (CTO) for this purpose. The Authority will be reasonable and fair when imposing the limited/short term layoffs with reference to classifications of employees and seniority within classifications.

   B. A permanent layoff is a situation where the layoff is expected to last at least more than 30 days.

605.3. Notice of Layoff
At least 30 calendar days before the effective date of a permanent layoff, the Executive Director will file notice of the intended action with the reasons for the action. A copy of such notice will be provided to the affected employees.

605.4. Order of Re-employment
Regular employees laid off will be placed on a re-employment list for the classifications in which they were last employed.

605.5. No Appeal
Employees will not have the right to appeal or grieve the application of these layoff procedures. No employee will have the right to appeal or grieve the Authority’s decision to layoff.
RULE 7. COMPENSATION ADMINISTRATION

701. COMPENSATION PLAN
A standard compensation range schedule consisting of ranges of hourly and monthly compensation rates for employment in paid positions will be established and amended by Board action. The schedule of monthly compensation rates established by the Board is for the purpose of convenience in quotation of monthly compensation. Computations for purposes of paying employees will be on the basis of hourly rates.

For details, refer to Authority Policy 400.2. Employee Compensation, which is included as Appendix F by reference.

702. PAYROLL RECORDS
The Authority will maintain payroll records as required by law, and by the Authority’s document retention policy. Each employee is responsible for reviewing each payroll record for accuracy, and promptly notifying the payroll administrator of any errors. The employee will reimburse the Authority for any overpayment.

The Executive Director will appoint a payroll administrator to administer the payroll and maintain payroll and related records. The Authority will make proper payroll deductions and withholdings as required by law, for employee benefits or as requested by the employee and approved by the Authority. Any change of residence address or other payroll information should be reported immediately to the payroll administrator. Any questions on the Authority payroll should be directed to the payroll administrator.

703. PAY DATE
The date of payment will be per the Authority’s published yearly pay date schedule. Under no circumstances may wages be paid in advance of earning.

Employees terminating employment with the Authority will receive their final paycheck at the next regularly scheduled payday, unless the resignation, layoff or termination occurs after the last cutoff date for the current payroll, in which case they will receive their final paycheck at the next regularly scheduled payday.

704. CalPERS RETIREMENT
The Authority participates in the CalPERS retirement system and will adhere to all rules, regulations and law related to CalPERS. Temporary employees may be enrolled in CalPERS where required by law. (Gov. Code, § 20305.)
RULE 8. TERMS OF EMPLOYMENT

801. EMPLOYEE STANDARD OF CONDUCT
The Authority reserves the right to terminate an employee at any time. All Authority employees are at-will employees who serve at the pleasure of the Authority.

Authority employees are expected to maintain a professional standard of conduct in the performance of their duties. The following list is not exhaustive.

A. In the performance of your duties, be sensitive to circumstances that could be misconstrued as a special favor, something to be gained personally, acceptance of a favor or as an influence in the outcome of your duties.
B. Be cognizant that private promises of any kind may conflict with one’s public duty and responsibilities.
C. Always perform your duties conscientiously.
D. Always act responsibly with confidential information received in the performance of your duties.
E. Outside activities should be compatible with the objective performance of your duties or delivery of Authority service.
F. Treat all individuals encountered in the performance of your duties in a respectful, courteous and professional manner.
G. Promote only decisions that benefit the public interest.
H. Conduct and perform job duties diligently and promptly.
I. Faithfully comply with all laws and regulations applicable to the Authority and impartially apply them to everyone.
J. Promote the public interest through a responsive application of public duties.
K. Demonstrate the highest standards of personal integrity, truthfulness and honesty in all public activities.
L. Uphold these principles being ever conscious that public office is a public trust.

802. PERFORMANCE EVALUATION
An employee’s supervisor may prepare an annual written performance evaluation for each regular employee. Performance evaluations may also be prepared at any other time the Executive Director or the employee’s supervisor deems it appropriate. All performance evaluations become a permanent part of the employees’ records. Upon completion of the performance evaluation, a meeting will be held between the employee and his or her supervisor to discuss the employee’s performance and to assist in developing the employee’s maximum potential within Authority service. The employee will have the right to attach his or her comments to the performance evaluation and will place it in his or her personnel file. The employee’s written comments must be submitted within ten (10) calendar days after the employee receives the evaluation.

803. WORK PERIOD
The work period for all employees will be as defined by the Authority in accordance with state and federal laws. The Authority may establish work schedules that vary employees’ workday and hours according to the best interests of the Authority.
The standard work week is defined as any consecutive seven-day period beginning at 12:01 a.m. on Sunday and end at 12:00 midnight on Saturday night each week.

804. ATTENDANCE
Attendance is an essential function of each position. Employees of the Authority are expected to report to their work site and perform their assigned duties on a sustained, regular and punctual basis. The only exceptions to this requirement will be those leaves authorized by these Rules and approved by the Authority.

805. HOLIDAYS
The Authority will designate specific days as Authority paid holidays. All regular Authority employees shall be entitled to the following paid holidays, which shall be credited or charged at the rate of eight (8) hours per holiday.

- January 1, New Year's Day
- President's Day (3rd Monday in February)
- Last Monday in May, Memorial Day
- July 4, Independence Day
- First Monday in September, Labor Day
- Second Monday in October
- November 11, Veterans' Day
- November, Thursday designated as Thanksgiving Day
- November, Day after Thanksgiving Day
- December 24, commonly called Christmas Eve
- December 25, commonly called Christmas

The following provisions for administration of paid holidays will apply to all regular employees:

A. Holidays are considered eight (8) hours and four (4) hours as noted in this Section.
B. A new employee whose first working day is the day after a paid holiday will not be paid for that holiday.
C. An employee who is terminating his/her employment and whose last day as a paid employee is the day before a holiday will not be paid for that holiday.
D. Holidays with pay will be provided for the first 30 consecutive calendar days of any leave with pay. An employee who is on leave of absence without pay, or after the first 30 consecutive days of any leave with pay, will not be paid for that holiday.
E. In the event a holiday falls upon a Sunday, the following Monday will be deemed to be the legal holiday. In the event the legal holiday falls on a Saturday, the preceding Friday will be deemed to be the legal holiday.
F. If a legal holiday occurs during a vacation period, the day will not be charged to vacation leave, but will be charged as a holiday.
G. The Authority may, at its discretion, require an employee to work on a scheduled holiday and provide pay in lieu of time off. Any regular non-exempt employee who is required to work on an Authority holiday will be compensated at the rate of one and one-half times the employee’s regular rate of pay. Exempt employees required to work on an Authority holiday will not receive additional compensation.

H. When a regular day off of any regular employee whose work schedule is other than Monday through Friday falls on a holiday, then, at the Executive Director’s discretion, the employee will be provided with (1) a day off with pay on the day preceding or succeeding the holiday, or (2) eight hours of compensatory time off.

806. FLOATING HOLIDAY HOURS
Regular employees will receive 16 hours of floating holiday time per calendar year. This time will be credited to regular employees the first full pay period in January. Floating holidays must be used as 8-hour blocks of leave.

Newly hired employees will receive pro-rated floating holidays based on their start date:

A. If the start date falls after the first full pay period in January but before July 31, the new employee will receive 16 hours of floating holiday time.
B. If the start date falls after July 31 but before December 31, the new employee will receive 8 hours of floating holiday time. This time will be credited the first full pay period after employment.

Floating holidays may be taken at a time mutually agreeable to the employee and the Executive Director, whose approval will not be unreasonably withheld.

Floating holidays may not be accumulated or carried over into the next calendar year. Floating holiday time must be used by the last day of the calendar year pay period and is not subject to the payoff provision.

807. VACATION LEAVE
Vacation hours begin to accrue the first day of employment for regular full and part-time employees. Part-time regular employees are eligible to accrue leave on a pro rata basis. No temporary, extra help, or seasonal employee is entitled or eligible for vacation leave.

An employee may earn or accrue vacation leave only when in paid status. Regular employees will be entitled to use vacation leave after six (6) months of employment. In some circumstances, in order to permit greater flexibility in scheduling, the Executive Director may approve a vacation prior to six (6) months of continuous service; however, any approved vacation leave in which the employee does not have accrued leave, will be unpaid time.
Vacation leave usage must be noted on employee’s time card for the pay period the vacation leave is used.

807.1 Vacation Accrual
A. Beginning of 1st year through end of 5th year of continuance service
   Vacation leave will accrue at the rate of 0.0461 hours of vacation per hour worked with accrual equal to 96 hours (12 days) per year.

B. Beginning of 6th year through end of 10th year of continuance service
   Vacation leave will accrue at the rate of 0.0654 hours of vacation per hour worked with accrual equal to 136 hours (17 days) per year.

C. Beginning the 11th year through the end of the 15th year of continuous service
   Vacation leave will accrue at the rate of 0.0846 hours of vacation per hour worked with accrual equal to-176 hours (22 days) per year.

D. Beginning the 16th year through subsequent years
   Vacation leave will accrue at the rate of 0.0962 hours of vacation per hour worked with accrual equal to 200 hours (25 days) per year.

The Executive Director may allocate a new employee to a higher vacation accrual rate if it is in the interest of the Authority in recruitment.

807.2 Maximum Vacation Accruals
Vacation leave accruals may not exceed 360 hours for regular full-time employees at the end of each calendar year, or a pro-rated maximum accrual for part-time employees. An employee who exceeds the maximum vacation accrual level will have their vacation leave balance reduced to 360 hours (or the pro-rated equivalent) on January 1 of the following year.

807.3 Vacation Approval
All vacation leaves must be approved by the Executive Director in advance. Scheduling of vacations is to be done in a manner consistent with the Authority’s operational requirements. No employee will be allowed to take vacation leave in excess of that actually accrued at the time the vacation is taken.

If the Executive Director determines that the best interest of the Authority will be served by delaying all or part of the vacation leave and the employee exceeds the maximum vacation accrual level, the employee will be allowed to carry over the excess vacation leave for use during the first quarter of the following calendar year.

807.4 Payment for Unused Vacation Leave
Employees who separate from Authority service for any reason will be paid for unused accrued vacation hours.
808. SICK LEAVE
Paid sick leave provides time off without loss of pay for reasons, and under the conditions, specified in this policy or applicable law. Every employee should use sick leave with respect for the intent of the policy and the impact on the work of the Authority and fellow employees. All employees are responsible for the proper administration of the sick leave provision.

Sick leave credits shall accrue only while an employee is in paid status with the Authority including during paid sick leave.

808.1 Sick Leave Accrual
Accrual of paid sick leave is set forth below.

A. Sick leave begins accruing on the first day of the pay period following the date of hire. All regular full-time employees will accrue sick leave with pay at the rate of eight hours per calendar month. All part-time employees will accrue sick leave with pay on a pro-rated basis based on hours worked.

B. Sick leave accrues on the first day of the pay period following the pay period in which the sick leave is earned. There are no partial accruals if employment is terminated before the last day of the pay period. Sick leave accruals will not exceed 480 hours for regular full-time employees or the pro-rated equivalent for part-time employees.

C. Sick leave will accrue during days actually worked and for the first 30 consecutive calendar days of any leave with pay. Sick leave will not accrue during any unpaid leave of absence or after the first 30 consecutive calendar days of any leave with pay. An employee is not permitted to borrow on future accrual of sick leave benefits.

808.2 Sick Leave Usage – Regular Full-Time Employees
Sick leave with pay may be taken as earned. Employees may utilize sick leave in increments of one-half (1/2) hour minimum. If absence from duty by reason of illness extends beyond a period of three working days, a doctor’s certificate or a written statement from the employee that he or she was, in fact, ill or injured, may be required by the Executive Director. Sick leave pay may be withheld if a satisfactory verification is not received.

Sick leave may be used for the following reasons:

A. For the diagnosis, care or treatment of an existing health condition, or preventive health care for the employee or a member of the employee’s immediate family.

B. Enforced quarantine of the employee in accordance with community health regulations.
C. To allow a victim of domestic violence and/or a victim of sexual assault to obtain relief or attempt to obtain relief to help ensure his/her health, safety, or welfare, or that of his or her child(ren).

D. To allow a victim of domestic violence and/or a victim of sexual assault to seek medical attention, to obtain services from a domestic violence program or psychological counseling, or to participate in safety planning.

E. Complication or disability resulting from or contributed to any pregnancy, termination of pregnancy, or recovery therefrom.

808.3. Exceptions to Use of Sick Leave
An employee shall not be entitled to sick leave when absent from duty for any of the following reasons:

A. Disability arising from any sickness or injury purposely self-inflicted or caused by the employee’s willful misconduct.

B. Sickness or disability, while on leave of absence with or without pay, other than the employee’s regular vacation or regular paid holidays.

808.4. Integration with Other Benefits
Workers’ Compensation – An employee who is entitled to receive temporary disability indemnity under the California Labor Code (Workers’ Compensation) may elect to take only that portion of the employee’s accrued sick leave balances as when added to the employee’s disability indemnity will total the employee’s regular base rate of pay.

808.5. Administration of Sick Leave
Employees are required to notify their supervisor as soon as possible for their absence due to illness or injury.

A. The Authority may request information in order to aid in the determination of whether the sick leave use is legitimate. The Authority may require a medical provider statement from an employee who applies for sick leave or make whatever reasonable investigation into the circumstance that appears warranted before taking action on a sick leave request.

B. The Authority may require a prescribed affidavit or medical report form. When an employee is absent for longer than ten (10) consecutive working days, the employee will be required to submit a statement from the employee’s medical provider releasing the employee for normal duty.

C. Sick leave abuse is defined as follows:
1. If an employee who has taken sick leave is suspected of sick leave abuse, the Authority may institute an investigation. Based on the results of that investigation, appropriate action will be taken.

2. The Authority may request that the employee provide a medical provider's statement, as authorized by law or acceptable substitute during an absence if the employee receives notice prior to returning and the absence is longer than three days. However, if an employee has a record of excessive sick leave use, or if the employee’s leave is suspect, the Authority may require a medical provider's letter before authorizing future leave usage. Privacy laws restrict employers from requesting certain medical or health information. Therefore, if asking for a medical provider's certification or other verification of absence due to illness or injury, the Authority may ask when the employee is anticipated to return to work, with or without restrictions, but cannot ask for a diagnosis or prognosis.

Examples of excessive sick leave usage might include, but are not limited to:

   i. A pattern of sick leave use involving days adjacent to scheduled days off and holidays.

   ii. Refusal or inability to provide medical substantiation when requested.

   iii. Frequent absences with vague or questionable substantiation.

   iv. Frequent or recurring exhaustion of sick leave soon after it is earned (unless for substantiated medical reasons).

   v. Other evidence of employee activity that is inconsistent with the legitimate use of sick leave, such as usage higher than the Authority average for the previous calendar year (deduct serious illness or injury) and two or more indicators above.

808.6. Accrued Sick Leave at Separation
Sick leave is a non-vested benefit, which carries no cash value at separation. The exception is retirement. Under the Authority’s CalPERS contract, any unused sick leave accumulated at the time of retirement will be converted to credited service at a rate of 0.004 years of service for each day of sick leave.

808.7 RETURN TO WORK AFTER ILLNESS, INJURY OR DISABILITY
The Executive Director may require any employee who is absent due to illness, injury or disability to be examined by a physician selected by the Authority. The Executive Director will also have the discretion to require the employee to submit a
certificate from a licensed physician upon his or her return to duty stating that the employee has fully recuperated from the illness, injury and/or disability and that the employee may perform the essential duties of his or her required job responsibilities. Until such a certificate is presented, the Executive Director will have the right to disallow the employee’s return to work.

809.  **MEDICAL, DENTAL, AND VISION INSURANCE BENEFITS**
The Authority offers medical, dental, vision and life insurance benefits to eligible employees. The Authority reserves the right to eliminate or modify any of its benefits at any time.

The Authority’s contribution to medical, dental and vision insurance benefits will be as set forth in Appendix G, Health Reimbursement. The Authority’s contribution to medical, dental and vision insurance benefits will be communicated to the employee at the time of hire and may be subject to change.

For eligible employees, open enrollment to select health plans will be held once a year. Individuals with a qualifying event, as defined by federal law, may make a change within the individuals’ medical plan by contacting the Authority’s administrative office to obtain the required form.

Continuance of medical, dental, and vision benefits upon separation from the Authority will be provided under COBRA.

The Authority provides health benefits for qualifying retirees depending on the data of hiring, length of service, date of retirement and other factors as defined in Appendix G.

810. **SHORT AND LONG TERM DISABILITY INSURANCE BENEFITS**
The Authority provides short and long-term disability benefits. The details of the Authority disability plans are set forth in the Group Insurance Plan Coverage Guide.

811. **LEAVE OF ABSENCE WITHOUT PAY**

Unless authorized by law or a Authority policy, an employee is not entitled to a leave of absence without pay. An authorized leave of absence without pay is not a break in service for purposes of calculating seniority. Prior to taking a leave of absence under this section, the employee will have first exhausted all of his or her accrued vacation and compensatory time off. If the leave is requested because of medical reasons, then the employee also will have first exhausted all of his or her accrued sick leave.

Unless required by law, vacation and sick leave accruals, increases in salary, all other paid leaves, holidays and fringe benefits and other similar benefits do not accrue to an employee on unpaid leave. Unless required by law or Authority policy, the Authority will not maintain contributions toward group health insurance or retirement coverage for the employee on such leave. During a period of authorized unpaid leave, all service and leave credits will be retained at the levels existing as of the effective date of the leave.
The Executive Director may authorize a leave of absence without pay for 30 days for any purpose deemed by the Executive Director not to be detrimental to the Authority.

Failure of the employee to return to service at the end of the leave, except in extraordinary circumstances, will constitute a constructive resignation and automatic termination.

In cases where an employee is requesting additional unpaid leave as a reasonable accommodation, and the Authority determines that such leave is reasonable and that it would not pose an undue hardship upon the Authority or that it would not pose a threat to the health or safety of the employee or others, the Executive Director has discretion to grant the leave without seeking additional approval from the Board.

812. FAMILY CARE LEAVE
Although the Authority has fewer than 50 employees and is not required to provide family and medical leave under either the Family and Medical Leave Act (FMLA) or the California Family Rights Act (CFRA), it will grant eligible employees family care leave consistent with the benefit provisions of the FMLA and CFRA, and this Rule. If, at any time, the Authority employs 50 or more employees, this Rule will also govern leave procedures under the FMLA and CFRA. The Family Care Leave policy may be found at Appendix H.

813. PREGNANCY DISABILITY LEAVE

813.1 Temporary Disability
A pregnant employee will be allowed to be absent for the period during which, in the opinion of her attending physician and, where necessary, an Authority-designated physician, she is temporarily disabled because of pregnancy, childbirth or a related medical condition.

When an employee is disabled due to pregnancy, the employee will furnish the Authority a certification from her health care provider. The certification must include a statement that the employee is disabled due to pregnancy, the date on which the employee became disabled due to pregnancy, the probable duration of the period or periods of disability, and an explanatory statement that, due to disability, the employee is unable to work at all or is unable to perform any one or more of the essential functions of her position without undue risk to herself, the successful completion of her pregnancy, or to other persons.

813.2 Time of Request Leave
When an employee’s leave is foreseeable and at least 30 days’ notice has been provided, and if a medical certification is requested, the employee must provide it before the leave begins.

When this is not possible, the employee must provide the requested certification
to the Authority within the time frame requested by the Authority (at least 15 calendar days), unless it is not practicable under the particular circumstances to do so despite the employee’s diligent, good faith efforts.

An employee is eligible for Pregnancy Disability Leave upon commencement of employment. There is no length-of-service requirement for Pregnancy Disability Leave.

813.3 Compensation During Leave
Pregnancy Disability Leave is without pay. However, the employee may use accrued paid leave or any other accrued paid time. Pregnancy Disability Leave will be treated as any other disability leave and may entitle the employee to short-term / long-term disability benefits or additional unpaid leave requested by the employee and granted by the Executive Director.

813.4 Benefits During Leave
In accordance with the State of California’s Pregnancy Disability Leave law, an employee on Pregnancy Disability Leave is entitled to up to four months (17 1/3 weeks) of job-protected leave for the time that the employee is disabled due to pregnancy and/or childbirth. Pregnancy Disability Leave does not need to be taken in one continuous period of time.

If the employee is disabled by pregnancy, coverage will continue for up to four months for each pregnancy (as opposed to each leave year).

While on Pregnancy Disability Leave, the employee is entitled to continued coverage in the Authority’s group health insurance and supplemental policies to the same extent as when the employee was working. As such, in order to maintain such coverage, employees are required to pay timely the full employee contribution to maintain their group health plan coverage, either through payroll deduction or by paying the Authority directly. The Authority may recover premiums it paid to maintain health coverage, if an employee does not return to work following Pregnancy Disability Leave.

Vacation and sick leave do not accrue while an employee is on unpaid Pregnancy Disability Leave.

Whenever an employee is also receiving Family Care leave under Authority policy, Pregnancy Disability Leave and Family Care leave will run concurrently. When an employee is eligible for Family Care Leave under the Authority’s policy, terms and conditions of the Family Care Leave policy also apply to the taking of Pregnancy Disability Leave.

Part-time employees are eligible for leave on a pro rata basis.

813.5 Reinstatement
Upon the expiration of Pregnancy Disability Leave and the Authority’s receipt of a written statement from the health care provider that the employee is fit to return to duty, the employee will be reinstated to her original or an equivalent position, so long as it was not eliminated for a legitimate business reason during the leave.

If the employee’s original position is no longer available, the employee will be assigned to an open position that is substantially similar as the employee’s original position in terms of job content, status, pay, promotional opportunities, and geographic location.

If upon return from leave an employee is unable to perform the essential functions of her job because of a physical or mental disability, the Authority will initiate an interactive process with the employee in order to identify a potential reasonable accommodation.

An employee who fails to return to work after the termination of her leave loses her reinstatement rights.

813.6. Lactation
In accordance with California Labor Code section 1030, the Authority will provide a reasonable amount of break time to accommodate an employee desiring to express breast milk for the employee’s infant child. The break time, if possible, will run concurrently with the employee’s regular break time.

In accordance with California Labor Code section 1031, the Authority will make all reasonable efforts to provide the employee with the use of a room or other location, other than the restroom, in close proximity to the employee’s work area, for the employee to express milk in private.

814. MILITARY LEAVE
Military leave will be granted in accordance with state and federal law. An employee requesting leave for this purpose will promptly provide the supervisor with a copy of the military orders specifying the dates, site and purpose of the activity or mission. Within the limits of such orders, the supervisor may determine when the leave is to be taken and may modify the employee’s work schedule to accommodate the request for leave.

Employees who have one year of service are entitled to 30 days’ pay when on military leave. A military leave is defined as time off when the employee is ordered to active military duty as a member of the reserve component of the armed forces of the United States, the National Guard or Naval Militia, or when an employee is inducted, enlists, enters, or is otherwise ordered or called into active duty as a member of the Armed Forces of the United States.

815. UNAUTHORIZED ABSENCE
An unauthorized absence from the work site or failure to report for duty after a leave request has been disapproved, revoked, or canceled by the Executive Director or designee, or at the expiration of a leave, will be without pay. Such absence may also be grounds for disciplinary action. Job abandonment is addressed in Section 603.

816. JURY DUTY
All employees will be encouraged to serve on jury duty when summoned. Employees on jury duty will receive full regular base rate of pay, for up to two weeks, but any jury fees received will be paid to the Authority. The time spent on jury duty is not considered work time for purposes of calculating overtime. Employees who have the option to call in for juror status should exercise that option. The employee will provide to his/her supervisor evidence of jury service, such as notice for jury duty and any time cards or similar appearance documents issued by the court.

817. COURT APPEARANCES

817.1 On Duty Time
Any regular employee or regular at-will employee called as a witness arising out of and in the course of Authority employment will be deemed to be on duty and there will be no loss of salary, but any witness fees, not including mileage, received by the employee will be paid to the Authority. Employees released from witness duty during their normal duty hours will report back to their department unless employees contact their direct supervisors and receive authority not to return to work. Non-exempt employees may use vacation leave or compensatory time off (CTO) for the remaining hours. Exempt employees who serve less than four (4) hours of witness duty may use vacation leave for the remaining hours.

817.2 Private Litigation
Any employee called as a witness in a private or civil matter outside the course and scope of their Authority employment will not be compensated by the Authority. Earned vacation leave or compensatory time off (CTO) may be utilized. It is the employee’s responsibility to make arrangements for payment of witness fees from the involved parties in accordance with the California Code of Civil Procedure.

818. TIME OFF TO VOTE
In accordance with state law, employees are eligible for paid time off for the purpose of voting only if they do not have sufficient time outside of working hours to vote. The intent of the law is to provide an opportunity to vote to workers who would not be able to do so because of their jobs.

Subject to the conditions above, an employee may take up to two (2) hours off of work to vote in a statewide election, without any loss of pay, if the employee is scheduled to work during voting hours (typically 7 am to 8 pm). In general, a “statewide election” is defined as one in which all voters in the state have an opportunity to vote on at least one common race or issue. An employee is entitled to take as much time as actually needed to vote, but only up to two (2) hours of that time will be paid.
Time off for voting may be taken only at the beginning or end of the employee’s regular work shift unless other arrangements are approved in advance by the Executive Director. If the employee needs time off to vote, the employee must notify his/her supervisor at least two working days prior to the election. The employee must note on the employee’s time card the time approved for voting purposes.

**819. SCHOOL-RELATED LEAVE**
Pursuant to the Family School Partnership Act (Labor Code section 230.8), any Authority employee who is a parent, guardian or grandparent having custody of one or more children in kindergarten or grades 1 through 12 or attending a licensed day care facility will be allowed up to forty (40) hours each calendar year, not to exceed eight (8) hours in any calendar month, without pay, to participate in activities of the school of their child. The employee must provide reasonable advance notice of the planned absence. The employee may be required to use vacation leave and/or compensatory time off to cover the absence. The Authority may require the employee to provide documentation from the school as verification that the employee participated in school activities on a specific date.

**820. TIME OFF FOR VICTIMS OF VIOLENT CRIMES OR DOMESTIC ABUSE**
A. In accordance with state law, any Authority employee who is a victim of domestic violence or sexual assault is entitled to take time off from work to seek relief (such as a temporary restraining order) or other assistance to help safeguard the health, safety, or welfare of the employee and/or his/her child. The employee must provide reasonable advance notice of the intent to take leave for this reason unless advance notice is not feasible.

B. Leave for this purpose is unpaid, though an employee may choose to use any available accrued paid leave.

**821. BEREAVEMENT LEAVE**
The Authority will allow regular employees time off for Bereavement leave. Employees may request approval from the Executive Director for up to five (5) days of paid time off for each death in their immediate family for the purpose of bereavement and for the arranging or attendance at, the funeral or service. Immediate family means: spouse, parent, grandparent, step-parent, parent-in-law, child, step-child, grandchild, registered domestic partner, brother or sister.

Bereavement leave is not compensable when the employee is on a pre-approved (paid or unpaid) leave of absence, bona fide layoff, or for days falling outside the employee’s regular work period.

**822. WORKERS’ COMPENSATION**
All employees and volunteers will be covered by the workers’ compensation laws of the state. Employees who are absent from work by reason of an injury or illness
covered by workers’ compensation, will continue in pay status under the following provisions.

The Authority will integrate sick leave, vacation, and then compensatory time, with temporary disability payments for an employee who is eligible for workers' compensation. The employee will continue in pay status and receive his or her pay until his/her accumulated paid leave and authorized compensatory time hours have been depleted to the nearest hour. Any employee who is eligible for temporary disability payments under the workers' compensation law will, for the duration of such payments, receive only that portion of the employee's regular salary that, together with said payments, will equal the employee's regular salary. Workers’ compensation leave will run concurrently with Family Care Leave.

823. MODIFIED DUTY
Any employee may request modified duty as an accommodation when a temporary disability limits the employee’s ability to perform the essential duties of his or her job. The Authority will consider the request consistent with federal and state laws including, but not limited to the Americans with Disabilities Act.

824. FITNESS FOR DUTY EXAM
The Authority may require an employee to undergo a fitness for duty examination to determine whether the employee can perform the essential functions of the job with or without reasonable accommodation. The Authority may also require that an Authority-approved physician conduct the examination.

825. OVERTIME AND COMPENSATORY TIME OFF
The Authority will compensate any non-exempt employees for overtime worked subject to provisions, requirements and limitations of applicable law. Paid vacation, holidays, floating holidays, bereavement leave, and sick leave will not be credited for hours worked in a work week. Employees may request compensatory time off in lieu of paid overtime. Paid overtime or compensatory time off will be at the sole discretion of the Executive Director. The following will apply to all non-exempt Authority employees:

825.1. Reporting
All work of a non-exempt employee required by the Authority beyond the regularly scheduled 40-hour work period will be designated as overtime and will be reported in increments of not less than one-tenth of an hour. All overtime must be expressly approved by the supervisor in advance. No non-exempt employee will engage in overtime work without authorization. Working overtime without advance approval is grounds for discipline.

825.2. Time Card
Total hours of overtime authorized and earned as well as all compensatory time off used will be reported on the prescribed form. Any overtime hours for which payment is to be made will be specified on the time card.
825.3. **Compensatory Time**
Compensatory Time Off (CTO) accruals will not exceed 120 hours for regular full-time employees or the pro-rata equivalent for regular part-time employees. All CTO must be approved in advance by the Executive Director. Scheduling of CTO must be done in a manner consistent with the Authority’s operational requirements. The Executive Director may require that an employee take CTO at a specific time without prior notice.

The use of CTO must be approved in advance.

825.4. **Benefit Accumulations**
Overtime will not be considered or be a basis for increasing leave accruals or completion of probationary periods or compensation step increases.

825.5. **Exemption**
Exempt employees are not entitled to overtime, and are therefore not subject to this section.

826. **MEAL AND REST PERIODS**
Full-time non-exempt regular employees will be allowed an uncompensated meal period of not less than thirty (30) minutes, scheduled approximately at the midpoint of a full work shift. Employees required to be at their work stations for eight (8) or more consecutive hours will have their meal period during the work period, consistent with the requirements of the Fair Labor Standards Act (FLSA). Employees who are directed by their supervisors to work during the meal period or who are not allowed to leave the Authority and must be available to immediately return to work, will be compensated consistent with the FLSA. Combining meal periods, “banking” meal periods from day to day, or saving meal periods to shorten work days is not permitted.

Employees are allowed to take a rest period up to 15-minutes for every four hours worked. The rest periods will be paid time and counted as hours worked.

827. **EDUCATIONAL ASSISTANCE**
With the prior authorization of the Executive Director, the Authority may partially or fully reimburse an employee for the costs of job-related training and education, including tuition, books, travel and fees. After approval, a grade of “C” (or the equivalent) or better must be maintained in order to remain eligible for reimbursement.

828. **BUSINESS EXPENSES**
Reasonable and legitimate business expenses incurred by an employee and approved by the Executive Director will be reimbursed by the Authority in accordance with its business expense reimbursement policy. For timely reimbursement, business expenses should be reported immediately after they are incurred to the Authority payroll administrator. Any incurred expenses not approved by the Executive Director will be the personal responsibility of the employee.
829. **DEFERRED COMPENSATION**

The Authority provides a deferred compensation plan pursuant to Internal Revenue Code section 457(b). The details of the Authority deferred compensation plan are set forth in the summary plan description provided to new employees and in the plan itself. No employer contribution is provided.
RULE 9 EMPLOYEE RECORDS AND RIGHT TO PRIVACY

901. GENERAL
The Authority maintains a personnel file on each employee. A personnel file will contain only material that the Authority deems necessary and relevant or that is required by law. Personnel files are the property of the Authority, and access to the information they contain is restricted to protect employee privacy interests.

902. NOTIFICATION OF CHANGE IN PERSONAL INFORMATION
Each employee is responsible to notify the Executive Director or designee of any changes in his or her contact and benefits information, including: residence and mailing address; telephone number; persons to contact in emergency; and number and names of dependents, no later than ten (10) calendar days following any such change.

903. MEDICAL INFORMATION
All medical information about an employee or applicant is kept in separate medical files and is treated as confidential. Access to employee or applicant medical information will be strictly limited to only those with a legitimate need to have such information for the Authority’s business reasons, or if access is required by law, subpoena or court order. In the case of an employee with a disability, supervisors may be informed regarding necessary restrictions on the work or duties of the employee and necessary accommodations.

904. EMPLOYEE ACCESS TO PERSONNEL FILE
A. Inspection of File: A current employee may inspect his or her own personnel file, at reasonable times and at reasonable intervals, within 30 days of a written request. A former employee is entitled to inspect his or her personnel records one time per year. (Labor Code § 1198.5(d).) A current or former employee and/or his or her representative, who wishes to review his or her personnel file shall make a written request to the Executive Director. (Labor Code § 1198.5(b)(2)(A).)

The inspection must occur in the presence of the Executive Director or designee and: a) at a location where the employee works and at a time other than the employee’s work time (Labor Code § 1198.5(b)(1)); or b) at another agreed upon location without loss of compensation to the employee. (Labor Code § 1198.5(c)(2).)

B. Copies: A current or former employee is entitled to receive a copy of his or her personnel records within 30 days after the employer receives a written request. (Labor Code § 1198.5(b)(1).) A current or former employee who wishes to receive such a copy should contact the Executive Director or designee in writing. The Authority may charge a fee for the actual cost of copying. (Labor Code § 1198.5(b)(1); 1198.5 (b)(2)(A).)
C. Representative’s Inspection: If the current or former employee wishes to have another person/representative inspect his or her personnel file, he or she must provide the person/representative with written authorization. (Labor Code § 1198.5(e).) The Executive Director or designee will notify the employee and/or representative of the date, time and place of the inspection in writing.

D. No Removal of File Documents: No person inspecting a personnel file is permitted to add or remove any document or other item to/from the personnel file.

905. LIMITATIONS ON ACCESS OR COPYING OF PERSONNEL FILE
Prior to making a copy of personnel records or allowing inspection, the Authority may redact the names of nonsupervisory employees. (Labor Code § 1198.5(g).) Under no circumstances will the Authority provide access or copying of the following categories of personnel file documents: records relating to the investigation of a possible criminal offense; letters of reference; ratings, reports, or records that were obtained prior to employment, prepared by identifiable examination committee members, or obtained in connection with a promotional examination. (Labor Code § 1198.5(h).)

906. EMPLOYMENT REFERENCES
All requests from outside the Authority for reference checks or verification of employment concerning any current or former employee must be referred to the Executive Director or designee. Information will be released only if the employee signs an authorization for release of employment information in the form prescribed by the Authority, except that without such authorization the following limited information will be provided: dates of employment, classifications held, and salary upon hire and departure.
RULE 10  GRIEVANCE

1001. PURPOSE OF GRIEVANCE PROCEDURES

A grievance is an alleged violation of a specific provision of these Rules or other Authority policies that adversely affects the employee. The grievance procedures set forth are designed to resolve grievances informally and to provide an orderly procedure for such resolution. An employee must use this grievance procedure in order to present any grievance or complaint to the Board of Directors. An employee will not take any grievance or complaint directly to the Board of Directors without first having processed the grievance through this procedure.

Parties involved in a grievance will act quickly so that the grievance may be resolved promptly. Parties will make every effort possible to complete action within the time limits contained within these grievance procedures; however, by mutual written agreement (e-mail may serve as written agreement), the parties may extend the time limits.

1002. EXCLUDED FROM SCOPE OF GRIEVANCE

Specifically excluded from the scope of grievances are:

A. Harassment and retaliation complaints that allege violations of equal employment opportunity laws or employment discrimination, which will be processed under the Authority's anti-harassment and retaliation complaint procedure.
B. The Board’s decision to proceed with a reduction in force.
C. Disciplinary actions, whether or not appealable.
D. Performance evaluation or a performance improvement plan.

1003. REPRESENTATION.

An employee may be represented by a representative of the employee's own choice at any step in the presentation of the employee’s grievance.

1004. PRESENTATION OF GRIEVANCE

An employee or employees may present a grievance by submitting a written grievance to the Executive Director within seven (7) calendar days after the event or events that resulted in the grievance. The written grievance will state the date and nature of the grievance, the specific facts and/or omissions upon which the grievance is based and the other bases for the employee's complaint. The grievance will be personally discussed between the grievant and the Executive Director. Within seven (7) calendar days after meeting to discuss the grievance, the Executive Director will provide a written decision to the grievant.
1005. **APPEAL**

If the grievant is not satisfied with the decision rendered by the Executive Director, the grievant may appeal the decision in writing within seven (7) calendar days to the Executive Committee. The Executive Director shall serve as the agent of service to receive the employee(s)’ appeal. If the grievant does not appeal the decision to the Executive Committee in writing within seven (7) calendar days from the date of the Executive Director’s decision, the issue will be considered settled.

The appeal will state the date and nature of the grievance and will state all specific facts or omissions upon which the appeal is based. At its next available regular meeting following the filing of the appeal, the Executive Committee will have a meeting with the grievant and/or his or her representative. After considering the matter, the Executive Committee will issue a decision concerning the employee’s appeal. The grievant will be notified in writing of the Committee’s decision. The decision of the Executive Committee will be final.

Under state law, certain actions taken or considered by the Executive Committee, including materials pertinent to the decision may constitute public information.
RULE 11  DEFINITION OF TERMS

1101. ACTUAL SERVICE
For the purpose of determining the amount of paid leave earned by a regular employee, means the number of regular hours worked within a biweekly pay period and absence from work with pay due to sick leave, vacation, injury or illness incurred in Authority service, absence on protected leave, and compensatory time taken. Actual service does not include compensatory time earned or overtime.

1102. AT-WILL EMPLOYEE
An at-will employee (a) serves at the pleasure of the Authority, and (b) can be terminated at any time without cause and without the opportunity to appeal.

1103. BIWEEKLY PAY PERIOD
Unless otherwise indicated, the eighty (80) hour biweekly period utilized for payment of employees. The Authority pay day will be the Friday at the beginning of each pay period.

1104. BUSINESS DAY
A business day will mean day(s) in which the Authority main administration office is open for business and between the hours of 8:00 AM to 5:00 PM.

1105. CALPERS
California Public Employees Retirement System.

1106. CONTINUOUS SERVICE
That period of actual service commencing with the employee’s hire date and continuing until broken by resignation or dismissal for the purpose of determining eligibility for paid leave and eligibility for performance step advancement.

1107. DEMOTION
The voluntary or involuntary change in status of a regular employee from a position in to another position having a lower maximum rate of pay.

1108. EMERGENCY APPOINTMENT
An at-will appointment for emergency purposes.

1109. EXEMPT EMPLOYEE
An employee who meets one or more of the duties test exemptions from overtime, who is paid on a salary basis, and who meets the salary level test under the Fair Labor Standards Act (FLSA). An exempt employee is not entitled to overtime compensation.

1110. FULL-TIME EMPLOYEE
A regular employee hired into a position that requires full-time work as specified by the Authority.
1111. FULL-TIME WORK
Eighty (80) hours per bi-weekly pay period.

1112. HIRE DATE
The beginning date of the employee’s current period of continuous service.

1113. LAYOFF LIST
A list of persons who have occupied positions allocated to a class and who have been involuntarily separated by layoff.

1114. NON-EXEMPT EMPLOYEE
An employee who is eligible for FLSA overtime pay. A non-exempt employee assigned to an exempt position on an acting or temporary basis remains eligible for FLSA overtime pay.

1115. PART-TIME EMPLOYEE
An employee hired into a position that requires less than full-time work.

1116. PAY PERIOD
14 calendar days as designated by the Authority.

1117. PAID STATUS
Whenever an employee is at work, absent on a paid holiday, absent on leave with pay, or absent on authorized compensatory time off. This does not include leave while receiving worker’s compensation benefits or other wage replacement benefits.

1118. RESIGNATION
The voluntary termination of employment with the Authority.

1119. TEMPORARY EMPLOYMENT
The Authority may hire temporary employees for a short term project lasting less than six (6) months.
I. PURPOSE
The Regional Water Authority (Authority) is committed to providing a work environment that is free of discrimination, harassment, and retaliation in employment. This Policy provides an organizational action plan and workplace conduct guidelines to maintain such an environment; and further defines what is meant by those terms; provides avenues for reporting discrimination, harassment, or retaliation, and provides a procedure for investigation and resolution of employee complaints. The Authority encourages all employees, applicants, volunteers, unpaid interns, and contractors to report any conduct that is believed to violate this Policy as soon as possible.

II. POLICY
Harassment or discrimination on the basis of:

- Race or color
- Religion or creed,
- Disability, mental and physical,
- Sex and gender (including gender, gender identity, gender expression, transgender, pregnancy, and breastfeeding and related medical conditions),
- Ancestry or national origin
- Citizenship status,
- Medical condition (cancer history and diagnosis)
- Genetic characteristics or information,
- Marital status,
- Age (over 40),
- Sexual orientation (including homosexuality, bisexuality, or heterosexuality),
- Military and veteran status, or
- Membership in any other legally protected category

is unlawful and will not be tolerated.

This prohibition against harassment and discrimination applies to the treatment of employees, applicants, unpaid interns or volunteers by Authority employees, elected or appointed official, member of the public, vendor, contractor or any third party.

Disciplinary action up to and including termination will be instituted for prohibited behavior.
Any retaliation against a person for filing a complaint or participating in the complaint resolution process is prohibited. Individuals found to be retaliating in violation of this Policy will be subject to disciplinary action up to and including termination.

III. DEFINING HARASSMENT, DISCRIMINATION, AND RETALIATION

A. Harassment

Harassment can take many forms and includes, but is not limited to, the following conduct:

- Speech, such as slurs, jokes, stories, statements, epithets, derogatory comments, unwanted sexual advances or invitations, or inappropriate comments on appearance (including dress or physical features).
- Visual conduct, such as derogatory posters, cartoons, drawings, or gestures.
- Physical acts, such as offensive touching, assault, or any physical interference with normal work or movement when directed at an individual.
- Threats or unwanted sexual advances, requests for sexual favors, and other acts of a sexual nature where rejection of the conduct is used as the basis for employment decisions, offers of job benefits in return for sexual favors, or where the conduct is intended to or actually does unreasonably interfere with an individual's work performance or create an intimidating, hostile, or offensive working environment.

Guidelines for Identifying Unlawful Harassment

- Harassment includes any conduct taken because of the recipient's protected category, which would be unwelcome to an individual of a protected category. Protected categories include: race, color, religion, national origin, ancestry, age, physical disability, mental disability, medical condition, marital status, sexual orientation, gender, gender identity, gender expression, genetic information, pregnancy, military or veteran status, breastfeeding, or any other characteristic protected by the state or federal employment discrimination laws.
- The appearance of "voluntary consent" by the recipient may not be genuine. Harassment may still be occurring. There are many reasons why a recipient might appear to consent.
- Harassment can evolve over time. Just because no one objects to the behavior at the moment, does not mean that the joke, gesture, picture, physical contact, or comment is welcome.
- Consensual visual, verbal, or physical conduct by two employees may be offensive to a third party and can constitute harassment of that third party.
- Conduct can be considered harassment even if the individual in violation of this Policy has no intent to be harassing.

Other Forms of Harassment

Unlawful harassment is unwelcome or offensive conduct with the purpose or effect of unreasonably interfering with an individual's work performance, or which creates an
intimidating, hostile, or offensive working environment that is motivated by or directed to an employee on the basis of a protected category.

B. Discrimination
This Policy prohibits treating individuals inequitably because of the individual’s protected category as defined in this Policy.

C. Retaliation
Any adverse treatment of an applicant, employee, or contractor, which occurs because that person has reported harassment or discrimination, or has participated in the complaint and investigation process.

IV. REPORTING PROCESS – MAKING A COMPLAINT
Any employee, job applicant, unpaid intern, volunteer, or contractor who believes he or she has been unlawfully harassed should promptly report it orally or in writing to his or her supervisor, or the Executive Director, Board President, or any other Board member.

Supervisors Must Report
Any supervisor who receives a complaint of unlawful harassment or who observes or otherwise learns about unlawfully harassing conduct shall notify the Executive Director immediately.

Upon receiving notification of a harassment complaint, the Executive Director will:

1. Provide the complainant with a timely response indicating that the complaint has been received and that a fair, timely, and thorough investigation will be conducted.

2. Timely authorize and supervise a fair and thorough investigation of the complaint by impartial and qualified personnel. The investigation will afford all parties with appropriate due process, which may include interviews with: 1) the complainant; 2) the accused harasser; 3) other persons, as applicable, who have relevant knowledge concerning the allegations in the complaint.

3. Review the factual information gathered through the investigation to reach a reasonable conclusion as to whether the alleged conduct constitutes harassment, discrimination, or retaliation giving consideration to all factual information, the totality of the circumstances, including the nature of the conduct, and the context in which the alleged incidents occurred.

4. Timely report a summary of the determination as to whether harassment occurred to appropriate persons, including the complainant and the alleged harasser. If discipline is imposed, the level of discipline will not be communicated to the complainant.
5. Take prompt and effective remedial action if conduct in violation of this Policy occurred. The remedial action will be commensurate with the severity of the offense. Disciplinary action for a violation of this Policy can range from verbal or written warnings up to and including termination.

6. Take reasonable steps to protect the complainant from further harassment, discrimination, or retaliation.

Reporting and Performance Standards
An employee, job applicant, unpaid intern, volunteer, or contractor who makes a complaint of discrimination, harassment, or retaliation is in no manner excused or exempt from the same performance standards to which others performing the same or similar work are held accountable. All job performance standards will be maintained throughout and following any investigation undertaken as a result of this procedure. Failure to meet job-related performance standards may be grounds for disciplinary action.

Other Ways to Report
This Policy is not intended to prohibit employees, job applicants, unpaid interns, volunteers, or contractors from filing complaints with the California Department of Fair Employment and Housing or the federal Equal Employment Opportunity Commission or to prevent them from pursuing other available judicial remedies.

California Department of Fair Employment and Housing (DFEH)
(800) 884-1684 or www.dfeh.ca.gov

Federal Equal Employment Opportunity Commission (EEOC)
(800) 669-4000 or www.eeoc.gov

V. NO RETALIATION
The Authority is committed to ensuring that all employees, applicants, and contractors feel comfortable in raising issues regarding conduct that violates this Policy without fear of retaliation. The Authority's commitment also is intended to encourage Authority employees to cooperate in investigations of alleged violations of this Policy by providing honest, truthful, and complete information without fear of retaliation. Employees, applicants and contractors should feel free to report valid claims of unlawful harassment without fear of retaliation of any kind. The Authority strictly prohibits any form of retaliation against any applicant, employee or contractor who, in good faith, makes a complaint, raises a concern, provides information, or otherwise assists in an investigation, complaint or proceeding related to any alleged violation of this Policy.

VI. CONFIDENTIALITY
Every possible effort will be made to assure the confidentiality of complaints made under this Policy. Complete confidentiality cannot occur, however, due to the need to fully investigate and the duty to take effective remedial action. As a result, confidentiality will be maintained to the extent possible. The employer will not disclose a
completed investigation report except, as it deems necessary to support a disciplinary action, to take remedial action, to defend itself in adversarial proceedings, or to comply with the law or court order.

VII. TRAINING
The Authority will provide training to all employees who act in a supervisory capacity in accordance with applicable Federal or State laws including California State AB1825, AB1661, and SB1300. Training, whether online or in person, will be presented by knowledgeable trainers or educators with expertise in the prevention of harassment, discrimination, and retaliation.
I. PURPOSE
The purpose of this Policy is to promote a drug and alcohol-free workplace and to eliminate drug and alcohol-related inefficiencies and risks. This Policy applies to all Authority employees, whether they are on Authority property, or they are performing Authority-related business elsewhere, except as this Policy is superseded by a federally mandated drug and alcohol policies. Compliance with this Policy is a condition of employment.

Disciplinary action, up to and including termination, will be taken against those who violate this Policy.

II. PROHIBITED CONDUCT
1. The manufacture, distribution, sale, dispensation, possession, or use of any controlled substance in either Authority workplaces or wherever Authority business is performed. (41 U.S.C. §§ 701-702; Gov. Code § 8355(a)(1).)

2. Working or being subject to call in if impaired by alcohol or any controlled substance.

3. An employee's failure to notify the employee’s supervisor or Executive Director before beginning work when taking medications or drugs that could interfere with the safe and effective performance of duties or operation of the Authority.

4. An employee’s failure to notify the Executive Director or designee of any criminal conviction for a drug violation that occurred in the workplace within five days after such conviction. (41 U.S.C. §§ 701-702.)

5. An employee’s criminal conviction for a drug violation that occurred in the workplace.

IV. DRUG AND ALCOHOL TESTING
The Authority has discretion to test applicants and employees for alcohol and drug use under the following circumstances. The Authority will use an outside laboratory to perform all testing.

1. Pre-Employment Testing for External Applicants: Those external applicants who apply for jobs where a special need for pre-employment drug and alcohol testing
exists must take and pass a drug and alcohol test following a conditional offer of employment.

2. Reasonable Suspicion Testing: The Authority may require a blood test, urinalysis, or other drug and/or alcohol screening of those employees who are reasonably suspected of using or being under the influence of a drug or alcohol at work, under the following circumstances.

   a. "Reasonable suspicion" to test exists if, based on objective factors, a reasonable person would believe that the employee is under the influence of drugs or alcohol at work. Examples of objective factors, include, but are not limited to: unusual behavior, slurred or altered speech, body odor, red or watery eyes, unkempt appearance, unsteady gait, lack of coordination, sleeping on the job, a pattern of abnormal or erratic behavior, a verbal or physical altercation, puncture marks or sores on skin, runny nose, dry mouth, dilated or constricted pupils, agitation, hostility, confused or incoherent behavior, paranoia, euphoria, disorientation, inappropriate wearing of sunglasses, tremors, an accident involving agency property or equipment, or other evidence of recent drug or alcohol use.

   b. Document and Analysis: In order to receive authority to test, the supervisor must record the factors that support reasonable suspicion in writing and analyze the matter with the Executive Director or designee. Any reasonable suspicion testing must be pre-approved by the Executive Director.

   c. Testing Protocol: If the documentation and analysis show that there is a reasonable suspicion of drug or alcohol abuse at work, upon approval by the Executive Director, the employee will be relieved from duty, and transported to the testing facility and to the employee’s home after the test. The employee will be placed on sick or other paid leave until the test results are received.

V. CONVICTION FOR DRUG-RELATED OFFENSE
An employee who is convicted under a federal or state criminal drug statute relating to any conduct prohibited by this policy will be deemed to have violated this Policy. Upon receiving notice of a conviction of an employee for any such violation, the Authority will either (a) take appropriate disciplinary action in accordance with this Policy, and/or (b) require the employee to participate in and satisfactorily complete a drug abuse assistance, rehabilitation or counseling program. Employees will notify the Executive Director of any conviction under a criminal drug statute.
I. POLICY

The Regional Water Authority (Authority) is committed to providing a safe and secure workplace and will not tolerate acts or threats of violence in the workplace. (Labor Code § 6400.) The workplace includes any location where Authority business is conducted, including vehicles and parking lots.

Any violation of this Policy may lead to criminal prosecution, and/or disciplinary action, up to and including termination.

Employees are prohibited from participating in or promoting acts of intimidation, violence, threats, coercion, assault and/or abusive behavior toward any person while in the course of Authority employment. The Authority has zero tolerance for any conduct that references workplace violence, even if it was intended to be harmless, humorous, a prank, blowing off steam, or venting.

II. DEFINITIONS

“Workplace violence” is defined as any conduct that causes an individual to reasonably fear for his or her personal safety or the safety of his or her family, friends, and/or property. Specific examples of workplace violence include, but are not limited to, the following:

1. Threats or acts of physical harm directed toward an individual or his/her family, friends, associates, or property.

2. Bullying behavior, i.e., acts or verbal comments that could ‘mentally’ hurt or isolate a person in the workplace; repeated incidents or a pattern of behavior intended to intimidate, offend, degrade, or humiliate a particular person or group of people; the assertion of power through aggression.

3. The destruction of, or threat of destruction of Authority property or another employee’s property.

4. Fighting, challenging another person to fight, or participating in dangerous or threatening horseplay.

5. Striking, punching, slapping, or assaulting another person.

6. Grabbing, pinching, or touching another person in an unwanted way whether sexually or otherwise.
7. Harassing or threatening phone calls.

8. Surveillance.

9. Stalking.

10. Possessing a weapon(s) during work hours. "Weapon" is defined as a firearm, chemical agent, club or baton, knife, or any other device, tool, or implement that can cause bodily harm if used as a weapon or displayed in such a manner to cause harm or threaten a person with harm.

III. INCIDENT REPORTING PROCEDURES
1. Employees must immediately report to their supervisor or the Executive Director whether they have been a victim of, or have witnessed, workplace violence. The supervisor will immediately report the matter to the Executive Director. Employees also should notify the Executive Director of any restraining order in effect, or if a potentially violent non-work-related situation exists that could result in violence in the workplace.

Any Authority official, who is a victim of any violent threatening or harassing conduct, who is a witness to such, or who receives a report of such conduct, whether the alleged perpetrator is an Authority employee or non-employee, shall immediately report the incident to the Executive Director, or to the police.

Anyone who fears for the safety of persons at the scene of the violent act should call law enforcement immediately.

2. The Executive Director or designee will document the incident, including the names(s) of employees and non-employees involved, date/time, location, incident description, witness names and statements, description of unidentified parties, description of the act(s) and/or behavior arising from the incident, action taken, and provide any other relevant information regarding the incident.

3. The Executive Director will take appropriate steps to provide security, such as:
   a. Placing the employee alleged to have engaged in workplace violence on administrative leave, pending investigation;
   b. Asking any threatening or potentially violent person to leave the site; or
   c. Immediately contacting an appropriate law enforcement agency.

IV. INVESTIGATION
The Executive Director or designee will see that reported violations of this Policy are investigated as necessary.
V. PREVENTION
The Authority will enforce this Policy by:

1. Informing supervisors about their responsibilities under this Policy;

2. Assuring that reports of workplace violence are accurately and timely documented and addressed;

3. Notifying the Executive Director and/or law enforcement authorities of any incidents;

4. Making all reasonable efforts to maintain a safe and secure workplace; and

5. Maintaining records and documents follow up actions as to reports of workplace violence.
REGIONAL WATER AUTHORITY
PERSONNEL RULES – POLICY 400.1 APPENDIX G

Policy Type: Employment
Policy Title: Health Reimbursement
Policy Number: 400.1 Appendix G
Date Adopted: DRAFT
Date Amended: XXX

I. Employee Benefits
The Regional Water Authority provides health, dental, and vision insurance benefits to employees.

(a) Health Benefits. Eligible employees receive health benefits sponsored by PERS’ Health Benefits Services Division. The details of the Authority’s PERS health plan are described in the health plan contract between the Authority and PERS and related documents and applicable PERS law. The Authority will pay health benefits premiums for each eligible employee and all of the employee’s eligible family members up to the cost of the most expensive Health Maintenance Organization (HMO) plan offered by PERS. Under PERS policy, health benefits coverage begins the first day of the month following the date of hire. If the employee opts to enroll in a Preferred Provider Organization (PPO) or other more expensive health plan, the employee will pay the difference in cost between the most expensive HMO plan and the cost of the premiums for the chosen PPO or other health plan through a periodic payroll deduction for the cost difference.

b) Dental Insurance Benefits. The Authority provides dental benefits to employees through a Delta Dental Plan. The details of the Authority dental plan are set forth in the Delta Dental Plan. The Authority pays 100% of the cost for employees and all eligible family members.

c) Vision Insurance Benefits. The Authority provides vision benefits through a Vision Service Plan. The details of the Authority vision plan are set forth in the Vision Service Plan. The Authority pays 100% of the cost for employees and all eligible family members.

II. Retiree Health Benefits.

a) Each eligible employee hired before September 1, 2007 who is covered by PERS health insurance and who has or will retire from the Authority, subject to any age and service limitations in the Authority’s pension plan contract with PERS, is covered by the retiree health benefits insurance contract between the Authority and PERS approved in Resolution 1993-001. This retiree health benefit also covers the retired employee’s qualified dependents. Health benefits coverage for retirees provided under this paragraph is paid by the Authority consistent with the premium formulas and
available health plan options provided in the Authority's PERS health plan contract approved in Resolution 1993-001, as it may be amended from time to time.

b) For employees who commence employment with the Authority on or after September 1, 2007, an employee must be eligible to retire in accordance with the Authority's PERS pension plan rules and have at least five years of credited service with the Authority. Under the Authority's contract with PERS for this retiree health benefit, PERS sets the annual amount of premiums the Authority is required to pay for each retiree and his or her eligible dependents in accordance with the formula set forth in Government Code section 22893, as it may be amended from time to time. The Authority's annual required contribution toward the health benefits coverage premiums for each eligible retired employee and his or her qualified dependents will be calculated as a percentage of the total eligible cost of such coverage based on the retired employee's total credited years of qualifying service under PERS' service credit rules as determined by the following vesting schedule:

<table>
<thead>
<tr>
<th>Credited Years of PERS Service</th>
<th>Percentage of Authority Contribution</th>
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<tbody>
<tr>
<td>10</td>
<td>50</td>
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<td>11</td>
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<td>18</td>
<td>90</td>
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<td>19</td>
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<td>20 or more</td>
<td>100</td>
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</table>

Employees with less than 10 years total PERS service and/or less than five years credited service with the Authority will not be eligible for retiree health care coverage under the Authority's plan. Any additional health plan premiums not paid by the Authority's contribution toward the cost of the retiree's health benefits coverage must be paid by the retired employee. Please contact the Authority's Finance and Administrative Services Officer for further information concerning post-retirement health benefits coverage.

c) Any employee of the Authority who was employed before September 1, 2007 and is covered by the health benefit described in subsection (i) of this subdivision (b) of section 7.5, will be entitled to elect coverage under the health benefit plan for new employees hired on or after September 1, 2007, which is described in subsection (ii) of this subdivision (b) of section 7.5. The Authority will provide one annual opportunity for qualified employees to make such an election at the time and in the manner as will be designated by the Authority's Finance and Administrative Services Officer. The election
of an employee to change his or her health benefits plan is irrevocable as provided in
Government Code section 22893. If at any time all qualified employees have made the
election provided in this subsection, the Authority will have no further obligation to offer
such an election. (amended 7-12-07)
I. POLICY

The Authority is not required to provide leave under the Family and Medical Leave Act (FMLA); however the Authority may, at the discretion of the Executive Director, allow an eligible employee up to twelve (12) weeks of unpaid leave in any twelve (12) month period for specified family and medical reasons.

A. Eligibility

Eligible employees are those employees employed at least twelve (12) months with the Authority or have worked at least 1,250 hours in the preceding twelve (12) months at the Authority.

B. Serious Health Condition

A serious health condition means an illness, injury, impairment, or physical or mental condition that involves one of the following:

1. Inpatient care in a hospital, hospice, or residential medical care facility, including any period of incapacity or subsequent treatment in connection with or consequent to such inpatient care;

2. Treatment by a health care provider on at least one occasion which results in a regimen of continuing treatment under the supervision of the health care provider;

3. A period of incapacity due to pregnancy or for prenatal care;

4. A chronic condition which (a) requires periodic visits for treatment by a health care provider, (b) continues over an extended period of time, and (c) may cause episodic rather than a continuing period of incapacity (e.g. asthma, diabetes, epilepsy, etc.);

5. A period of incapacity which is permanent or long-term due to a condition for which treatment may not be effective and the employee or family member is under the continuing supervision of a health care provider (e.g. Alzheimer's, a severe stroke, or the terminal stages of a disease);

6. Any period of absence to receive multiple treatments by a health care provider either for restorative surgery after an accident or other injury, or for a condition that would likely result in the period of incapacity of more than three (3) consecutive calendar days in the absence of medical intervention or treatment.

C. Qualified Health Care Providers

Qualified health care providers include doctors of medicine or osteopathy,
podiatrists, dentists, clinical psychologists, optometrists, chiropractors, alternative health care providers, nurse practitioners, and nurse-midwives authorized to practice under State law and performing within the scope of their practice under state law.

II. Leave Required
Employees may be entitled to twelve (12) weeks of unpaid leave during a twelve (12) - month period for one or more of the following reasons:

1. For birth of a child; and to care for the newborn child;
2. For placement of a child with employee for adoption or foster care;
3. To care for an employee's spouse, domestic partner, son, daughter, or parent who has a serious health condition or who is receiving treatment for substance abuse;
4. For employee's own serious health condition that makes the employee unable to perform the functions of his/her job.

Employees desiring to take unpaid leave should inform the Authority at least thirty (30) days prior to initiating the leave if need for the leave is foreseeable and if not, notice must be given as soon as possible. Employee will provide the Executive Director or designee with a medical certification signed by a health care provider. The Authority shall notify the employee if the employee is qualified for leave.

When seeking certification of a serious medical condition, an employee should ensure that the certification contains the following:

1. Contact information for the health care provider, including name, address, telephone number, fax number, and type of medical practice/specialty.
2. Date when the condition began, expected duration, and appropriate facts about the condition.
3. If employee is seeking medical leave for his/her own medical condition, certification should also include a statement that the employee is unable to perform the essential functions of the employee's position.
4. For a seriously ill family member, the certification should include a statement that the patient requires assistance and that the employee's presence would be beneficial or desirable.
5. If taking intermittent leave or working a reduced schedule, certification should include dates and duration of treatment and a statement of medical necessity for taking intermittent leave or working a reduced schedule.

If deemed necessary, the Authority may ask for a second opinion. The Authority will pay for the certification from a second doctor, which the Authority will select. If there is a conflict between the original certification and the second opinion, the Authority may require the opinion of a third doctor. The Authority and the employee will jointly select the third doctor, and the Authority will pay for the opinion. The third opinion will be
considered final.

III. MILITARY CARE GIVER LEAVE
Medical certification for a Military Caregiver Leave shall be from a United States Department of Defense, Department of Veteran’s Affairs, or other authorized medical provider. It shall indicate:

1. Whether the service member has incurred a serious injury or illness.
2. Whether the injury or illness renders the service member medically unable to perform the duties of the member’s position.
3. Whether the injury or illness was incurred in the line of duty while on active duty.
4. Whether the service member is undergoing medical treatment, recuperation, or therapy, or is otherwise on outpatient status, or is otherwise on the temporary disability retired list.
5. The probable duration of the injury or illness.
6. The frequency and duration of leave the family member requesting leave will require.
7. The family relationship of the eligible employee to the covered service member.

IV. MAINTENANCE OF BENEFITS
An employee on family care leave shall be entitled to maintain group health insurance coverage on the same basis as if he/she had continued to work at the Authority. The Authority shall continue paying the employee’s benefits during the leave; however, upon employee’s return to employment, the employee will reimburse the Authority the cost of maintaining his/her health premiums and other premiums (life, short term disability, long term disability, etc.).

If the employee informs the Authority that he/she does not intend to return to work at the end of the leave period, the Authority’s obligation to provide health benefits ends effective from the date of notice by the employee.

Sick leave and vacation benefits will not accrue during period of any unpaid leave under this section.

V. JOB RESTORATION
The employee is entitled to the same or equivalent position at the same geographic location with equivalent benefits and pay unless the Authority determines that:

- The employee was hired for a specific time period,
- The employee is determined to be a “key employee”,
- The employee is not fit for duty, or
- The employee would not have been employed at time of request for reinstatement.
- The position has been laid off or eliminated from the Authority’s classification system.

The Authority may choose to exempt certain management employees, being “key
employees” from this job restoration requirement and not return them to the same or similar position at the completion of medical leave. Employees who may be exempted will be informed of this status when they request leave. If the Authority deems it necessary to deny job restoration for a key employee on medical leave, the Authority will inform the employee of its intention and will offer the employee the opportunity to return to work immediately. Additionally, the Authority has a right to deny any request for family care leave due to the small size of the Authority work force.

VI. Use of Paid and Unpaid Leave
If an employee has accrued paid leave of less than twelve (12) weeks, the employee will use paid leave first and take the remainder of the twelve weeks as unpaid leave. If an employee uses leave because of his/her own serious medical condition or the serious health condition of an immediate family member, the employee will first use all accrued leave and then will be eligible for unpaid leave.

VII. Intermittent Leave and Reduced Work Schedules
In certain cases, intermittent use of the twelve (12) weeks of family care leave or a part of a reduced work week may be allowed by the Authority. Employees wishing to use leave intermittently or to utilize a reduced work week for birth or adoption purposes will need to discuss and gain approval for such use from the Executive Director or designee. Employees may also use family care leave intermittently or as part of a reduced work week whenever it is medically necessary. If the need to use leave is foreseeable and based on pre-planned and pre-scheduled medical treatment, then the employee is responsible to schedule the treatment in a manner that does not unduly disrupt the Authority’s operations. This provision is subject to the approval of the health care provider.
BACKGROUND:

RWA conducted a compensation survey in 2017, which was approved by the Executive Committee consistent with Policy 400.2. Proposed salary schedules derived from the compensation survey were very contentious when considered for approval by the RWA Board. Both the proposed salaries and the methodology of the compensation survey were questioned by a few RWA members. After modification and an additional discussion at Executive Committee meetings, the salary schedules were approved by the Board in November 2017. The Executive Committee agreed to revisit Policy 400.2 and consider changes to the process for compensation surveys in the future. At the August Executive Committee meeting amendments were suggested to Policy 400.2 for clarification of the compensation survey and compensation setting process.

The Executive Committee directed the Executive Director to request input from the HR consultant and bring a revised draft of the Employee Compensation Policy 400.2 to the September Executive Committee meeting for further discussion.

EXECUTIVE COMMITTEE RECOMMENDATION:

Information and Presentation: John Woodling, Executive Director

Action: Approve Amended Policy 400.2
EMPLOYEE COMPENSATION POLICY

It is the intent of the Authority to provide employee compensation (pay and benefits) that is fair and equitable and that is comparable, based upon an employee's experience, skills and performance consistent with established job descriptions, and with that of similar water and public entities regionally. As a small, professional, management-focused organization, it is the intent of the Authority to provide employee compensation at or above the labor market for the industry and the geographic area. The compensation practices of the Authority will be competitive within the industry and geographical area to attract the most qualified candidates and to minimize turnover of its employees.

The Executive Director will have the authority to set and change employee base rate of pay in accordance with the intent of this Policy and within the budgetary guidelines approved by the Board of Directors. As part of the annual budget review process, the Executive Director will be responsible for preparing and presenting a labor budget to the Board of Directors in accordance with this Policy. The Board of Directors will consider, amend as required, and approve the annual labor budget for the Authority. Once the labor budget has been approved, the Executive Director may determine in his or her discretion how to apply any approved increase to each employee’s existing base rate of pay. Changes to employee benefits will generally require Board action to approve changes to the Employee Handbook and other policies.

The specific terms of this Policy apply to staff only, except as specified in Section IV, below. All aspects of the Executive Director’s compensation are subject to Board approval of an employment contract.

I. Pay Ranges

It is the Authority’s Policy to provide a program for advancement of its employees within the pay range of their position using a merit based system based on objective regular goal setting and performance evaluations. Employees will typically advance within their pay range.
Classification pay ranges shall typically be established with a 20% range between the minimum and maximum of the range. Steps will be established within each range to provide guidelines for use in annual budgeting. The Executive Director shall recommend pay ranges for all employment classifications with the Authority, with the exception of the Executive Director position. With the exception of changes cost-of-living adjustments as specified below, changes to the pay scales is subject to review and approval by the Board of Directors.

II. Cost of Living Adjustment (COLA)

The Executive Director will consider the United States Department of Labor’s Consumer Price Index (CPI) for All Western Small Cities (population under 250,000) for the 12 months ending in November of each year in developing the proposed budget for the Authority. If the Board approves a budget that includes funding for a cost of living adjustment (COLA), the Executive Director will have the discretion to apply a COLA to all staff salaries, regardless of position within a salary range in the fiscal year for which the budget is adopted.

To avoid penalizing employees at or near the top of the salary range, and to ensure pay ranges remain comparable to the market between compensation surveys, November CPI will be applied annually on January 1st to adjust the pay ranges. The Executive Director will report the adjusted salary ranges to the Executive Committee at its next regular meeting.

III. Compensation Survey

The Executive Committee will generally direct staff to conduct a compensation survey at least every five years to ensure that the total compensation offered by the Authority (base rate of pay and benefits) is consistent with this Policy; provided, however that a compensation survey may be commissioned at any time if directed by the Executive Committee or if recommended by the Executive Director and approved by the Executive Committee. The Executive Committee may also use its discretion to waive or vary the five year commitment.

Before initiating the survey, staff will brief the Executive Committee and solicit feedback on the scope of the compensation survey, including comparable agencies/organizations to be surveyed and data elements to be collected prior to commencing the survey. Survey organizations should be selected to provide a representative sampling of: 1) local water agencies, 2) water-related associations located in the Sacramento region, 3) regional planning organizations within the Sacramento region, and 4) regional membership organizations in the region.

The Executive Director will use the results of the survey to propose modifications to base rate of pay and/or benefits necessary to achieve the intent of this policy. Proposed pay ranges
should include consideration of such things as 1) the mean, median and 62.5th percentile of the compensation data, 2) the comparability of surveyed classifications to RWA job classifications, and 3) RWA experience recruiting and retaining staff in each classification.

IV. Executive Director Compensation

Executive Director compensation is subject to approval of an employment contract by the Board of Directors. The Executive Committee may direct staff to conduct a survey of executive compensation to guide negotiation of the Executive Director employment contract. The conduct, timing, and scope of such a survey will be at the sole discretion of the Executive Committee.
EMPLOYEE COMPENSATION POLICY

It is the intent of the Authority to provide employee compensation (pay and benefits) that is fair and equitable and that is comparable, based upon an employee’s experience, skills and performance consistent with established job descriptions, and with that of similar water and public entities regionally. As a small, professional, management-focused organization, it is the intent of the Authority to provide employee compensation at or above the labor market for the industry and the geographic area. The compensation practices of the Authority will be competitive within the industry and geographical area to attract the most qualified candidates and to minimize turnover of its employees.

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annually, subject to the discretion of the Executive Director, based on evaluation of the employee’s performance and growth in responsibility and/or expertise in performing the work of the position. The Executive Director may move an employee to a higher level classification, based on performance, experience and documented needs of the organization.

Classification pay ranges shall typically be established with a 20% range between the minimum and maximum of the range. Steps will be established within each range to provide guidelines for use in annual budgeting. The Executive Director shall recommend pay ranges for all employment classifications with the Authority, with the exception of the Executive Director position. With the exception of changes cost-of-living adjustments as specified below, changes to the pay scales is subject to review and approval by the Board of Directors.

II. Cost of Living Adjustment (COLA)

The Executive Director will consider the United States Department of Labor’s Consumer Price Index (CPI) for All Western Small Cities (population under 2.5 million) for the 12 months ending in November of each year in developing the proposed budget for the Authority. If the Board approves a budget that includes funding for a cost of living adjustment (COLA), the Executive Director will have the discretion to apply a COLA to all staff salaries, regardless of position within a salary range in the fiscal year for which the budget is adopted.

To avoid penalizing employees at or near the top of the salary range, and to ensure pay ranges remain comparable to the market between compensation surveys, the November CPI will be applied annually on January 1st to adjust the pay ranges. The Executive Director will report the adjusted salary ranges to the Executive Committee at its next regular meeting.

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The Executive Director will use the results of the survey to propose modifications to base rate of pay and/or benefits necessary to achieve the intent of this policy. Proposed pay ranges
should include consideration of such things as 1) the mean, median and 62.5\textsuperscript{th} percentile of the compensation data, 2) the comparability of surveyed classifications to RWA job classifications, and 3) RWA experience recruiting and retaining staff in each classification.

IV. Executive Director Compensation

Executive Director compensation is subject to approval of an employment contract by the Board of Directors. The Executive Committee may direct staff to conduct a survey of executive compensation to guide negotiation of the Executive Director employment contract. The conduct, timing, and scope of such a survey will be at the sole discretion of the Executive Committee.
AGENDA ITEM 3e: CONSENT CALENDAR

BACKGROUND:
Gilbert Associates, Inc. has completed the financial audit for the fiscal year that ended June 30, 2018. The full audit report is attached.

EXECUTIVE COMMITTEE RECOMMENDATION:
Presentation: Peggy Vande Vooren, Gilbert Associates, Inc.

Action: Accept the 2018 RWA Financial Audit Report
# Regional Water Authority

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### June 30, 2018

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INDEPENDENT AUDITOR’S REPORT

Board of Directors
Regional Water Authority
Sacramento, California

Report on the Financial Statements

We have audited the accompanying financial statements of the Regional Water Authority (the Authority) as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the Authority’s basic financial statements as listed in the table of contents.

Management’s Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor’s Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor’s judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity’s preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity’s internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.
Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Regional Water Authority as of June 30, 2018, and the changes in financial position and cash flows for the fiscal year then ended in accordance with accounting principles generally accepted in the United States of America.

Change in Accounting Principle

As discussed in Note 1 to the financial statements, in 2018 the Authority adopted new accounting guidance, GASB Statement No. 75, Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management’s discussion and analysis and the required supplementary information, as listed in the table of contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management’s responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the Authority’s basic financial statements. The supplementary information, as listed in the table of contents, is presented for purposes of additional analysis and is not a required part of the basic financial statements.

The supplementary information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated December 5, 2018, on our consideration of the Authority’s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other
matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the Authority’s internal control over financial reporting and compliance.

GILBERT ASSOCIATES, INC.
Sacramento, California

December 5, 2018
The Regional Water Authority (RWA) promotes collaboration on water management and water supply reliability programs in the greater Sacramento area. The following discussion and analysis of the RWA financial performance provides an overview of the financial activities for the fiscal years ending June 30, 2018 and 2017. This discussion and analysis should be read in conjunction with the financial statements, which can be found on pages 13 to 38 of this report.

Description of Basic Financial Statements

RWA maintains its accounting records in accordance with generally accepted accounting principles for a special-purpose government engaged in business-only type activities as prescribed by the Government Accounting Standards Board. The basic financial statements include the statement of net position, statement of revenues, expenses, changes in net position, and statement of cash flows.

RWA’s statement of net position include all assets, deferred outflows, liabilities, and deferred inflows with the difference reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether RWA’s financial position is improving or deteriorating.

The statement of revenues, expenses, and changes in net position report all of RWA’s revenues and expenses during the periods indicated. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (i.e. interest income, pension expense and amounts due to vendors).

The statement of cash flows shows the amount of cash received and paid out for operating activities, as well as cash received from interest earnings.

Notes to financial statements. The notes provide additional information that is essential to a full understanding of the financial data provided in the financial statements. The notes to the financial statements can be found on pages 16 to 38 of this report.
Condensed Statements of Net Position

For the fiscal years ending June 30, the following condensed comparative Statements of Net Position are presented:

<table>
<thead>
<tr>
<th></th>
<th>2018</th>
<th>2017</th>
<th>Increase/Decrease</th>
<th>% Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>Current Assets</td>
<td>$2,484,247</td>
<td>$6,153,058</td>
<td>$(3,668,811)</td>
<td>(60%)</td>
</tr>
<tr>
<td>Capital Assets</td>
<td>528</td>
<td>3,947</td>
<td>(3,419)</td>
<td>(87%)</td>
</tr>
<tr>
<td>Total Assets</td>
<td>2,484,775</td>
<td>6,157,005</td>
<td>(3,672,230)</td>
<td>(60%)</td>
</tr>
<tr>
<td>Deferred Outflows</td>
<td>369,915</td>
<td>236,571</td>
<td>133,344</td>
<td>56%</td>
</tr>
<tr>
<td>Total Assets and Deferred Outflows</td>
<td>2,854,690</td>
<td>6,393,576</td>
<td>(3,538,886)</td>
<td>(55%)</td>
</tr>
<tr>
<td>Current Liabilities</td>
<td>813,531</td>
<td>4,758,327</td>
<td>(3,944,796)</td>
<td>(83%)</td>
</tr>
<tr>
<td>Non-Current Liabilities</td>
<td>380,437</td>
<td>245,599</td>
<td>134,838</td>
<td>55%</td>
</tr>
<tr>
<td>Total Liabilities</td>
<td>1,193,968</td>
<td>5,003,926</td>
<td>(3,809,958)</td>
<td>(76%)</td>
</tr>
<tr>
<td>Deferred Inflows</td>
<td>190,231</td>
<td>123,424</td>
<td>66,807</td>
<td>54%</td>
</tr>
<tr>
<td>Net Position:</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Invested in capital assets</td>
<td>528</td>
<td>3,947</td>
<td>(3,419)</td>
<td>(87%)</td>
</tr>
<tr>
<td>Restricted</td>
<td>443,603</td>
<td>405,501</td>
<td>38,102</td>
<td>9%</td>
</tr>
<tr>
<td>Unrestricted</td>
<td>1,026,360</td>
<td>856,778</td>
<td>169,582</td>
<td>20%</td>
</tr>
<tr>
<td>Total net position</td>
<td>$1,470,491</td>
<td>$1,266,226</td>
<td>$204,265</td>
<td>16%</td>
</tr>
</tbody>
</table>

_Fiscal Year 2018 Compared to Fiscal Year 2017_

Total current assets have decreased $3,668,811 and reflect a decrease in grant receivables from the prior year by $3,435,115. The June 30, 2018 receivables reflect amounts earned for fulfillment of obligations from these grantees for the Proposition 84 grant, the water energy grant, SRCSD incentives, and the Prop 1 Integrated Regional Water Management (IRWM) grants. The current assets decrease also includes a $235,598 decrease in cash and restricted cash due to using member advances to pay for subscription program activities and returning advances to members, timing of payments to vendors which are partially offset by some increases in assessment income.
The deferred outflows net increase of $133,344 is a result of changes in actuarial estimates from determining the net pension liability and from determining the net other-post employment benefits liability (OPEB). Deferred outflows increased by $192,641 during fiscal year 2018 reflecting implementation of Government Accounting Standards Board Statement (GASB) No. 75 Accounting and Financial Reporting for Postemployment Benefits Other Than Pension (GASB 75). Significant net pension liability changes include a reduction in the discount rate used to estimate the pension liabilities from 7.65 percent to 7.15 percent and a reduction in RWA’s proportionate share of the pension plans net pension liability. These changes resulted in a net decrease of $59,297 in pension plan related deferred outflows.

There was a $3,944,796 decrease in current liabilities in fiscal year 2018 due to a decrease in grants payable of $3,488,520 as a result of paying grants to participants. Accounts payables decreased by $18,571 due to the timing of vendor payments. Subscription program advances decreased by $329,558 reflecting returning $200,000 of fees to members as well as using the fees collected for incurred subscription program expenses. Unearned revenue decreased by $111,143 due to using fees previously collected to pay for the Regional Reliability Program expenses incurred in fiscal year 2018.

RWA’s non-current liability increased by $134,838 due to an increase in the net pension liability as well as a new $92,493 OPEB liability as a result of GASB 75. Unearned revenue has increased by $33,994 due to additional Powerhouse Science center collections in advance of obligations.

The increase of $66,807 in deferred inflows mainly represents $143,437 of unamortized OPEB adjustments caused by timing of when they are reflected in OPEB expense as a result of GASB 75. The increase is partially offset by a $71,159 decrease in pension adjustments also due to the timing of when these adjustments will be reflected in pension expense.

Restricted net position increased by $38,102 due to Water Efficiency Program (WEP) having an increase in their net earnings in excess of expenses in current fiscal year.

Unrestricted net position of $1,026,360 reflects an increase of $169,582, due to net income of $258,786, a portion of which includes the WEP and included in restricted net position. The unrestricted net position has been designated for purposes authorized by the Board. Designations include operating and fee stabilization funds to mitigate current and future risks due to revenue shortfalls and unanticipated expenses.
Condensed Schedule of Revenues, Expenses, and Changes in Net Position

For the fiscal years ending June 30, the following condensed schedules of revenues, expenses, and changes in net position are presented:

<table>
<thead>
<tr>
<th>Operating revenues:</th>
<th>2018</th>
<th>2017</th>
<th>Increase (Decrease)</th>
<th>% Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>Assessment Income</td>
<td>$ 972,713</td>
<td>$ 835,231</td>
<td>$ 137,482</td>
<td>16%</td>
</tr>
<tr>
<td>Subscription Program Fees</td>
<td>878,471</td>
<td>1,248,759</td>
<td>(370,288)</td>
<td>(30%)</td>
</tr>
<tr>
<td>Incentives, Grants and Reimbursements</td>
<td>4,699,626</td>
<td>5,745,315</td>
<td>(1,045,689)</td>
<td>(18%)</td>
</tr>
<tr>
<td>Other Income</td>
<td>15,541</td>
<td>15,669</td>
<td>(128)</td>
<td>(1%)</td>
</tr>
<tr>
<td>Total Operating Revenues</td>
<td>6,566,351</td>
<td>7,844,974</td>
<td>(1,278,623)</td>
<td>(16%)</td>
</tr>
<tr>
<td>Interest Income</td>
<td>32,439</td>
<td>16,647</td>
<td>15,792</td>
<td>95%</td>
</tr>
<tr>
<td>Total Revenues</td>
<td>6,598,790</td>
<td>7,861,621</td>
<td>(1,262,831)</td>
<td>(16%)</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Operating Expenses:</th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Administrative Expenses</td>
<td>1,032,799</td>
<td>966,023</td>
<td>66,776</td>
<td>7%</td>
</tr>
<tr>
<td>Core Program Expenses</td>
<td>50,000</td>
<td>-</td>
<td>50,000</td>
<td>100%</td>
</tr>
<tr>
<td>Subscription Program</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Direct Expenses</td>
<td>2,350,581</td>
<td>1,884,677</td>
<td>465,904</td>
<td>25%</td>
</tr>
<tr>
<td>Grant Awards</td>
<td>2,906,624</td>
<td>4,736,700</td>
<td>(1,830,076)</td>
<td>(39%)</td>
</tr>
<tr>
<td>Total Operating Expenses</td>
<td>6,340,004</td>
<td>7,587,400</td>
<td>(1,247,396)</td>
<td>(16%)</td>
</tr>
<tr>
<td>Increase in Net Position</td>
<td>258,786</td>
<td>274,221</td>
<td>(15,435)</td>
<td>(6%)</td>
</tr>
</tbody>
</table>

| Net Position, July 1, as Previously Reported | 1,266,226 | 992,005   | 274,221           | 28%      |
| Restatement for Change in Accounting Principle | (54,521)   | -         | (54,521)          | (100%)   |
| Net Position, as Restated                    | 1,211,705 | 992,005   | 219,700           | 22%      |

| Net Position, June 30                        | $ 1,470,491| $ 1,266,226| $ 204,265         | 16%      |
Operating Revenues

RWA’s operating revenues are substantially derived from assessment fees, subscription program fees (program fees), and grant awards. Grants and incentives are awarded to RWA from state, federal, or local agencies to fund water related projects and conservation, depending upon the grant program. The following pie charts graphically display the percentages of operating revenues by category:
Fiscal Year 2018 Compared to Fiscal Year 2017

Operating revenues – Operating revenues totaled $6,566,351 and was $1,278,623 lower than the previous year. The decrease is mainly a result of lower grant awards due to completion of some of the multi-year grants.

Assessment fees – The $137,482 increase in assessment fees is due to an 10% increase for the year ended June 30, 2018 for the additional funding of the new water policy position as well as the continued set aside of future payments for the unfunded pension liability.

Subscription Program Fees – During fiscal year 2018, RWA mainly earned subscription program fees from the labor compliance program, the Water Efficiency Program (WEP), the Regional Reliability Plan, the Proposition 50 $25 million Grant Program (Prop 50), the $16 million Proposition 84 Program (Prop 84), the government relations program, the 2014 Integrated Regional Water Management Drought Proposition 84 Grant (2014 Drought Prop 84), the Prop 84 Round 3 grant, the American River Basin (ARB) study and the Landscape Imagery project. Program fees are not expected to be comparable from year to year. The program fees decreased overall by $370,288 mainly due to the United States Bureau of Reclamation (USBR) programs being completed in the prior year and a reduction in fees collected related to the regional reliability program. For the detail of fees earned by program, see the Schedule of Program Revenue, Expenses and Changes in the supplementary section of the financial statements.

Incentive, grants and reimbursements – In fiscal year 2018, RWA earned grant awards from the WEP, 2018 IRWM Update, 2014 Water Energy, 2014 Drought Prop 84, Prop 84, and the Prop 84 Round 3 grants. Two programs contributed largely to the overall $1,045,689 decrease in grant awards:

1) The Prop 84 grant revenue decreased by $2,114,582 in fiscal year 2018. This grant from DWR’s Safe Drinking Water, Water Quality and Supply, Flood Control, River and Coastal Protection Bond Act of 2006 will assist in financing projects associated with the American River Basin Integrated Regional Water Management Plan (IRWMP).

2) The Prop 50 grant revenue decreased by $377,629 in fiscal year 2018. This grant was a joint application with the Freeport Regional Water Authority (FRWA) for $25 million in Proposition 50 grant funds for a package of 14 integrated regional water management projects. These 14 projects include expanding regional conjunctive use facilities, expanding the use of recycled water, and habitat/recreation improvement. Because the Department of Water Resources (DWR) would only execute the funding agreement with one entity, RWA entered into the agreement with DWR and is managing the grant on behalf of the participating agencies. RWA closed out the project and applied for remaining retention balances that were paid out in fiscal year 2018.

The decrease in the above grant revenues was also offset by an increase in grant revenues for the following programs:

1) 2014 Water Energy grant revenue increase of $856,814 for a total of $1,664,730.

2) 2014 Drought grant revenue increase of $463,528 for a total of $1,576,559.

3) RWA Prop 84 round 3 grant revenues increase of $10,661 for a total of $248,887.

4) IRWM update received $106,769 in grant awards from DWR.
Operating expenses – Operating expenses fall into four major categories: administrative expenses, core program expenses, subscription program direct expenses, and grant awards.

Administrative Expenses – Before allocation to Sacramento Groundwater Authority (SGA), total administrative expenses increased by $64,606 from the previous fiscal year which included an additional $122,676 in staffing costs, an increase of $13,057 in office expenses and a decrease of $70,849 in professional fees. The increases in staffing costs were due to hiring a new Legislative and Regulatory Affairs Program Manager. Net expenses after allocation to RWA were higher than the previous year by $66,776 in part due to the increased staffing expenses and in part due to decreased cost allocations to SGA since SGA is paying its own pension related costs, both current and additional payments.

Core Program Expenses – For the year ended June 30, 2018, core expenses increased $50,000 related to the payment for the Powerhouse Science Center exhibits.

Subscription Program Direct Expenses – During fiscal year 2018, RWA incurred subscription program expenses from the core program, WEP, Prop 50, Prop 84 implementation, the government relations program, the 2014 Prop 84 Drought Grant, the Prop 84 Round 3 Grant Program, and the landscape imagery programs. Program expenses are not expected to be comparable from year to year. The program expenses increased overall by $465,905, as follows:

1) The core program subscription direct expenses decreased by $85,035 and include the regional reliability costs of $183,389, labor compliance costs of $26,923, ARB study costs of $17,624, and $104,800 for the 2018 IRWM update this year.

2) The government relations program increased by $15,000 for a total of $135,000 in consulting costs during the fiscal year ended June 30, 2018.

3) The 2014 Water-Energy grant expenses of $1,593,014 increased by $762,402 due to increased program work conducted by the consultant.

4) The WEP administration costs of $231,041 increased by $59,593 and represents administering public outreach about water saving and awareness.

5) The landscape imagery project had consulting costs of $55,940 during 2018.

6) The USBR had a decrease of $204,837 in USBR costs related to program completion in the prior year.

7) The Prop 84 Round 3 had a decrease of $132,841.

Grant Awards – In fiscal year 2018, RWA earned grant awards from the WEP, Prop 84, and the 2014 Drought Prop 84 program and the P84 Round 3 grants. The activity and payments vary on these grants and year to year comparability is not expected. These programs contributed largely to the overall $1,830,076 decrease in grant awards expense:

1) The Prop 84 $16 million grant award is in the sixth year of this program. There was $735,071 in eligible costs that were incurred by the participants for grant reimbursement which reflects a decrease in grant awards of $2,114,582.
2) The Prop 50 grant was completed in fiscal year 2017, contributing to a decrease in grant awards of $377,628.

3) The 2014 drought grant started in fiscal year 2015. Grant distributions increased in fiscal year 2018 by $462,028 for a total of $1,561,500.

4) The Prop 84 Round 3 grant increased $198,049 for a total of $244,137.

Capital Assets

Capital asset investment includes office furniture, equipment, website development, and leasehold improvements. The decline in capital assets reflects annual depreciation.

Additional information on the capital assets can be found in Note 3 of this report.

<table>
<thead>
<tr>
<th></th>
<th>2018</th>
<th>2017</th>
<th>Increase/Decrease</th>
<th>% Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>Furniture</td>
<td>$14,464</td>
<td>$14,464</td>
<td>$ -</td>
<td>-</td>
</tr>
<tr>
<td>Equipment</td>
<td>17,307</td>
<td>17,307</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Website Development</td>
<td>15,604</td>
<td>15,604</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Leasehold Improvements</td>
<td>17,951</td>
<td>17,951</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Gross Capital Assets</td>
<td>65,326</td>
<td>65,326</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Less Accumulated Depreciation</td>
<td>(64,798)</td>
<td>(61,379)</td>
<td>(3,419)</td>
<td>6%</td>
</tr>
<tr>
<td>Net Capital Assets</td>
<td>$528</td>
<td>$3,947</td>
<td>(3,419)</td>
<td>(87%)</td>
</tr>
</tbody>
</table>

Economic factors and assumptions for fiscal year June 30, 2019

Periodically, RWA outlines goals and objectives to assist its members in collaborating on programs that will protect and enhance the quality and reliability of the region’s water supplies. These goals and objectives drive the annual budget process. The following economic factors and assumptions affected the budget for fiscal year June 30, 2019.

1) A total 4% increase on general and associate membership fees is proposed 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 (PSC) reflects five years of collection of funds with fiscal year 2019 as the final year, to be paid to PSC over 15 years.

6) Other revenues represent interest income and holiday social revenues.

7) The core program budgets for all staffing positions. 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.

8) Staff salaries are within ranges assigned by the 2017 total compensation survey and reflect a possible 4% increase for merit plus 3% COLA. Beginning in fiscal year 2019, staff will pay the full 7% employee share of their pension contributions.

9) 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.

10) RWA continues to plan for additional CalPERS pension payments for the unfunded liability.

11) Office cost increases are based upon estimated increases in fiscal year 2019.

12) Professional fees include higher audit, accounting and actuarial analysis fees due to the reporting requirement for GASB Statement No. 68, Accounting and Financial Reporting for Pensions (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.

13) Core project expenses include costs associated with the Powerhouse Science Center partnership.

14) Combined core and subscription expenses versus revenues net a projected decrease in cash out flow of approximately $548,500, largely due to the subscription program. Many subscription program expenses will be funded from previously collected funds which have been set aside for this purpose.

15) Changes to membership are not anticipated, including any decline due to agency consolidations or nonparticipation.

Requests for Information

This financial report is designed to provide a general overview of RWA's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to Finance and Administrative Services Manager, Regional Water Authority, 5620 Birdcage Street, Suite 180, Citrus Heights, CA 95610.
## ASSETS

Current Assets
- Cash and Investments $1,018,426
- Restricted Cash and Investments $1,017,327
- Grants/Incentives Receivable 298,963
- Accounts Receivable 29,832
- Receivable from Sacramento Groundwater Authority 95,733
- Other Assets 23,966
- **Total Current Assets** 2,484,247
- Capital Assets, Net 528
- **Total Assets** 2,484,775

## DEFERRED OUTFLOWS

- Pension 177,274
- Other Post Employment Benefits (OPEB) 192,641
- **Total Deferred Outflows** 369,915

## TOTAL ASSETS AND DEFERRED OUTFLOWS

2,854,690

## LIABILITIES

Current Liabilities
- Accounts Payable and Accrued Liabilities 259,935
- Compensated Absences 67,080
- Grants Payable 43,544
- Subscription Program Advances 417,972
- Unearned Revenue 25,000
- **Total Current Liabilities** 813,531

Non-Current Liabilities
- Compensated Absences 2,800
- Net Pension Liability 154,391
- Net OPEB Liability 92,493
- Unearned Revenue 130,753
- **Total Non-Current Liabilities** 380,437

**Total Liabilities** 1,193,968

## DEFERRED INFLOWS

- Rent 912
- Unamortized Pension Adjustments 45,882
- Unamortized OPEB Adjustments 143,437
- **Total Deferred Inflows** 190,231

## NET POSITION

- Net Investment in Capital Assets 528
- Restricted 443,603
- Unrestricted 1,026,360
- **Total Net Position** $1,470,491

*The accompanying notes are an integral part of these financial statements.*
REGIONAL WATER AUTHORITY

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
FOR THE YEAR ENDED JUNE 30, 2018

OPERATING REVENUES:
Assessment Income $ 972,713
Subscription Program Fees 878,471
Incentives, Grants, and Reimbursements 4,699,626
Other Income 15,541
Total Operating Revenues 6,566,351

OPERATING EXPENSES:
Administrative Expenses 1,032,799
Core Program Expenses 50,000
Subscription Program Direct Expenses 2,350,581
Grant Awards 2,906,624
Total Operating Expenses 6,340,004

OPERATING INCOME 226,347

OTHER INCOME:
Interest Income 32,439

INCREASE IN NET POSITION 258,786

Net Position, Beginning of Year, as Previously Reported 1,266,226
Restatement for Change in Accounting Principle (54,521)
Net Position, Beginning of Year, as Restated 1,211,705

NET POSITION, End of Year $ 1,470,491

The accompanying notes are an integral part of these financial statements.
CASH FLOWS USED BY OPERATING ACTIVITIES:
- Cash received from members and participants $1,438,600
- Cash received from SGA $479,815
- Cash received from grants and other sources $8,150,282
- Cash paid to employees, related benefits and taxes (1,173,558)
- Cash paid to suppliers (2,759,790)
- Cash paid to subscription program participants (6,395,144)
  Net Cash Used by Operating Activities (259,795)

CASH FLOWS FROM INVESTING ACTIVITIES:
- Interest on cash 24,197

NET DECREASE IN CASH AND CASH EQUIVALENTS (235,598)

CASH AND CASH EQUIVALENTS, Beginning of Year 2,271,351

CASH AND CASH EQUIVALENTS, End of Year $2,035,753

RECONCILIATION OF CASH AND CASH EQUIVALENTS TO THE BALANCE SHEET:
- Cash and investments $1,018,426
- Restricted cash and investments 1,017,327
  $2,035,753

RECONCILIATION OF INCOME FROM OPERATIONS TO NET CASH USED BY OPERATING ACTIVITIES:
- Operating income $226,347
- Adjustments to reconcile operating income to net cash used by operating activities:
  - Depreciation 3,419
  - Change in operating assets and liabilities:
    - Grants receivable 3,435,115
    - Accounts receivable (5,877)
    - Receivable from SGA 5,273
    - Other assets 6,943
    - Accounts payable and accrued liabilities (18,571)
    - Compensated absences 4,496
    - Grants payable (3,488,520)
    - Subscription program advances (329,558)
    - Net pension liability (5,011)
    - Net OPEB liability (11,231)
    - Unearned revenue (77,149)
    - Deferred inflows - rent (5,471)
  Net cash used by operating activities (259,795)

The accompanying notes are an integral part of these financial statements.
1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

**Description of Reporting Entity** – Regional Water Authority (RWA) was formed under a Joint Exercise of Powers Agreement on March 20, 1990 under the previous name of the Sacramento Metropolitan Water Authority. The members of RWA are governmental units in and around the greater Sacramento area of the State of California. RWA also has associate memberships that include public or private entities with water management responsibilities and who are not municipal water suppliers in this region. Lastly, RWA has an affiliate membership class with the purpose to promote communication between water managers and the community and to support RWA’s efforts to educate and inform the public. The mission of RWA is to serve and represent regional water supply interests and assist Regional Water Authority members with protecting and enhancing the reliability, availability, affordability and quality of water resources. RWA promotes regional cooperative projects that will provide reliable long-term water supplies in a cost-effective manner for the benefit of RWA’s membership, rate-payers and consumers.

RWA is governed by a board comprised of two representatives from each of the member agencies. The representatives are appointed by the member agencies.

**Basis of Accounting** – For financial reporting purposes, RWA is considered a special-purpose government engaged in business-only type activities. Accordingly, RWA’s financial statements have been presented using the economic resources measurement focus and the accrual basis of accounting. Under the accrual basis, revenues are earned when services are performed and expenses are recorded when an obligation has been incurred.

Operating revenues and expenses are generated and funded through assessments from member agencies, associate and affiliate organizations, and subscription revenues from program participants on a cost reimbursement basis. Additionally, RWA may receive grant awards from federal, state or local agencies. Grants managed on behalf of program participants, administration and depreciation expenses are also considered operating activities. Other revenues and expenses not included in the above categories are reported as non-operating revenues and expenses. Administrative expenses are allocated to subscription programs based upon budgeted allocation agreements and based upon staffing resources used.

**New Pronouncements** – For the year ended June 30, 2018, RWA has adopted Governmental Accounting Standards Board (GASB) Statement No. 75 (GASB No. 75), *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions* (OPEB), replacing the requirements of GASB Statement No. 45. GASB No. 75 requires governments that are responsible for OPEB liabilities related to their own employees to report a net OPEB liability on the face of the financial statements, which is the difference between the total OPEB liability and assets accumulated in the trust. Additionally, in the year of adoption, a restatement to net position is made due to implementation of GASB No. 75 as a result of a change in accounting principle. The beginning of the year restatement at July 1, 2017 is as follows:

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Decrease in Net Position</td>
<td>$ 54,521</td>
</tr>
<tr>
<td>Increase in Deferred Outflows</td>
<td>$ 72,745</td>
</tr>
<tr>
<td>Net OPEB Liability</td>
<td>$ 127,266</td>
</tr>
</tbody>
</table>
Future Pronouncements – GASB Statement No. 87 (GASB No. 87), Leases which establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset and is effective for reporting periods beginning after December 15, 2019. Management is currently evaluating the impact of this new GASB statement.

Use of Estimates – The preparation of financial statements in conformity with generally accepted accounting principles requires estimates and assumptions that affect the reported amounts of assets, deferred outflows, liabilities, and deferred inflows, the disclosure of contingent assets, deferred outflows, liabilities, and deferred inflows at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Cash and Cash Equivalents – For purposes of the statement of cash flows, RWA considers all highly liquid investments with an original maturity of three months or less when purchased to be cash equivalents.

Cash and Investments – RWA participates in an investment pool managed by the State of California, the Local Agency Investment Fund (LAIF), which has invested a portion of the pool funds in structured notes and asset-backed securities.

Capital Assets – Capital assets, consisting of furniture, website development costs, office equipment and leasehold improvements in excess of $2,500 per unit acquired after May 17, 2012, with useful lives of more than one year are stated at historical cost and are included in the financial statements. Before May 17, 2012, assets in excess of $500 with useful lives of more than one year were capitalized at historical cost. Routine repairs and maintenance are charged to operating expenses in the year the expense is incurred. RWA provides for depreciation using the straight-line method over the estimated useful lives of the assets, which is typically five years or over the lease term for leasehold improvements.

Compensated Absences – Compensated absences are accrued and reported as a liability in the period earned. Amounts payable are included in the Statement of Net Position. RWA’s policy provides vacation leave to employees at a rate of 12 to 25 days per year based upon the number of years of employment and is considered earned on a pro-rata basis for each payroll period. Unused earned vacation leave is paid to employees upon separation. Total vacation hours are accrued and capped at 45 days. Vacation leave will resume accrual once the employee’s accrued time is less than 45 days. Sick leave accrues at a rate of eight hours per calendar month and is capped at 480 hours per employee. Upon termination of employment, the employee’s remaining accrued but unused sick leave will be credited to additional service credit for the California Public Employee Retirement System program (CalPERS) to the extent permitted under the CalPERS-Authority contract and CalPERS law. The Authority does not accrue for unused sick leave since it is not paid out upon termination.

Net Pension Liability and Related Balances – For purposes of measuring the net pension liability, deferred outflows and inflows of resources related to pensions, and pension expense, information about the fiduciary net position and additions to/deductions from the fiduciary net position have been determined on the same basis as they are reported by the California Public Employees’ Retirement System (CalPERS) Financial Office. For this purpose, benefit payments (including refunds of employee contributions) are recognized when currently due and payable in accordance with the benefit terms. Investments are reported at fair value by CalPERS and not reported by RWA.
CalPERS audited financial statements are publicly available reports that can be obtained at CalPERS' website under Forms and Publications (www.calpers.ca.gov). Reported results pertain to liability and asset information within the following defined timeframes:

Valuation Date (VD)       June 30, 2016  
Measurement Date (MD)     June 30, 2017  
Measurement Period (MP)   July 1, 2016 to June 30, 2017

Net Other Post-Employment Benefits (OPEB) Liability – For purposes of measuring the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of RWA's plan (OPEB Plan) and additions to/deductions from the OPEB Plan's fiduciary net position have been determined on the same basis. For this purpose, benefit payments are recognized when currently due and payable in accordance with the benefit terms. Investments are reported at fair value. Generally accepted accounting principles require that the reported results must pertain to liability and asset information within certain defined timeframes. For this report, the following timeframes are used:

Valuation Date       June 30, 2017  
Measurement Date     June 30, 2017  
Measurement Period   July 1, 2016 to June 30, 2017

Deferred Outflows and Inflows – Deferred outflows of resources is a consumption of net position by RWA that is applicable to a future period and deferred inflows of resources is an acquisition of net position that is applicable to a future reporting period. Both deferred inflows and outflows of resources are reported in the statements of net position, but are not recognized in the financial statements as revenues and expenses until the period(s) to which they relate. See Note 5 for further details related to the pension deferred outflows and inflows. See Note 6 for additional details related to the OPEB related deferred outflows and inflows.

Subscription Program Advances – Program revenue received in advance of subscription-based program costs are recognized as advances. The purpose of these advances is to pay for subscription-based program costs not paid for by grant awards or to provide a cash flow bridge for grant expenses paid for in advance of grant awards received. These advances will be recognized as revenues as program costs are incurred over the life of the projects. Subscription-based programs often straddle multiple fiscal years. At the completion of the subscription-based program, any unused portion of these fees is typically returned to participants. For the year ended June 30, 2018, the advances by subscription programs are as follows:

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Direct Install</td>
<td>$200,000</td>
</tr>
<tr>
<td>Lobbying Subscription Program</td>
<td>86,806</td>
</tr>
<tr>
<td>Prop 84 Program management</td>
<td>68,478</td>
</tr>
<tr>
<td>2014 Drought PM</td>
<td>29,482</td>
</tr>
<tr>
<td>Prop 84 R3 Program management</td>
<td>17,964</td>
</tr>
<tr>
<td>Prop. 50 - $25 million grant</td>
<td>8,593</td>
</tr>
<tr>
<td>WEP Prop 84 R3 Program management</td>
<td>6,272</td>
</tr>
<tr>
<td>ARB Study</td>
<td>377</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>$417,972</strong></td>
</tr>
</tbody>
</table>
Unearned Revenue – Monies received as assessments relating to subsequent years and received in advance are recorded as unearned revenue. Unearned revenue is comprised of the following at June 30, 2018:

| Description                  | Amount  
|------------------------------|---------
| Powerhouse Science Center    | $155,753 |
| Less: Current Portion        | $25,000 |
|                              | $130,753 |

The unearned revenue relates to the Powerhouse Science Center water exhibit agreement which represents amounts collected from members but not yet remitted to Powerhouse Science Center.

Net Position – RWA’s net position is classified into the following categories:

Net investment in capital assets: Furniture and equipment, net of accumulated depreciation.

Restricted: Represents net position which consists of constraints placed on net asset use through external requirements imposed by creditors, grantors, members, or laws and regulations of other governments or constraints by law through enabling legislation. A portion of net assets have been restricted based upon subscription contractual provisions. The restrictions by contract represent fees by participants in excess of program costs for the specific program. These funds are restricted for the intended program by contract. Expenses to administer these programs will use these restricted funds. Restricted net position consists of cumulative Water Efficiency Program fees in excess expenses incurred of $443,603.

Unrestricted: Funds not subject to any outside legal restrictions on use of these funds and may be designated for use by management or the Board.

Non-exchange Transactions – The grant awards and incentives received by RWA are considered voluntary non-exchange transactions since these awards and incentives are entered into willingly by the grantors and RWA. In the non-exchange transactions, RWA receives value (benefit) from another party (the grantor) without directly giving equal value in exchange.

Typically, RWA has administrative oversight in distributing these grant and incentive proceeds to program participants. All current grant agreements offer grant awards on a reimbursement basis once allowable costs have been incurred under the program. These requirements must be met in advance of applying for and receiving the funds from the grantors. RWA recognizes revenues and receivables when all applicable eligibility requirements have been met.

Additionally, RWA simultaneously recognizes a grant award expense and grants payable for these grant awards since RWA then will reimburse participating agencies when the actual cash is received. To the extent RWA receives the allowable cost information from the participating agencies in a timely manner, recognition of receivables and revenues are not delayed pending completion of purely routine requirements, such as the filing of claims for allowable costs under a reimbursement program or the filing of progress reports with the provider.
REGIONAL WATER AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2018

Assessment Income – Each of the member water districts, cities and service districts pay yearly assessments to RWA based on the number of retail water connections each provides. During 2018, the minimum assessment was $5,847 and a maximum assessment was $67,811, not including the special assessment related to the Powerhouse Science Center.

Non-voting associate members pay an annual fee equal to 0.1% of the entity’s annual operating budget, rounded to the next even thousand dollars, with a maximum annual fee of $12,900 per year, subject to adjustments from time to time by the RWA Board. Lastly, RWA affiliates pay an annual fee of $750 per year.

During fiscal year ended June 30, 2018, RWA also assessed for the Powerhouse Science Center water exhibits that RWA will sponsor. The assessments will vary by member, with a total annual collection of approximately $60,000 from members. Fiscal year 2019 will be the final year of collections for the Powerhouse Science Center.

Subscription Program Fees – On a subscription basis, RWA provides a water conservation program, media, grant writing, and program and grant administration assistance to certain program participants over and above the core RWA services. Program participants who benefit from these activities reimburse RWA for their share of direct costs and related administrative overhead. For grant and program administration, RWA invoices program revenue in advance to program participants. Amounts received in advance, but not yet earned by RWA for these activities are recorded as subscription program advances in the financial statements.

Grant Revenue – RWA coordinates grant applications among program participants and then administers these grant awards. Typically, the program participants incur the expenses and make payments to vendors and request reimbursement for these expenses from RWA. During fiscal year 2018, the Prop 84 grant also funded WEP incurred expenses. RWA has administrative grant responsibilities and submits the grant reimbursement requests to the grantor. The grant reimbursements are recorded in the financial statements as grants revenue and grants receivable. The amounts payable to the program participants and the related expenses are presented in the financial statements as grant awards and grants payable to member agencies.

Related Parties – RWA invoices the Sacramento Groundwater Authority (SGA) for management services and common office costs. SGA was created in 1998 under another Joint Exercise of Powers Agreement. Many of the member agencies of RWA are also member agencies of SGA. Under an Administrative Services Agreement, SGA and RWA are equally responsible for all costs incurred to operate the joint office. Expenses paid on SGA’s behalf by RWA were $474,542 for the year ended June 30, 2018. The Statement of Revenues, Expenses, and Changes in Net Position reflect the net expenses of RWA after reimbursement by SGA. The Statement of Cash Flows reflects the cash payments from SGA as well as all expenses paid by RWA to employees and suppliers.

If capital asset acquisitions benefit both organizations, the costs are shared 50/50 between both organizations. Acquired assets are owned 50% by RWA and 50% by SGA, unless the asset specifically benefits only one agency. During the year 2012, RWA incurred $38,296 in office remodel costs, using lease incentives. The accounting treatment of the lease incentive is reflected as deferred inflows for RWA (see Note 8). RWA also recorded a receivable from SGA for 50% of the acquisition costs of the related office remodel. SGA owes 50% of the acquisition cost to RWA and RWA owes 50% of the lease incentive to SGA. RWA will amortize this SGA receivable over the life of the lease by offsetting deferred inflows related to rent for SGA’s portion of the lease incentive.
2. CASH AND INVESTMENTS

Cash and investments on the Statement of Net Position consist of the following at June 30, 2018:

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash and Investments</td>
<td>$1,018,426</td>
</tr>
<tr>
<td>Restricted Cash and Investments</td>
<td>1,017,327</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>$2,035,753</strong></td>
</tr>
</tbody>
</table>

Cash and investments balance at June 30, 2018 consist of the following:

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Deposits with financial institutions</td>
<td>$157,817</td>
</tr>
<tr>
<td>Investments in LAIF</td>
<td>1,877,936</td>
</tr>
<tr>
<td><strong>Total cash and investments</strong></td>
<td><strong>$2,035,753</strong></td>
</tr>
</tbody>
</table>

**Investments Authorized by RWA’s Investment Policy**

RWA’s investment policy authorizes investments in the local government investment pool administered by the State of California (LAIF). RWA is a voluntary participant in LAIF that is regulated by the California Government Code under oversight by the Local Investment Advisory Board, which consists of five members as designated by state statute. The fair value of RWA’s investment in this pool is reported in the accompanying financial statements at amounts based upon the RWA’s pro-rata share of the fair value provided by LAIF for the entire LAIF portfolio (in relation to the amortized cost of that portfolio). The balance available for withdrawal is based on the accounting records maintained by LAIF, which are recorded on an amortized cost basis. The total fair value of all public agencies invested in the LAIF at June 30, 2018 was $22,548,942,230. The LAIF balance is a part of the California Pooled Money Investment Account (PMIA) and includes the Surplus Money Investment Fund and the General Fund. The total fair value of all public agencies invested in PMIA at June 30, 2018 is $88,798,232,977. For information on the types of investments made by LAIF, refer to the State of California Treasurer’s separately issued investment reports. Copies of these investment reports may be obtained by calling (916) 653-3001, by writing to LAIF, 915 Capitol Mall, Room 106, Sacramento, CA 95814, or by logging on to the treasurer’s website at www.treasurer.ca.gov/pmia-laif/reports/monthly.asp.

The investment policy does not contain any specific provisions to limit RWA’s exposure to interest rate risk, credit risk and concentration of credit risk.
Disclosures Relating to Interest Rate Risk

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, an investment’s sensitivity to the changes in market interest rates increases as the length of maturity increases. The average maturity of the investments in the LAIF investment pool on June 30, 2018 was approximately 193 days.

Disclosures Relating to Credit Risk

Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This risk is measured by the assignment of a rating by a nationally recognized statistical rating organization. LAIF does not have a rating provided by a nationally recognized statistical rating organization.

Concentration of Credit Risk

LAIF has a separate investment policy, governed by Government Code Sections 16480-16481.2 that provides credit standards for its investments. RWA has 92% of its cash invested in LAIF for the year ended June 30, 2018.

Custodial Credit Risk

Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover its deposits or will not be able to recover collateral securities that are in possession of an outside party. The California Government Code and RWA’s investment policy do not contain legal or policy requirements that would limit the exposure to custodial credit risk for deposits, other than the California Government Code requires that a financial institution secure deposits made by state or local governmental units by pledging securities in an undivided collateral pool held by a depository regulated under state law. The market value of the pledged securities in the collateral pool must equal at least 110% of the total amount deposited by the public agencies. Custodial credit risk does not apply to a local government’s indirect investment in securities through the use of mutual funds or government investment pools such as LAIF.

At June 30, 2018, RWA’s bank balance was $226,839. The RWA bank balance is covered 100% by FDIC insurance up to $250,000.

Restricted Cash

Restricted cash represents cash received by RWA for subscription-based program revenue restricted in use for these programs. The restriction is based upon contractual agreements on how to use the advanced program revenues. Additionally, the amount received in advance of payment to the Powerhouse Science Center has been restricted for its intended use of future contractual payments.
As of June 30, 2018 restricted cash by program is as follows:

<table>
<thead>
<tr>
<th>Program</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Water Efficiency Program</td>
<td>$443,603</td>
</tr>
<tr>
<td>Direct Install</td>
<td>$200,000</td>
</tr>
<tr>
<td>Powerhouse Science Center</td>
<td>$155,753</td>
</tr>
<tr>
<td>Lobbying Subscription Program</td>
<td>$86,806</td>
</tr>
<tr>
<td>Prop 84 Program Management</td>
<td>$68,478</td>
</tr>
<tr>
<td>2014 Drought Program Management</td>
<td>$29,482</td>
</tr>
<tr>
<td>Prop 84 Round 3 Program Management</td>
<td>$17,964</td>
</tr>
<tr>
<td>Prop. 50 - $25 Million grant</td>
<td>$8,593</td>
</tr>
<tr>
<td>WEP Prop 84 3 Program management</td>
<td>$6,272</td>
</tr>
<tr>
<td>ARB Study</td>
<td>$376</td>
</tr>
</tbody>
</table>

Total Restricted Cash $1,017,327

3. CAPITAL ASSETS

A summary of the capital assets at cost is as follows for the year ended June 30:

<table>
<thead>
<tr>
<th></th>
<th>Balance</th>
<th>Increases</th>
<th>Decreases</th>
<th>Balance</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>June 30, 2017</td>
<td></td>
<td></td>
<td>June 30, 2018</td>
</tr>
<tr>
<td>Furniture</td>
<td>$14,464</td>
<td>$</td>
<td>$</td>
<td>$14,464</td>
</tr>
<tr>
<td>Office Equipment</td>
<td>17,307</td>
<td>-</td>
<td>-</td>
<td>17,307</td>
</tr>
<tr>
<td>Website Development</td>
<td>15,604</td>
<td>-</td>
<td>-</td>
<td>15,604</td>
</tr>
<tr>
<td>Leasehold Improvements</td>
<td>17,951</td>
<td>-</td>
<td>-</td>
<td>17,951</td>
</tr>
<tr>
<td>Total</td>
<td>65,326</td>
<td>-</td>
<td>-</td>
<td>65,326</td>
</tr>
<tr>
<td>Less accumulated depreciation</td>
<td>(61,379)</td>
<td>(3,419)</td>
<td>-</td>
<td>(64,798)</td>
</tr>
<tr>
<td>Capital Assets, Net</td>
<td>$3,947</td>
<td>$(3,419)</td>
<td>-</td>
<td>$528</td>
</tr>
</tbody>
</table>
REGIONAL WATER AUTHORITY

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2018

4. OPERATING LEASE COMMITMENTS

Office Lease

RWA is obligated under an operating lease agreement for office space. RWA’s rental expense was $19,497 for the year ended June 30, 2018. Subsequent to June 30, 2018, RWA renewed its office lease through September 2023. These new lease payment terms are reflected below. Minimum lease payments are as follows:

<table>
<thead>
<tr>
<th>Year Ending June 30,</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>2019</td>
<td>$ 31,112</td>
</tr>
<tr>
<td>2020</td>
<td>32,340</td>
</tr>
<tr>
<td>2021</td>
<td>35,035</td>
</tr>
<tr>
<td>2022</td>
<td>35,574</td>
</tr>
<tr>
<td>2023</td>
<td>35,574</td>
</tr>
<tr>
<td>Thereafter</td>
<td>5,929</td>
</tr>
<tr>
<td><strong>Total minimum lease payments</strong></td>
<td><strong>$ 175,564</strong></td>
</tr>
</tbody>
</table>

The difference between the rental expense and rental payments reflects amortization of the lease incentives. See Note 8 for additional information.

Copier Lease

RWA entered into an operating lease agreement during fiscal year 2015 for a copier. The monthly lease payment is $241, including taxes. RWA incurred $2,892 in rental expense for the year ended June 30, 2018.

Minimum lease payments are as follows:

<table>
<thead>
<tr>
<th>Year Ending June 30,</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>2019</td>
<td>$ 2,892</td>
</tr>
<tr>
<td>2020</td>
<td>1,928</td>
</tr>
<tr>
<td><strong>Total minimum lease payments</strong></td>
<td><strong>$ 4,820</strong></td>
</tr>
</tbody>
</table>

5. EMPLOYEE PENSION PLANS

Plan Description

RWA participates in a public agency cost-sharing multiple-employer defined benefit pension plan (the Plan) administered by California Public Employees’ Retirement System (CalPERS). Since RWA has less than 100 active members as of the June 30, 2017 (the measurement date), qualified employees are covered under the Miscellaneous 2% at 55 Risk Pool. CalPERS acts as a common investment and administrative agent for participating public entities within the State of California.
CalPERS issues a publicly available financial report that includes financial statements and required supplementary information for this plan. This report is available online at www.calpers.ca.gov.

The California Legislature passed and the Governor signed the “Public Employees’ Pension Reform Act of 2013” (PEPRA) on September 12, 2012. PEPRA contained a number of provisions intended to reduce future pension obligations. PEPRA primarily affects new pension plan members who are enrolled for the first time after December 2012. Benefit provisions and other requirements are established by State statute. None of the RWA employees were hired after January 1, 2013 that would participate in the PEPRA plan. The miscellaneous plan is closed to new employees unless the new employee is considered a classic member as defined by PEPRA.

Benefits Provided

The benefits for the Plan are established by contract with CalPERS, in accordance with the provisions of the California Public Employees’ Retirement Law (PERL). The benefits are based on members’ years of service, age, final compensation, and benefit formula. Benefits are provided for disability, death, and survivors of eligible members or beneficiaries. To be eligible for service retirement, members must be at least 50 and have a minimum of five years of CalPERS-credited service. Under the PEPRA plan, members after January 1, 2013 must be at least 52.

Contributions

Section 20814(c) of the PERL requires employer contribution rates for all public employers are determined on an annual basis by the actuary and are effective on the July 1 following notice of a change in the rate. The total plan contributions are determined through the CalPERS’ annual actuarial valuation process. For public agency cost-sharing plans covered by the Miscellaneous risk pool, the Plan’s actuarially determined rate is based on the estimated amount necessary to pay the Plan’s allocated share of the risk pool’s costs of benefits earned by employees during the year, and any unfunded accrued liability. RWA is required to contribute the difference between the actuarially determined rate and the contribution rate of employees. The required contribution rate for the June 30, 2017 measurement period is 9.055%.

Employer contributions rates may change if plan contracts are amended. RWA makes a portion of the contributions required of employees on their behalf and for their account. For the year ended June 30, 2018, the employer required contribution to the plan was $49,160. RWA also made additional non-required employer pension contributions of $42,000 for the year ended June 30, 2018 towards payment of its unfunded liability.

Pension Liabilities, Pension Expense and Deferred Outflows/Inflows of Resources Related to Pensions

RWA’s net pension liability (NPL) for the Plan is measured as the proportionate share of the NPL. The NPL of the Plan is measured as of June 30, 2017 for the year ended June 30, 2018. The total pension liability (TPL) used to calculate the NPL was determined by an actuarial valuation as of June 30, 2016 rolled forward to June 30, 2017 using standard update procedures. As of June 30, 2018, RWA’s proportionate share of the Plan’s NPL was $154,391.
Using RWA’s individual employer rate plan’s share of the risk pool TPL and Fiduciary Net Position (FNP), the proportionate shares of the TPL and FNP at the measurement date are determined for RWA by the actuary for the June 30, 2017 measurement date. The following table shows RWA’s employer allocation factors for the Plan as of the measurement dates for June 30:

<table>
<thead>
<tr>
<th>2017:</th>
<th>Plan</th>
</tr>
</thead>
<tbody>
<tr>
<td>Proportion - June 30, 2017</td>
<td>.003917%</td>
</tr>
<tr>
<td>Proportion - June 30, 2016</td>
<td>.004247%</td>
</tr>
<tr>
<td>Change - decrease</td>
<td>(.000330)%</td>
</tr>
</tbody>
</table>

For the measurement period ended June 30, 2017, RWA incurred a pension expense of $86,419.

At June 30, the deferred outflows of resources related to pensions from the following sources:

<table>
<thead>
<tr>
<th>2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>Contributions after measurement date</td>
</tr>
<tr>
<td>Difference between actual and expected experience</td>
</tr>
<tr>
<td>Changes in assumptions</td>
</tr>
<tr>
<td>Net difference between projected and actual earnings on plan investments</td>
</tr>
<tr>
<td>Adjustments due to differences in proportions</td>
</tr>
</tbody>
</table>

$177,274

The $91,160 reported as deferred outflows of resources related to employer contributions after the measurement date will be recognized as a reduction of the NPL for the year ended June 30, 2019.

At June 30, the deferred inflow of resources related to pensions from the following sources:

<table>
<thead>
<tr>
<th>2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>Difference between actual and expected experience</td>
</tr>
<tr>
<td>Changes in assumptions</td>
</tr>
<tr>
<td>Differences between employer contributions and the employer's proportionate share of contributions</td>
</tr>
<tr>
<td>Adjustments due to differences in proportions</td>
</tr>
</tbody>
</table>

$45,882
Amounts reported as deferred outflows and deferred inflows of resources related to pension will be recognized in future pension expense as follows:

<table>
<thead>
<tr>
<th>Measurement Period Ended June 30:</th>
<th>Deferred Outflows/ (Inflows) of Resources</th>
</tr>
</thead>
<tbody>
<tr>
<td>2018</td>
<td>$3,397</td>
</tr>
<tr>
<td>2019</td>
<td>25,647</td>
</tr>
<tr>
<td>2020</td>
<td>20,091</td>
</tr>
<tr>
<td>2021</td>
<td>(8,903)</td>
</tr>
</tbody>
</table>

**Actuarial Assumptions**

For the measurement period ended June 30, 2017, the TPL was determined by rolling forward the June 30, 2016 results. The June 30, 2017 TPL was based on the following actuarial methods and assumptions:

**Actuarial Cost Method**

<table>
<thead>
<tr>
<th>Actuarial Assumptions:</th>
<th>Entry-Age Normal</th>
</tr>
</thead>
<tbody>
<tr>
<td>Discount Rate</td>
<td>7.15%</td>
</tr>
<tr>
<td>Inflation</td>
<td>2.75%</td>
</tr>
<tr>
<td>Salary Increases</td>
<td>Varies by Entry Age and Service</td>
</tr>
<tr>
<td>Mortality Rate Table(^{(1)})</td>
<td>Derived using CalPERS' Membership data for all Funds</td>
</tr>
<tr>
<td>Post Retirement Benefit Increase</td>
<td>Contract COLA up to 2.75% until Purchasing Power Protection Allowance Floor on Purchasing Power applies, 2.75% thereafter</td>
</tr>
</tbody>
</table>

\(^{(1)}\) The mortality table used was developed based on CalPERS' specific data. The table includes 20 years of mortality improvements using Society of Actuaries Scale BB.

**Changes in Assumptions**

For the measurement period ended June 30, 2017, the financial reporting discount rate for the Plan decreased from 7.65% to 7.15%. Deferred outflows of resources for the change in assumptions represent the unamortized portion of this assumption change.

**Discount Rate**

The discount rate used to measure the total pension liability at June 30, 2017 (the measurement date) was 7.15% and reflects the long-term expected rate of return for the Plan net of investment expenses and without reduction of administrative expenses. To determine whether the municipal bond rate should be used in the calculation of a discount rate, CalPERS stress tested plans that would most likely result in a discount rate that would be different from the actuarially assumed discount rate. Based on the testing, none of the tested plans run out of assets. Therefore, the discount rate is adequate and the use of the municipal bond rate calculation is not necessary. The long term expected investment rate of return on pension investments was applied to all periods of projected benefit.
payments to determine the total pension liability of the Plan. The stress test results are presented in a detailed report called “GASB Crossover Testing Report” that can be obtained from the CalPERS website under the GASB 68 section.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. In determining the long-term expected rate of return, CalPERS took into account both short-term and long-term market return expectations as well as the expected pension fund cash flows. Using historical returns of all the funds’ asset classes, expected compound returns were calculated over the short-term (first 10 years) and the long-term (11-60 years) using a building-block approach.

Using the expected nominal returns for both short-term and long-term, the present value of benefits was calculated. The expected rate of return was set by calculating the single equivalent expected return that arrived at the same present value of benefits for cash flows as the one calculated using both short-term and long-term returns. The expected rate of return was then set equivalent to the single equivalent rate calculated above and rounded down to the nearest one quarter of one percent. The long-term expected real rates of return by asset class can be found in CalPERS’ Comprehensive Annual Financial Report for the fiscal year ended June 30, 2017. The table below reflects the long-term expected real rate of return by asset class. The rate of return was calculated using the capital market assumptions applied to determine the discount rate and asset allocation as follows:

<table>
<thead>
<tr>
<th>Asset Class</th>
<th>New Strategic Allocation</th>
<th>Real Return Years 1 - 10(a)</th>
<th>Real Return Years 11+(b)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Global Equity</td>
<td>47.0%</td>
<td>4.90%</td>
<td>5.38%</td>
</tr>
<tr>
<td>Fixed Income</td>
<td>19.0%</td>
<td>0.80%</td>
<td>2.27%</td>
</tr>
<tr>
<td>Inflation Assets</td>
<td>6.0%</td>
<td>0.60%</td>
<td>1.39%</td>
</tr>
<tr>
<td>Private Equity</td>
<td>12.0%</td>
<td>6.60%</td>
<td>6.63%</td>
</tr>
<tr>
<td>Real Estate</td>
<td>11.0%</td>
<td>2.80%</td>
<td>5.21%</td>
</tr>
<tr>
<td>Infrastructure and Forestland</td>
<td>3.0%</td>
<td>3.90%</td>
<td>5.36%</td>
</tr>
<tr>
<td>Liquidity</td>
<td>2.0%</td>
<td>-0.40%</td>
<td>-0.90%</td>
</tr>
<tr>
<td>Total</td>
<td>100.0%</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

(a) An expected inflation of 2.5% used for this period.
(b) An expected inflation of 3.0% used for this period.
Regional Water Authority

Notes to the Financial Statements
For the Year Ended June 30, 2018

Sensitivity of the Proportional Share of the NPL to Changes in the Discount Rate

The following presents RWA's Proportional Share of the NPL of the Plan, calculated using the discount rate of 7.15% for the measurement date June 30, 2017, as well as what the Proportional Share of the NPL would be if it were calculated using a discount rate that is 1 percentage-point lower or 1 percentage-point higher than the current rate:

<table>
<thead>
<tr>
<th>Discount Rate - 1%</th>
<th>Current Discount Rate</th>
<th>Discount Rate + 1%</th>
</tr>
</thead>
<tbody>
<tr>
<td>(6.15%)</td>
<td>(7.15%)</td>
<td>(8.15%)</td>
</tr>
</tbody>
</table>

Proportionate Share of Plan's NPL

$ 240,673  $ 154,391  $ 82,931

Payable to the Pension Plan

At June 30, 2018, RWA does not have outstanding payables to the pension plan.

Deferred Compensation Plan

RWA offers its employees a deferred compensation plan (Deferred Plan) created in accordance with Internal Revenue Code Section 457 through CalPERS and is managed by ING. The Deferred Plan is available to all RWA employees and permits them to defer a portion of their salary until future years. The Deferred Plan deferred elections are not available to employees until termination, retirement, death or unforeseeable emergency. RWA does not contribute to the Plan on behalf of its employees. No unfunded accrued liabilities exist for this Plan.

6. OTHER POST-EMPLOYMENT BENEFITS (OPEB)

Plan Description

RWA has established a retiree healthcare plan that provides other postemployment health care benefits for eligible retired employees and their dependents through the retiree healthcare plan (the Plan). RWA, through the authorization of their Board of Directors, elected to establish an irrevocable trust for the Plan through the California Employers' Retiree Trust (CERBT) fund, an agent multiple-employer plan, administered by CalPERS. The CERBT has pooled administrative and investment functions, while separate employer accounts are maintained to prefund and pay for health care or other postemployment benefits in accordance with the terms of the participating employers' plans. The CERBT offers three investment strategies for employers to choose from depending on their expected levels of return and volatility. Benefit provisions are established by RWA.
Benefits Provided

RWA’s OPEB are provided in accordance with the CalPERS Law. The criteria to determine eligibility includes years of CalPERS service, employee age, and disability due to line of duty. Each eligible employee hired before September 1, 2007 who is covered by CalPERS health insurance subject to age and service limitations, is covered by the retiree health benefits insurance contract under Resolution 1993-001. This retiree benefit also covers qualified dependents. RWA pays for the retiree health benefit coverage as approved under Resolution 1993-001 and may be amended from time to time.

For employees hired after September 1, 2007, an employee must be eligible to retire in accordance with the RWA’s CalPERS pension plan rules and have at least five years of credited service with RWA. Premiums are set annually by CalPERS for each retiree and eligible dependents. RWA’s annual required contribution toward health benefit coverage premiums for these employees will be calculated as a percentage of the total eligible cost of such coverage based on the retired employees’ total credited years of qualifying service under CalPERS’ service credit rules. These employees with less than 10 years total CalPERS’ service and/or less than five years credited service with the RWA will not be eligible for retiree health care coverage under RWA’s plan. Any additional health plan premiums not paid by RWA’s contribution toward the cost of the retiree’s health benefits coverage must be paid by the retired employee.

Employees Covered

As of the June 30, 2017 actuarial valuation, the following inactive and active employees were covered by the benefit terms under the OPEB Plan:

- Inactive employees receiving benefits: 3
- Inactive employees entitled to but not receiving benefits: 0
- Participating active employees: 7

Total: 10

Contributions

RWA makes annual contributions to the CERBT fund. The current policy is to prefund benefits through annual contributions based on an actuarially determined contribution. For the fiscal year ended June 30, 2018, RWA’s cash contributions were $56,415 in payments to the trust and the estimated implied subsidy was $17,565, resulting in total payments of $73,980. These assets accumulate and are invested in the CERBT. Employees are currently not required to contribute to the plan.
Net OPEB Liability

The net OPEB liability was measured as of June 30, 2017, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation dated June 30, 2017 to determine the June 30, 2017 total OPEB liability, based on the following actuarial methods and assumptions:

<table>
<thead>
<tr>
<th>Valuation Date</th>
<th>June 30, 2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>Funding Method</td>
<td>Entry Age Normal, Level Percent of Pay</td>
</tr>
<tr>
<td>Asset Valuation Method</td>
<td>Market Value of Assets</td>
</tr>
<tr>
<td>Discount Rate</td>
<td>7.00%</td>
</tr>
<tr>
<td>Long-term Return on Assets</td>
<td>7.00%</td>
</tr>
<tr>
<td>(net of plan investment expenses and inflation)</td>
<td></td>
</tr>
<tr>
<td>Salary Increase</td>
<td>3.25%</td>
</tr>
<tr>
<td>Inflation Rate</td>
<td>2.75%</td>
</tr>
<tr>
<td>Mortality Rate (^{(1)})</td>
<td>MacLeod Watts Scale 2017 applied generationally</td>
</tr>
<tr>
<td>Pre-Retirement Turnover (^{(2)})</td>
<td>7.50% decreasing to 5.0%</td>
</tr>
<tr>
<td>Healthcare Trend (^{(3)})</td>
<td></td>
</tr>
</tbody>
</table>

\(^{(1)}\) The MacLeod Watts Scale 2017 was developed from a blending of data and methodologies found in two published sources: (1) the Society of Actuaries Mortality Improvement Scale MP 2016 Report, published in October 2016 and the demographic assumptions used in the 2016 Annual Report of the Board of Trustees of the Federal Old Age and Survivors Insurance and Federal Disability Insurance Trust Funds, published June 2016.  

\(^{(2)}\) Demographic actuarial assumptions used in this valuation are based on the 2014 experience study of CalPERS using data from 1997 to 2011, except for (a) point retirement dates used for 3 employees and (b) a different basis used to project future mortality improvements.  

\(^{(3)}\) The healthcare trend ranges from increases of 7.50% starting in 2019 and decrease 0.5% per year to 5.0% in 2024 and beyond.

The long-term expected rate of return on OPEB plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of OPEB plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. To achieve the goal set by the investment policy, plan assets will be managed to earn, on a long-term basis, a rate of return equal to or more than the target rate of return of 7.0 percent.
The CERBT offers three diversified allocation strategies. RWA has elected to participate in CERBT’s Strategy 1 which has the highest long-term expected rate of return and return volatility. The following table shows the target asset allocation for employers participating in CERBT Strategy 1:

<table>
<thead>
<tr>
<th>Asset Class</th>
<th>Target Asset Allocation</th>
</tr>
</thead>
<tbody>
<tr>
<td>Global Equity</td>
<td>57%</td>
</tr>
<tr>
<td>Fixed Income</td>
<td>27%</td>
</tr>
<tr>
<td>Inflation Assets</td>
<td>5%</td>
</tr>
<tr>
<td>REITs</td>
<td>8%</td>
</tr>
<tr>
<td>Commodities</td>
<td>3%</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>100%</strong></td>
</tr>
</tbody>
</table>

Discount Rate

The discount rate used to measure the total OPEB liability was 7.00 percent. The projection of cash flows used to determine the discount rate assumed that RWA contributions will be made at rates equal to the actuarially determined contribution rates. Based on those assumptions, the OPEB plan’s fiduciary net position was projected to be available to make all projected OPEB payments for current active and inactive employees and beneficiaries. Therefore, the long-term expected rate of return on OPEB plan investments was applied to all periods of projected benefit payments to determine the total OPEB liability.
Changes in the OPEB Liability

The changes in the net OPEB liability are as follows:

<table>
<thead>
<tr>
<th></th>
<th>Increase (Decrease)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Total OPEB Liability</td>
</tr>
<tr>
<td></td>
<td>(a)</td>
</tr>
<tr>
<td>Balance at Fiscal Year Ending 6/30/2017</td>
<td>$986,832</td>
</tr>
<tr>
<td><strong>Measurement Date 6/30/2016</strong></td>
<td></td>
</tr>
<tr>
<td>Changes During the Period:</td>
<td></td>
</tr>
<tr>
<td>Service Cost</td>
<td>57,930</td>
</tr>
<tr>
<td>Interest Cost</td>
<td>71,699</td>
</tr>
<tr>
<td>Net Investment Income</td>
<td>-</td>
</tr>
<tr>
<td>Employer Contributions</td>
<td>-</td>
</tr>
<tr>
<td>Administrative Expenses</td>
<td>-</td>
</tr>
<tr>
<td>Benefit Payments</td>
<td>(40,972)</td>
</tr>
<tr>
<td>Assumption Changes</td>
<td>139,794</td>
</tr>
<tr>
<td>Plan Experience</td>
<td>(141,761)</td>
</tr>
<tr>
<td><strong>Net Changes in Fiscal Year 2017-2018</strong></td>
<td>86,690</td>
</tr>
<tr>
<td><strong>Balance at Fiscal Year Ending 6/30/2018</strong></td>
<td></td>
</tr>
<tr>
<td><strong>Measurement Date 6/30/2017</strong></td>
<td>$1,073,522</td>
</tr>
<tr>
<td>Sensitivity of the Net OPEB Liability to Changes in the Discount Rate</td>
<td></td>
</tr>
<tr>
<td>The following presents the net OPEB liability if it were calculated using a discount rate that is one percentage point lower or one percentage point higher than the current rate, for the measurement period ended June 30, 2017:</td>
<td></td>
</tr>
<tr>
<td>Discount Rate</td>
<td>Current Discount Rate</td>
</tr>
<tr>
<td>(-1% (6.00%))</td>
<td>(7.00%)</td>
</tr>
<tr>
<td>Net OPEB liability (asset)</td>
<td>$208,309</td>
</tr>
</tbody>
</table>
REGIONAL WATER AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2018

Sensitivity of the Net OPEB Liability to Changes in the Health Care Cost Trend Rates

The following presents the net OPEB liability if it were calculated using health care cost trend rates that are one percentage point lower or one percentage point higher than the current rate, for measurement period ended June 30, 2017:

<table>
<thead>
<tr>
<th></th>
<th>Medical Trend Rate – 1% (6.50% decreasing to 4.0%)</th>
<th>Current Medical Trend Rate (7.50% decreasing to 5.00%)</th>
<th>Medical Trend Rate +1% (8.50% decreasing to 6.00%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Net OPEB liability (asset)</td>
<td>$ (12,106)</td>
<td>$ 92,493</td>
<td>$ 225,951</td>
</tr>
</tbody>
</table>

OPEB plan fiduciary net position

Detailed information about the Plan’s fiduciary net position is available on CalPER’s website in an annual report titled “California Employers’ Retiree Benefit Trust, Agent Multiple-Employer Other Postemployment Benefits Plan, Schedule of Changes in Fiduciary Net Position by Employer”. Additionally, CalPERS annually issues a Comprehensive Annual Financial Report which includes the CERBT fund’s financial information.

Recognition of Deferred Outflows and Deferred Inflows of Resources

Gains and losses related to changes in total OPEB liability and fiduciary net position are recognized in OPEB expense systematically over time.

Amounts are first recognized in OPEB expense for the year the gain or loss occurs. The remaining amounts are categorized as deferred outflows and deferred inflows of resources related to OPEB and are to be recognized in future OPEB expense.

The recognition period differs depending on the source of the gain or loss:

<table>
<thead>
<tr>
<th>Net differences between projected and actual earnings on OPEB Trust investments</th>
<th>5 years</th>
</tr>
</thead>
<tbody>
<tr>
<td>All other amounts</td>
<td>6.62 years, expected average remaining service lives (EARSL)</td>
</tr>
</tbody>
</table>
OPEB Expense and Deferred Outflows/Inflows of Resources Related to OPEB

For the fiscal year ended June 30, 2018, RWA recognized OPEB expense of $62,749. As of fiscal year ended June 30, 2018, deferred outflows and inflows of resources related to OPEB are from the following sources:

<table>
<thead>
<tr>
<th></th>
<th>Deferred Outflows of Resources</th>
<th>Deferred Inflows of Resources</th>
</tr>
</thead>
<tbody>
<tr>
<td>OPEB contributions subsequent to measurement date</td>
<td>$ 73,980</td>
<td>$ -</td>
</tr>
<tr>
<td>Changes in assumptions</td>
<td>118,661</td>
<td>-</td>
</tr>
<tr>
<td>Differences between expected and actual experience</td>
<td>-</td>
<td>120,330</td>
</tr>
<tr>
<td>Net differences between projected and actual earnings on OPEB plan investments</td>
<td>-</td>
<td>23,107</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>$ 192,641</strong></td>
<td><strong>$ 143,437</strong></td>
</tr>
</tbody>
</table>

The $73,980 reported as deferred outflows of resources related to contributions subsequent to the June 30, 2017 measurement date will be recognized as a reduction of the net OPEB liability during the fiscal year ended June 30, 2019. Other amounts reported as deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

<table>
<thead>
<tr>
<th>For the Fiscal Year Ending June 30</th>
<th>Net Deferred Outflows/ (Inflows) of Resources</th>
</tr>
</thead>
<tbody>
<tr>
<td>2019</td>
<td>$ (6,074)</td>
</tr>
<tr>
<td>2020</td>
<td>(6,074)</td>
</tr>
<tr>
<td>2021</td>
<td>(6,074)</td>
</tr>
<tr>
<td>2022</td>
<td>(6,073)</td>
</tr>
<tr>
<td>2023</td>
<td>(297)</td>
</tr>
<tr>
<td>Thereafter</td>
<td>(185)</td>
</tr>
</tbody>
</table>

7. BOARD DESIGNATIONS

The Board establishes and approves the operating fund, membership dues, strategic plan fund, and subscription program designation target balances on an annual basis as part of the budget process based upon available cash and may modify these targets during the year so as to follow or temporarily modify the Financial/Designation Reserve Policy No. 500.1. The available cash at June 30, 2018 is sufficient to set aside the designations for budget purposes.
The designations as of June 30, 2018 are as follows:

<table>
<thead>
<tr>
<th>Board Designations</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Operating Fund</td>
<td>$ 628,100</td>
</tr>
<tr>
<td>Membership Dues</td>
<td>137,200</td>
</tr>
<tr>
<td>Strategic Plan Fund</td>
<td>109,748</td>
</tr>
<tr>
<td>Subscription Programs</td>
<td>25,400</td>
</tr>
</tbody>
</table>

Total Board Designations $ 900,448

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. The operating fund target designation is four to six months of operating expenses. For the year ended June 30, 2018, this designation is approximately six months when considering the SGA reimbursement for expenses. The membership dues stabilization fund is fully funded and designed to supplement operating cash flow in the event a member does not renew and is targeted at 15% of membership dues. The strategic plan fund is designed to carry out the strategic plan through fiscal year 2019. The subscription program revenue fund is designed to be used in the event subscription program revenue to support operating expenses does not materialize as planned. This fund is set at 10% of net subscription program support revenue.

8. DEFERRED INFLOWS - RENT

As part of the lease renegotiation in fiscal year 2012, RWA received a lease incentive of $38,296 which was used to complete an office remodel and purchase board room chairs and tables. This lease incentive is deferred rent and is recorded as a deferred inflow. The deferred rent is being amortized over the life of the lease and effectively reduces the annual lease expense on a pro-rata basis. The deferred inflow at June 30 is as follows:

<table>
<thead>
<tr>
<th>Balance</th>
<th>June 30, 2017</th>
<th>Increases</th>
<th>Amortization</th>
<th>Balance</th>
<th>June 30, 2018</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>$ 6,383</td>
<td>$ -</td>
<td>$ (5,471)</td>
<td>$ 912</td>
<td></td>
</tr>
</tbody>
</table>

9. COMPENSATED ABSENCES

The changes to compensated absences balances at June 30 are as follows:

<table>
<thead>
<tr>
<th>Balance 2017</th>
<th>Earned</th>
<th>Used</th>
<th>Balance 2018</th>
<th>Due Within One Year</th>
<th>Long-term</th>
</tr>
</thead>
<tbody>
<tr>
<td>$ 65,384</td>
<td>$ 70,098</td>
<td>$ (65,602)</td>
<td>$ 69,880</td>
<td>$ 67,080</td>
<td>$ 2,800</td>
</tr>
</tbody>
</table>
10. INSURANCE

RWA participates in the Association of California Water Agencies Joint Powers Insurance Authority (ACWA/JPIA), a public entity risk pool of California water agencies, for general liability, public officials' liability, property damage, fidelity insurance, workers' compensation and employer's liability. ACWA/JPIA provides insurance through the pool up to a certain level.

RWA pays an annual premium to ACWA/JPIA that includes its pro-rata share of excess insurance premiums, charges for the pooled risk, claims adjusting and legal costs, and administrative and other costs to operate ACWA/JPIA.

RWA's deductibles and maximum coverage are as follows:

<table>
<thead>
<tr>
<th>Coverage</th>
<th>ACWA/JPIA</th>
<th>Commercial Insurance</th>
<th>Deductible</th>
</tr>
</thead>
<tbody>
<tr>
<td>General and Auto Liability</td>
<td>$5,000,000</td>
<td>$55,000,000</td>
<td>None</td>
</tr>
<tr>
<td>Public Officials Liability</td>
<td>5,000,000</td>
<td>55,000,000</td>
<td>None</td>
</tr>
<tr>
<td>Property Damage</td>
<td>100,000</td>
<td>490,000,000</td>
<td>$1,000 - $25,000</td>
</tr>
<tr>
<td>Fidelity Insurance</td>
<td>100,000</td>
<td>-</td>
<td>$1,000</td>
</tr>
<tr>
<td>Workers' Compensation Insurance</td>
<td>2,000,000</td>
<td>Statutory</td>
<td>None</td>
</tr>
</tbody>
</table>

Settled claims resulting from these risks have not exceeded insurance coverage in any of the past three fiscal years.

Copies of ACWA/JPIA's annual financial reports and other pertinent data may be obtained from their website at www.acwa.jpia.org, their office at 2100 Professional Drive, Roseville, CA 95661-3700 or by calling (800) 231-5742.

11. CONTINGENCIES

Grant Awards and Payments

RWA participates in numerous grant programs, which are governed by various rules and regulations of the grantor agencies. Costs charged to the respective grant programs are subject to audit and adjustments by the grantor agencies. Therefore, to the extent that RWA has not complied with the rules and regulations governing the grants, refunds of any money received may be required and the collectability of any related receivable at June 30, 2018 may be impaired. In the opinion of RWA's management, there are no significant contingent liabilities relating to compliance with the rules and regulations governing the respective grants. Therefore, no provision has been recorded in the accompanying basic financial statements for such contingencies.

According to the voluntary grant agreements with the California Department of Water Resources (DWR), five to ten percent of the eligible grant award payment is withheld until project completion. Project completion is considered an eligibility requirement. Since these retention payments are withheld until the project is complete, the revenues related to these eligible and allowable costs are not reflected in the financial statements until the project is complete. Once the retention is received,
RWA will then pay the program participants for the eligible costs incurred. This contingent grant award revenue and the related liability to program participants is estimated at $1,050,287 at June 30, 2018 and is not currently reflected in the financial statements.

**Pension Liability**

CalPERS implemented a discount rate reduction, reducing the rate from 7.15% to 7.0%. This reduction in discount rate will have an effect on the net pension plan liability and expenses, likely increasing these amounts that will be reflected in the financial statements and increasing the amount of payments required by RWA. These changes have not been reflected in the financial statements since the amounts must be actuarial determined and have yet to be completed. See Note 5 which does indicate the potential impact of a 1% decrease in the discount rate at June 30, 2017.

**Power House Science Center**

RWA entered into an agreement with the Powerhouse Science to be a title sponsor for two water related exhibits in the amount of $500,000. These exhibits will be displayed in the science center in Sacramento and provide educational opportunities on the important role of reliable water supplies and efficient water use in protecting public health and the environment. After RWA's initial $50,000 payment made July 7, 2014, fixed annual payments of $25,000 are scheduled to be made over a 14 year period, for a total of $400,000. The California Water Awareness Campaign (CWAC) paid the remaining $100,000 to Powerhouse. RWA will provide on-going input for these exhibits and the related programming and materials provided at Powerhouse. RWA will levy members an annual assessment over five years to fund this commitment through fiscal year 2019.

12. **ECONOMIC DEPENDENCIES**

RWA incurs common administrative expenses to operate both RWA and SGA. RWA relies upon reimbursement of these expenses by SGA. As discussed in Note 1, summary of significant accounting policies, SGA reimbursed $474,542 for the year ended June 30, 2018 which represents 31% of RWA's total administrative expenses. Additionally, RWA relies upon subscription based programs to pay for approximately 18% of administrative expenses. The Water Efficiency Program is a substantial portion of the subscription based programs and contributes towards administrative expenses. To the extent subscription based programs did not exist or were reduced, RWA membership dues would need to increase to fund operating expenses.
REQUIRED SUPPLEMENTARY INFORMATION


REGIONAL WATER AUTHORITY
REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF THE PROPORTIONATE SHARE OF THE NET PENSION LIABILITY - MISCELLANEOUS PLAN FOR THE YEARS ENDED JUNE 30

<table>
<thead>
<tr>
<th></th>
<th>Measurement Date</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2017</td>
</tr>
<tr>
<td>Proportion of the net pension liability</td>
<td>0.003917%</td>
</tr>
<tr>
<td>Proportionate share of the net pension liability</td>
<td>$154,391</td>
</tr>
<tr>
<td>Covered - employee payroll</td>
<td>$466,290</td>
</tr>
<tr>
<td>Proportionate share of the net pension liability as a percentage of covered payroll</td>
<td>33.11%</td>
</tr>
<tr>
<td>Miscellaneous Plan fiduciary net position as a percentage of the total pension liability</td>
<td>73.31%</td>
</tr>
<tr>
<td>RWA fiduciary net position as a percentage of the RWA pension liability</td>
<td>90.24%</td>
</tr>
</tbody>
</table>

Notes to Schedule:

For the measurement period ending June 30, 2017, the discount rate decreased from 7.65% to 7.15% due to an assumption change. For the measurement period ending June 30, 2015, the discount rate changed from 7.50% (net of administrative expenses) to 7.65% to correct for an adjustment to exclude administrative expenses. There were no benefit changes in any of the years presented.

Historical information is only required for the years in which GASB 68 is applicable. Future years' information will be displayed for up to 10 years as information becomes available.
REGIONAL WATER AUTHORITY
REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF CONTRIBUTIONS TO THE PENSION PLAN - MISCELLANEOUS PLAN
FOR THE YEARS ENDED JUNE 30

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Contractually required contribution (actuarially determined)</td>
<td>$49,160</td>
<td>$47,566</td>
<td>$44,595</td>
<td>$70,182</td>
<td>$62,822</td>
</tr>
<tr>
<td>Contributions in relation to the actuarially determined contributions</td>
<td>91,160</td>
<td>89,566</td>
<td>181,995</td>
<td>70,182</td>
<td>62,822</td>
</tr>
<tr>
<td>Contribution deficiency (excess)</td>
<td>$(42,000)</td>
<td>$(42,000)</td>
<td>$(137,400)</td>
<td>$ -</td>
<td>$ -</td>
</tr>
<tr>
<td>Covered - employee payroll</td>
<td>$536,680</td>
<td>$466,290</td>
<td>$365,294</td>
<td>$592,756</td>
<td>$565,797</td>
</tr>
<tr>
<td>Contributions as a percentage of covered - employee payroll</td>
<td>16.99%</td>
<td>19.21%</td>
<td>49.82%</td>
<td>11.84%</td>
<td>11.10%</td>
</tr>
</tbody>
</table>

Methods and Assumptions Used to Determine Contribution Rates

- **Actuarial Cost Method**: Entry age normal
- **Amortization Method**: Level percentage of payroll, closed
- **Investment Rate of Return**: 7.50%
- **Inflation**: 2.75%
- **Payroll Growth**: 3.00%
- **Projected Salary Increases**: 3.20% to 12.20% depending upon age, service and type of employment
- **Post Retirement Benefit Increase**: Contract Cola up to 2.00% until Purchasing Power Protection Allowance Floor on Purchasing Power applies, 2.00% thereafter

Omitted years: GASB Statement No. 68 was implemented during fiscal year 2015, therefore only 5 years presented.

**Notes to Schedule:**

Historical information is only required for the years in which GASB 68 is applicable. Future years' information will be displayed for up to 10 years as information becomes available.
SCHEDULE OF CHANGES IN NET OPEB LIABILITY AND RELATED RATIO
FOR THE MEASUREMENT PERIOD ENDING JUNE 30

<table>
<thead>
<tr>
<th>Measurement Period</th>
<th>2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total OPEB Liability</td>
<td></td>
</tr>
<tr>
<td>Service Cost</td>
<td>$57,930</td>
</tr>
<tr>
<td>Interest Cost</td>
<td>$71,699</td>
</tr>
<tr>
<td>Actual and Expected Experience Difference</td>
<td>$(141,761)</td>
</tr>
<tr>
<td>Assumption Changes</td>
<td>$139,794</td>
</tr>
<tr>
<td>Benefit Payments</td>
<td>$(40,972)</td>
</tr>
<tr>
<td>Net change in OPEB Liability</td>
<td>$86,690</td>
</tr>
<tr>
<td>Total OPEB Liability - Beginning</td>
<td>$986,832</td>
</tr>
<tr>
<td>Total OPEB Liability - Ending (a)</td>
<td>$1,073,522</td>
</tr>
<tr>
<td>Plan Fiduciary Net Position</td>
<td></td>
</tr>
<tr>
<td>Employer Contributions</td>
<td>$72,745</td>
</tr>
<tr>
<td>Net Investment Income</td>
<td>$90,150</td>
</tr>
<tr>
<td>Benefit Payments</td>
<td>$(40,972)</td>
</tr>
<tr>
<td>Administrative Expenses</td>
<td>$(460)</td>
</tr>
<tr>
<td>Net change in plan fiduciary net position</td>
<td>$121,463</td>
</tr>
<tr>
<td>Plan fiduciary net position - Beginning</td>
<td>$859,566</td>
</tr>
<tr>
<td>Plan fiduciary net position - Ending (b)</td>
<td>$981,029</td>
</tr>
<tr>
<td>Net OPEB Liability (a) - (b) = (c)</td>
<td>$92,493</td>
</tr>
<tr>
<td>Plan fiduciary net position as a percentage of OPEB liability (b)/(a)</td>
<td>91.38%</td>
</tr>
<tr>
<td>Covered Payroll (d)</td>
<td>$752,115</td>
</tr>
<tr>
<td>Net OPEB Liability as a percentage of covered payroll (c)/(d)</td>
<td>12.30%</td>
</tr>
</tbody>
</table>

Notes to Schedule:

Historical information is only required for the years in which GASB 75 is applicable. Future years' information will be displayed for up to 10 years as information becomes available.
### SCHEDULE OF OPEB CONTRIBUTIONS
**FOR THE YEAR ENDED JUNE 30**

<table>
<thead>
<tr>
<th>Description</th>
<th>2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>Actuarially Determined Contribution (ADC) (a)</td>
<td>$73,980</td>
</tr>
<tr>
<td>Contributions in Relation to ADC</td>
<td>(73,980)</td>
</tr>
<tr>
<td>Contribution Deficit (Excess)</td>
<td>$-</td>
</tr>
<tr>
<td>Covered employee payroll (b)</td>
<td>$833,750</td>
</tr>
<tr>
<td>ADC as a % of covered employee payroll (a)/(b)</td>
<td>8.87%</td>
</tr>
</tbody>
</table>

**Methods and assumptions used to determine contributions**

<table>
<thead>
<tr>
<th>Description</th>
<th>2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>Actuarial Cost Method</td>
<td>Entry Age Normal</td>
</tr>
<tr>
<td>Amortization Method/Period</td>
<td>Level Percent of Pay over a closed 10-year period</td>
</tr>
<tr>
<td>Asset Valuation Method</td>
<td>Market Value of Assets</td>
</tr>
<tr>
<td>Inflation</td>
<td>2.75%</td>
</tr>
<tr>
<td>Salary Increase</td>
<td>3.25% per year, used only to allocate the cost of benefits between service years</td>
</tr>
<tr>
<td>Wage Inflation</td>
<td>3.0% per year (component of assumed annual salary increase: not used for amortization since using level dollar amortization)</td>
</tr>
<tr>
<td>Investment Rate of Return</td>
<td>7.00%</td>
</tr>
<tr>
<td>Healthcare Trend (1)</td>
<td>7.50% decreasing to 5.0%</td>
</tr>
<tr>
<td>Retirement Age</td>
<td>2.0% @ 55 if hired prior to 1/1/2013</td>
</tr>
<tr>
<td></td>
<td>2.0% @ 62 if hired after 1/1/2013</td>
</tr>
<tr>
<td>Mortality (2)</td>
<td>MacLeod Watts Scale 2017 applied generationally</td>
</tr>
</tbody>
</table>

**Notes to Schedule:**

1. Healthcare trend starts at 7.50% and decreases by .5% each year through 2023 and then remains at 5%.
2. The MacLeod Watts Scale 2017 was developed from a blending of data and methodologies found in two published sources: (1) the Society of Actuaries Mortality Improvement Scale MP-2016 Report, published in October 2016 and (2) the demographic assumptions used in the 2016 Annual Report of the Board of Trustees of the Federal Old Age and Survivors Insurance and Federal Disability Insurance Trust Funds, published June 2016.
3. Historical information is only required for the years in which GASB 75 is applicable. Future years' information will be displayed for up to 10 years as information becomes available.
SUPPLEMENTARY INFORMATION
## REGIONAL WATER AUTHORITY

### PROGRAM SCHEDULE OF REVENUES, EXPENSES AND CHANGES IN NET POSITION

**FOR THE YEAR ENDED JUNE 30, 2018**

<table>
<thead>
<tr>
<th>Agency Core Program</th>
<th>Water Efficiency Program</th>
<th>PROP 50 S25 M Grant</th>
<th>PROP 84</th>
<th>Government Relations</th>
<th>2014 Drought PROP 84</th>
<th>2014 Water-Energy Round 3</th>
<th>PROP 84 Landscape Imagery Project</th>
<th>Total RWA</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Operating Revenues</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Assessment Income</td>
<td>$ 972,713</td>
<td>$ -</td>
<td>$ -</td>
<td>$ -</td>
<td>$ -</td>
<td>$ -</td>
<td>$ -</td>
<td>$ 972,713</td>
</tr>
<tr>
<td>Subscription Program Fees</td>
<td>229,082</td>
<td>454,289</td>
<td>2,822</td>
<td>18,094</td>
<td>135,000</td>
<td>7,717</td>
<td>-</td>
<td>878,471</td>
</tr>
<tr>
<td>Incentives, Grants, and Reimbursements</td>
<td>106,769</td>
<td>367,610</td>
<td>-</td>
<td>735,071</td>
<td>-</td>
<td>1,576,559</td>
<td>1,664,730</td>
<td>4,699,626</td>
</tr>
<tr>
<td>Other Income</td>
<td>15,541</td>
<td>-</td>
<td></td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>15,541</td>
</tr>
<tr>
<td><strong>Total Operating Revenues</strong></td>
<td>1,324,105</td>
<td>821,899</td>
<td>2,822</td>
<td>753,165</td>
<td>135,000</td>
<td>1,584,276</td>
<td>1,664,730</td>
<td>255,741</td>
</tr>
<tr>
<td><strong>Operating Expenses</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Administrative Expenses</td>
<td>763,124</td>
<td>194,356</td>
<td>190</td>
<td>17,989</td>
<td>-</td>
<td>22,695</td>
<td>27,624</td>
<td>6,821</td>
</tr>
<tr>
<td>Core Program Expenses</td>
<td>40,000</td>
<td>10,000</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>50,000</td>
</tr>
<tr>
<td>Subscription Program Direct Expenses</td>
<td>332,735</td>
<td>231,041</td>
<td>2,632</td>
<td>105</td>
<td>135,000</td>
<td>81</td>
<td>1,593,014</td>
<td>33</td>
</tr>
<tr>
<td>Grant Awards</td>
<td>-</td>
<td>365,916</td>
<td>-</td>
<td>735,071</td>
<td>-</td>
<td>1,561,500</td>
<td>-</td>
<td>244,137</td>
</tr>
<tr>
<td><strong>Total Operating Expenses</strong></td>
<td>1,135,859</td>
<td>801,313</td>
<td>2,822</td>
<td>753,165</td>
<td>135,000</td>
<td>1,584,276</td>
<td>1,620,638</td>
<td>250,991</td>
</tr>
<tr>
<td><strong>Net Operating Income</strong></td>
<td>188,246</td>
<td>20,586</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>44,092</td>
</tr>
<tr>
<td><strong>Other Income</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Interest Income</td>
<td>32,439</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td><strong>Net Other Income</strong></td>
<td>32,439</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td><strong>Net Income (Loss)</strong></td>
<td>$ 220,685</td>
<td>$ 20,586</td>
<td>$ -</td>
<td>$ -</td>
<td>$ -</td>
<td>$ -</td>
<td>$ 44,092</td>
<td>$ 4,750</td>
</tr>
</tbody>
</table>

**Net Position, Beginning of the Year as Previously Reported**

1,266,226

**Restatement for Change in Accounting Principle**

(54,521)

**Net Position, Beginning of Year as Restated**

1,211,705

**Net Position, End of the Year**

$ 1,470,491

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REGIONAL WATER AUTHORITY

SCHEDULE OF ALLOCATED ADMINISTRATIVE EXPENSES
FOR THE YEAR ENDED JUNE 30, 2018

RWA manages the SGA and shares 50% of the common administrative costs. Additionally, RWA administers subscription-based programs and allocates administrative costs to run these programs. The subscription-based programs include the ongoing Water Efficiency Program as well as one-time projects that may span over several years. The information below details total administrative expenses incurred by RWA by type and how these costs are then allocated to SGA and the various subscription-based programs. The remaining net agency administrative expenses are expected to be paid for by member annual assessment dues or by designations.

The allocation of administrative expenses for the year ended June 30, 2018 is:

<table>
<thead>
<tr>
<th></th>
<th>Staff Expenses</th>
<th>Office Expenses</th>
<th>Professional Fees</th>
<th>Depreciation</th>
<th>Total Administrative Expenses</th>
</tr>
</thead>
<tbody>
<tr>
<td>RWA Administrative Expenses</td>
<td>$1,187,694</td>
<td>$118,480</td>
<td>$197,748</td>
<td>$3,419</td>
<td>$1,507,341</td>
</tr>
<tr>
<td>Allocated to Sacramento Groundwater Authority</td>
<td>(385,890)</td>
<td>(50,303)</td>
<td>(38,349)</td>
<td>-</td>
<td>(474,542)</td>
</tr>
<tr>
<td>Total RWA Administrative Expenses - Net of SGA allocation</td>
<td>801,804</td>
<td>68,177</td>
<td>159,399</td>
<td>3,419</td>
<td>1,032,799</td>
</tr>
</tbody>
</table>

Allocated Administrative Expenses to Subscription Programs

<table>
<thead>
<tr>
<th>Program</th>
<th>Staff Expenses</th>
<th>Office Expenses</th>
<th>Professional Fees</th>
<th>Depreciation</th>
<th>Total Administrative Expenses</th>
</tr>
</thead>
<tbody>
<tr>
<td>Water Efficiency Program</td>
<td>(169,785)</td>
<td>(13,031)</td>
<td>(11,540)</td>
<td>-</td>
<td>(194,356)</td>
</tr>
<tr>
<td>2014 Water Energy Grant</td>
<td>(27,624)</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>(27,624)</td>
</tr>
<tr>
<td>Proposition 50 - $25 Million Grant</td>
<td>(190)</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>(190)</td>
</tr>
<tr>
<td>Proposition 84 Grant</td>
<td>(17,989)</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>(17,989)</td>
</tr>
<tr>
<td>2014 Drought Proposition 84</td>
<td>(22,695)</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>(22,695)</td>
</tr>
<tr>
<td>Proposition 84 Round 3</td>
<td>(6,821)</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>(6,821)</td>
</tr>
<tr>
<td>Total Allocated Administrative Expenses - Subscription Programs</td>
<td>(245,104)</td>
<td>(13,031)</td>
<td>(11,540)</td>
<td>-</td>
<td>(269,675)</td>
</tr>
</tbody>
</table>

Net Agency Administrative Expenses - Agency Core Program | $556,700 | $55,146 | $147,859 | $3,419 | $763,124
OTHER REPORT
REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

Independent Auditor’s Report

Board of Directors
Regional Water Authority
Sacramento, California

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States, the financial statements of the Regional Water Authority (the Authority) as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the Authority’s basic financial statements, and have issued our report thereon dated December 5, 2018.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Authority’s internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Authority’s internal control. Accordingly, we do not express an opinion on the effectiveness of the Authority’s internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity’s financial statements will not be prevented, or detected and corrected on a timely basis. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.
Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Authority's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under Government Auditing Standards.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Authority's internal control or on compliance. This report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

GILBERT ASSOCIATES, INC.
Sacramento, California

December 5, 2018
AGENDA ITEM 4a. EXECUTIVE COMMITTEE REPORT AND RECOMMENDATION

Information: Final minutes of the October 24, 2018 Executive Committee meeting and draft minutes from the December 5, 2018 Executive Committee meeting
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 Water District
Paul Schubert, Golden State Water Company
Kerry Schmitz, Sacramento County Water Agency
Dan York, Sacramento Suburban Water District
Pam Tobin, San Juan Water District

Staff Members
John Woodling, Rob Swartz, Nancy Marrier, Cecilia Partridge, Amy Talbot and Ryan Bezerra, legal counsel

Others in Attendance
Charles Duncan, West Yost Associates, Nicole Krotoski, CPA attended via conference phone

2. PUBLIC COMMENT

None.

3. CONSENT CALENDAR

a. The minutes from the Executive Committee meeting held September 27, 2018.

Motion/Second/Carried (M/S/C) Mr. Schubert moved, with a second by Ms. Sedwick, to approve the minutes from the September 27, 2018 Executive Committee meeting. The motion carried by the unanimous voice vote of all directors present.

4. INTRODUCTION OF AUDITORS GILBERT ASSOCIATES, INC.

The firm of Gilbert Associates, Inc. has been retained to provide professional auditing services for RWA for a five year term. The firm will begin auditing services with FY2018-2019. Gilbert Associates are planning to attend the December 5th Executive Committee meeting to introduce their firm when they present the audit.
5. RETIREE HEALTH BENEFITS

John Woodling, Executive Director, reported that the Executive Committee directed staff to evaluate alternatives that would lower the long term costs of providing health benefits to retirees. Participating in the CalPERS health program limits options and adds complexity. The Executive Committee asked for a breakdown of options including two classes of current retirees. He briefed the Executive Committee on available alternatives and requested direction for moving forward.

Mr. Woodling presented options for reducing future retiree benefit liabilities and CalPERS limitations. In 2007 a different system was adopted by resolution that provided for employees spending 5 years at RWA with a total of between 10 and 20 years of CalPERS service, receiving 50% of the benefit at 10 years and 100% of the benefit at 20 years. Current employees are under the post 2007 plan option.

The objectives are to balance a reduction in long term costs and the ability to recruit and retain staff. There was discussion on the different options presented. There is flexibility in what is determined for benefits for new hires. It was suggested that it would be difficult to recruit and retain employees if benefits are decreased too much or if benefits are not competitive.

Mr. Woodling asked if the Executive Committee wants to begin moving forward to implement a change and how a new benefit from the Tier 3 alternatives will be determined. If a change is determined there is a 60 day time frame between when we make our intentions known to CalPERS and the date the new plan is implemented.

It was suggested that an action be taken to the full board presenting the minimum CalPERS payment with a health reimbursement arrangement that provides what we currently have. The retiree health benefits item will be brought back to the full board for their input before proceeding.

6. SUBCOMMITTEE UPDATES

The Conference Subcommittee is planning a Delta Update workshop event that will follow the November 8th RWA Board meeting. Speakers for the Delta Update include Jennifer Buckman, Jim Peifer, Ryan Bezerra and Tom Gohring. A new topic is under discussion for the focus of a spring event.

At the last Executive Committee meeting Pam Tobin, Membership Subcommittee chair requested Executive Committee members to reach out to contacts they may have with SACOG and report on contacts made to determine their interest in RWA membership. Chair Yasutake said that he will continue to follow up with SACOG and will report back at the next Executive Committee meeting. Mr. York contacted Craig Locke, City of Woodland, who will make contact with the City Council about membership. Mr. Schubert will make contact with Rancho Cordova and Mr. Peifer will make contact with Allison Joe, staff to Councilmember Schenirer. Mr. Greenwood reported that Sacramento County Realtors are very interested in RWA
membership. It was suggested that it would be helpful if someone reached out to SACOG’s Darren Suen. After the upcoming elections Mr. Greenwood will reach out to Pat Hume with the City Council for the City of Elk Grove. Nevada Irrigation District will also be contacted after the elections.

7. PROPOSED AQUIFER STORAGE AND RECOVERY FEASIBILITY STUDY CONSULTANT SUPPORT SELECTION

Rob Swartz, Manager of Technical Services, reported that several agencies have expressed an interest in developing a subscription-based project for a high-level feasibility study of employing aquifer storage and recovery (ASR) wells in the region. In order to develop a project agreement for the study, it is first necessary to identify a consultant with expertise in the construction and use of ASR wells to assist in scoping the work required to answer the questions of the potential study participants.

On September 13th, staff released a request for qualifications (RFQ) by posting it on the RWA and SGA websites, sending an e-mail to individuals that subscribe to the RWA interest list for contracting opportunities, and by forwarding to the RWA members that are interested in the ASR study for further distribution. A copy of the RFQ was enclosed in the packet. The RFQs were due to RWA by October 12th. Two responses were received. Staff worked with staff from Citrus Heights Water District and the City of Sacramento to review the responses and have a summary of the results and recommendation for the Executive Committee to approve.

A question to be answered by the study is where in the region are good places to put ASR wells recognizing physical, chemical and contaminant issues. Staff is looking for a high level reconnaissance study by the consultants with a focus of the study to identify the upfront associated costs. Depending on how this develops past the initial study, coordination of the legal aspects will need to be considered including water rights, contracts and settlement contracts in the region. Interested agencies at some point will have to determine if they want to get together to share costs to figure out the issues going forward for a regional bank or if they want to make decisions based on their agency needs.

Staff is requesting only approval of the consultant selection process at this time. Due to the unique nature of ASR, staff does not have a scope of work and budget to approve. However, the budget is not anticipated to be above the Executive Committee approval authority under RWA Policy 300.2. A scope of work and budget, and a subscription project agreement will be brought to the Executive Committee at an upcoming meeting for additional approvals, as applicable.

Mr. Swartz distributed a memorandum documenting the results of the RFQ process. Two responses were received to the RFQ. One response was from a team consisting of staff of GEI, Wood Rodgers, and Stantec. The other response was from West Yost. The responses were evaluated by Rob Swartz of RWA, Brett Ewart of the City of Sacramento, and David Gordon of Citrus Heights Water District. After review of the RFQs, the reviewers reached a consensus that the GEI team had the strongest overall qualifications to perform the tasks identified in the
RFQ. GEI demonstrated a very strong project manager, a very diverse and deep project team, and very good depth of experience in past projects of this nature. In particular, the GEI team possessed the most in-depth experience with local hydrogeology and groundwater quality, which are very important aspects for the high level nature of the proposed study. During the item, Chair Yasutake asked if there was any public comment. Mr. Duncan commented that he did not believe that the rates presented by West Yost were high when considering how staff would be used on the project. Mr. Swartz assured Mr. Duncan that the rates were not the key determinant in deciding on the GEI team selected through the RFQ process.

M/S/C Mr. Peifer moved, with a second by Mr. Schubert, to approve the consultant selection process and recommendation. The motion carried by the unanimous voice vote of all directors present.

8. LANDSCAPE IMAGERY ANALYSIS PROPOSAL

The Sacramento region collectively purchased high resolution aerial imagery (delivery expected in Nov. 2018) to assist with local and regional planning efforts, including those associated with the recently passed SB 606 and AB 1668 legislation. Part of these new laws will require the calculation of water efficiency targets that are based in part on the amount of irrigable landscaping in a water supplier's service area. These landscape targets will be rolled up at the water agency level (not assigned to any one customer/account) as one component of an agency's overall water use objective or target. Water use targets are enforceable at the water agency level by the state beginning in 2023.

To better understand the development of landscape budgets for water agencies, the region has shown interest in conducting further analysis of the aerial imagery to estimate the area of relevant irrigable and irrigated land. The resulting irrigable and irrigated land for each water agency can then be used to determine landscape water budgets prior to the state's 2022 required deadline to adopt a similar landscape water budget methodology.

Amy Talbot, Water Efficiency Program Manager, said that Land IQ performed a high level landscape analysis of irrigated urban areas for RWA in August 2016. At RWAs request Land IQ provided a successive scope of work on September 4, 2018 to perform an analysis of irrigated and irrigable landscape area for the urbanized areas within the RWA member service areas of Sutter, Placer, Sacramento, Yolo, and El Dorado counties.

Mr. Woodling said he has heard from an RWA member and another vendor that provides this type of service. He proposes staff send out an RFQ or RFP to let additional vendors tell us how they could help us use the imagery we have to get to the next step to see what our irrigable landscape area in the region is to meet our future targets. In light of the interest level an RFP would be appropriate for a competitive process. Staff recommended pulling the action item at this time. Staff will come back with a selection for a consultant at a later date. Staff will get an RFP out by early November and should have the imagery
results by then. Once the data is received it will give staff an understanding of our region that will inform us as regulations are developed.

9. **NOVEMBER 8, 2018 RWA BOARD MEETING AGENDA**

Introduction of Auditors Gilbert Associates, Inc. will be added as agenda item 5, the Regional Reliability Update agenda item will be deleted and an action item will be added to the Retiree Health Benefits item.

M/S/C Ms. Sedwick moved, with a second by Mr. York, to approve the Agenda for September 13, 2018 Meeting of the RWA Board of Directors with the noted changes. The motion carried by the unanimous voice vote of all directors present.

10. **EXECUTIVE DIRECTOR’S REPORT**

John Woodling said that we recently had our actuarial report for GASB 75. We talked about OPEB in a different report a few months ago, when we talked about the funding level. This report uses the same information but makes different assumptions. The purpose of this report is to identify what the liability is for the purpose of financial statements. It combines the explicit and implicit subsidy amount. The amortization of the liability is different in the funding report. He asked if the EC wants a presentation or if we treat this as work towards the development of the financial statements and not bring this report to the full board. Ms. Krotoski said that the actuarial report is essentially to create the necessary accounting information for GASB 75 and for compliance with GASB 75. An explanation will be prepared when the financial statements are presented.

Mr. Woodling announced that we will have a new hire for the Legislative and Regulatory Affairs Manager position effective November 1st. A formal announcement will be made at the November board meeting.

Mr. Bezerra said that President Trump issued an order related to California water. One thing that is clear is that there is direction for the involved federal agencies to speed up the development of new biological opinions for the operation of state wide projects.

11. **DIRECTORS’ COMMENTS**

Mr. Greenwood it was a pleasure to attend the SGA anniversary celebration and that it was a very nice event.

Ms. Tobin said that she enjoyed the SGA 20th anniversary event.

Mr. York reported that Sacramento Suburban Water District’s regional transfer is completed. He thanked Mr. Swartz and the rest of the team that put everything together for a successful project. The district held their first annual open house with over 100 customers attending. The event showcased what each division does. The
infrastructure booth showed new replacement pipes and the old pipes that required replacement.

Mr. Peifer said that City of Sacramento receives their chemicals from China. There are not domestic manufacturers for the chemicals being used for purifying water. These chemicals will be subject to tariffs and the vendors are saying this is a problem from a manufacturing point of view.

ADJOURNMENT

With no further business to come before the Executive Committee, Chair Yasutake adjourned the meeting at 10:14 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 Water District
Paul Schubert, Golden State Water Company
Kerry Schmitz, Sacramento County Water Agency
Dan York, Sacramento Suburban Water District
Pam Tobin, San Juan Water District

Staff Members
John Woodling, Rob Swartz, Ryan Ojakian, Nancy Marrier, Cecilia Partridge and Ryan Bezerra, legal counsel

Others in Attendance
Peggy Vande Vooren and Sarah Trondsen, Gilbert Associates, Inc., Brent Smith, Placer County Water Agency and Nicole Krotoski, CPA attended via conference phone

2. PUBLIC COMMENT

Mr. Woodling read an email from Mark Madison, General Manager of Elk Grove Water District, regarding SB 998. The email was received this morning and reflects Mr. Madison’s concerns requesting this item be placed on the next RWA Board meeting agenda for discussion. It was decided to table this for discussion with the RWA Board on January 10, 2019.

3. CONSENT CALENDAR

a. The minutes from the Executive Committee meeting held October 24, 2018.

Motion/Second/Carried (M/S/C) Ms. Tobin moved, with a second by Mr. Greenwood, to approve the minutes from the October 24, 2018 Executive Committee meeting. The motion carried by the unanimous voice vote of all directors present.
4. WATER MARKETING STRATEGY PLAN

Rob Swartz, Manager of Technical Services, said that in April 2017, the El Dorado County Water Agency (EDCWA) received a grant through the United States Bureau of Reclamation for a WaterSMART Water Marketing Strategy. The Regional Water Authority (RWA), along with the City of Sacramento, City of Folsom, Placer County Water Agency, and Sacramento Suburban Water District, participated as non-Federal partners in the application.

EDCWA subsequently received a $400,000 grant award to develop a Water Marketing Strategy Plan (Marketing Plan). The Marketing Plan will explore both the surface water transfer market and the groundwater substitution transfer market, with the latter being a key component of the RWA Regional Water Reliability Plan (RWRP).

RWA’s commitment to the grant is to provide local cost share in the form of previously authorized and funded work under the RWA RWRP Project, and to provide approximately 240 hours of in-kind staff participation over the two-plus years of the Marketing Plan development. The Memorandum of Agreement (MOA) included in the packet was developed by EDCWA to document the roles and contribution commitments of the non-Federal partners.

Ms. Tobin indicated that San Juan Water District would have an interest in participating directly in the Marketing Plan. Chair Yasutake will bring San Juan Water District’s interest to Ken Payne’s attention. It was clarified that the purpose of the MOA is to demonstrate to Reclamation that El Dorado County Water Agency has a commitment of local cost share from the partners that were in the original application. While San Juan Water District may be added at a later date, this will not affect RWA’s need to execute the current MOA.

Mr. Swartz noted that all member agencies are represented through the Regional Reliability Plan, which is an ongoing project.

M/S/C Ms. Sedwick moved, with a second by Ms. Schmitz, to Recommend RWA Board to Authorize Executive Director to sign a Memorandum of Agreement with non-Federal partners to develop a Water Marketing Strategy Plan. The motion carried by the unanimous voice vote of all directors present.

5. RWA 2018 AUDIT REPORT

Peggy Vande Vooren, with the firm of Gilbert Associates, Inc. reported that they have completed the financial audit for the fiscal year that ended June 30, 2018. The full audit report was included in the packet. She handed out an Executive Summary. Given that this was the first year to audit RWA, Gilbert performed the audit in two phases with an interim visit in July and the yearend visit in October. This was the first year that RWA had to implement the GASB 75 standard. Some of the financial documents were trimmed down from previous years. Ms. Vande
Vooren gave an overview of the audit including required communications to the board, the audit report, statement of net position, statement of revenues, expenses and changes in net position, statement of cash flows, notes to the financial statements, required supplementary information and other independent auditor’s report. She also noted a schedule of changes in the OPEB Liability.

Mr. Peifer exited the meeting.

The opinion was a clean, unmodified opinion with no deficiencies found and no audit adjustments.

M/S/C Ms. Sedwick moved, with a second by Ms. Tobin, to recommend RWA Board acceptance of 2018 RWA financial audit report with any corrections. The motion carried by the unanimous voice vote of all directors present.

6. PERSONNEL POLICIES UPDATE

John Woodling, Executive Director, reported that on June 27, 2018 the Executive Committee authorized the Executive Director to approve a master services agreement for human resources services with Regional Government Services (RGS). RGS was tasked with updating RWA’s employee handbook to comply with all current state and federal laws. A new successor document combining and replacing Policy 400.1 Employee Handbook dated November 13, 2008 and all prior revisions and appendices were included in the packet. The policy includes four new Appendices (C, D, E and H) as well as Appendices A, B and F, which incorporate existing RWA Policies by reference. Appendix G includes the existing policy relative to health care reimbursement which was previously included in the body of the Employee Handbook. The new personnel policies have been reviewed by legal counsel.

Mr. Woodling noted some changes to the document: 1) under section 807.1 C. 22 days should replace 24 days and 2) section 808.6 the last line of the paragraph should read “…for each day of sick leave”. Appendix D, under IV Drug and Alcohol Testing, number 1 should be removed and the document should be renumbered.

M/S/C Ms. Tobin moved, with a second by Mr. York, to recommend RWA Board approval of RWA Personnel Rules Policy 400.1; Appendix C: Harassment and Retaliation Prevention; Appendix D: Drug Free Work Place; Appendix E: Workplace Violence; Appendix G: Health Reimbursement and Appendix H: Family Care Leave, with the above noted changes. The motion carried by the unanimous voice vote of all directors present.

7. SUBCOMMITTEE UPDATES

The Conference Subcommittee held a Delta Update workshop event following the November 8th RWA Board meeting. Speakers for the Delta Update included Jennifer Buckman, Jim Peifer, Ryan Bezerra and Tom Gohring. Considering future changes another Delta workshop may be planned in 2019.
The Conference Subcommittee is discussing different ideas for future events including how to get the business community better engaged on water issues.

Executive Committee members are reaching out to SACOG contacts to determine interest in RWA. Kerri Howell will be the new SACOG representative from the City of Folsom. Nevada Irrigation District has three new board members and may need additional time before approaching them to determine their interest in RWA membership.

8. **2019 RWA BOARD MEETING SCHEDULE**

   M/S/C Ms. Sedwick moved, with a second by Ms. Schmitz, to recommend RWA Board approval of the proposed RWA Board meetings for 2019. The motion carried by the unanimous voice vote of all directors present.

9. **JANUARY 10, 2019 RWA BOARD MEETING AGENDA**

   It was suggested that the 2019 RWA Financial Audit Report item be moved under the Consent Calendar as 3d, and the Memorandum of Agreement with non-Federal partners to develop a Water Marketing Strategy Plan be moved to agenda item 5 with the remaining items renumbered. The email from Elk Grove Water District regarding item SB 998 will be addressed under the Executive Director’s Report.

   M/S/C Ms. Tobin moved, with a second by Ms. Schmitz, to approve the agenda for January 10, 2019 meeting of the RWA Board of Directors, with the noted changes. The motion carried by the unanimous voice vote of all directors present.

11. **EXECUTIVE DIRECTOR’S REPORT**

    Mr. Woodling said one of the main priorities for Ryan Ojakian, the new Legislative and Regulatory Affairs Manager, is the issue of funding for safe drinking water. Staff is being much more proactive seeking a viable proposal for providing funding. ACWA is planning to sponsor a bill to establish a trust fund that will be spent for disadvantaged community’s failing drinking water systems over time. A source to fund the trust needs to be implemented to create the fund. The focus needs to be on showing that we have a viable proposal that is more cost effective than a tax.

    The contract lobbyist is now employed by RWA and will be representing all RWA members. A contact person from each agency will be needed to participate on legislative issues in monthly meetings or conference calls.

12. **DIRECTORS’ COMMENTS**

    Mr. York said that Rob Roscoe’s official retirement date is December 8, 2018.
Ms. Tobin said that Mr. Roscoe has been very helpful to her on Region 4 issues.

Ms. Sedwick congratulated Mr. Woodling on the ACWA Emissary Award that he received. Del Paso Manor Water District will have three new directors.

Chair Yasutake said that Kerri Howell was reelected and the City of Folsom will have two new council members.

ADJOURNMENT

With no further business to come before the Executive Committee, Chair Yasutake adjourned the meeting at 9:48 a.m.

By:

Chairperson

Attest:

Nancy Marrier, Board Secretary / Treasurer
AGENDA ITEM 5: AUTHORIZE THE EXECUTIVE DIRECTOR TO SIGN A MEMORANDUM OF AGREEMENT WITH NON-FEDERAL PARTNERS TO DEVELOP A WATER MARKETING STRATEGY PLAN

BACKGROUND:

In April 2017, the El Dorado County Water Agency (EDCWA) applied for a WaterSMART Water Marketing Strategy Grant through the United States Bureau of Reclamation (Reclamation). The Regional Water Authority (RWA), along with the City of Sacramento, City of Folsom, Placer County Water Agency, and Sacramento Suburban Water District, participated as non-Federal partners in the application.

EDCWA subsequently received a $400,000 grant award to develop a Water Marketing Strategy Plan (Marketing Plan). The Marketing Plan will explore both the surface water transfer market and the groundwater substitution transfer market, with the latter being a key component of the RWA Regional Water Reliability Plan (RWRP).

RWA’s commitment to the grant is to provide local cost share in the form of previously authorized and funded work under the RWA RWRP Project, and to provide approximately 240 hours of in-kind staff participation over the two-plus years of the Marketing Plan development. The enclosed Memorandum of Agreement was developed by EDCWA to document the roles and contribution commitments of the non-Federal partners.

EXECUTIVE COMMITTEE RECOMMENDATION:

Information: Rob Swartz, Manager of Technical Services

Action: Adopt Resolution regarding a Memorandum of Agreement with non-Federal partners to develop a Water Marketing Strategy Plan
American River Non-Federal Partners
WATER MARKETING STRATEGY PLAN
MEMORANDUM OF AGREEMENT

El Dorado County Water Agency (EDCWA), the Placer County Water Agency (PCWA),
the Sacramento Suburban Water District (SSWD), the City of Sacramento (Sacramento)
the City of Folsom (Folsom) and the Sacramento Regional Water Authority (RWA) agree
to work collaboratively to perform the Water Marketing Strategy Plan (WMSP) as part of
the WaterSMART Basin Study Program. This Memorandum of Agreement (MOA)
establishes the terms that will guide the performance of the Plan.

This MOA is intended to facilitate cooperative efforts for mutual provision of services
and support, and technical assistance by the Parties in the conduct of meeting the
objectives and scope of this MOA.

I. Purpose

The purpose of the WMSP is to evaluate existing and potential future water supplies and
demands in American River Basin and develop a range of strategies which may be
employed to facilitate water marketing strategies. Along with other strategies, the
WMSP will include an evaluation of integrated water marketing strategies to improve
regional water supply reliability within the American River Basin and to improve
Reclamation’s flexibility in operating Folsom Reservoir to meet flow and water quality
standards and protect fish species listed under the federal Endangered Species Act in the
Lower American River and the Sacramento-San Joaquin Delta.

IA. EDCWA Role as Administrator

Appointment and Actions of the Administrator: The Parties hereby appoint EDCWA to
be the Administrator of this Agreement. The Administrator will be responsible for
confirming and communicating to all Parties, in writing, the actions to be reviewed and
approved by the Parties from time to time. In carrying out its duties under this
Agreement, the Administrator shall comply with the legal and regulatory requirements
applicable to the Administrator (e.g., procurement procedures). The Administrator shall
have the authority to take the following actions to the extent they are consistent with the
approved Budget, the terms of this Agreement and the agreed upon scope of activities
developed by the Party Representatives:

   A. To receive from the Parties, and transmit to Reclamation, Funds provided by
      the parties for Joint Effort activities conducted or arranged by Reclamation.

   B. To undertake or arrange for approved Joint Effort activities in accordance
      with the provisions of this Agreement;

   C. To apply for, receive and disburse Funds for use in the Joint Effort, or for
      other activities authorized by this Agreement;
D. To accumulate Funds for the purposes herein mentioned, and to invest Funds subject to applicable law, provided such Funds are not presently needed to pay costs related to the authorized uses of such Funds under this Agreement;

II. **Workplan**

The Parties will work together to develop a work plan to detail roles, responsibilities, tasks, deliverables, schedule and the budget required to complete the project. The workplan will be submitted to Reclamation.

**ARTICLES**

III. **Definitions**

A. Reclamation means the United States Department of the Interior, Bureau of Reclamation.

B. Parties means PCWA, SSWD, EDCWA, Sacramento, Folsom and RWA.

C. In-Kind Services means services provided by a Party that substantially contribute to the completion of the work task or task identified.

D. Confidential Information means trade secrets or commercial or financial information that is privileged or confidential under the meaning of 5 USC 552(b)(4).

E. Intellectual Property means any invention that is legally protected through patents, copyrights, trademarks, and trade secrets or otherwise protectable under Title 35 of the United States Code, under 7 USC 2321, et seq., or under the patent laws of a foreign country.

F. Key Personnel means Party representatives to the WMSP Executive Steering Committee; Party representatives to the WMSP Project Management Team are identified below in Section X – Notices and Key Personnel.

G. Subject Invention means any invention or other Intellectual Property conceived or first reduced to practice under this MOA which is patentable or otherwise protectable under Title 35 of the United States Code, under 7 USC 2321, et seq., or under the patent laws of a foreign country.

IV. **Authorities and Financial Obligations**

A. Reclamation’s authority to award grant:


B. Party’s authority to enter into this MOA:

1. PCWA is authorized to enter into this MOA by Board of Directors Resolution _______ dated ______________________.

2. Sac Suburban Water District is authorized to enter into this MOA by City Council Resolution _______ dated ______________________.

3. EDCWA is authorized to enter into this MOA by Board of Supervisors Resolution _______ dated ______________________.

4. Sacramento is authorized to enter into this MOA by City Council Resolution _______ dated ______________________.

5. Folsom is authorized to enter into this MOA by City Council Resolution _______ dated ______________________.

6. RWA is authorized to enter into this MOA by Board of Directors Resolution _______ dated ______________________.

C. Cost Sharing: The costs of the WMSP will be shared between Reclamation and the Parties in the following amounts:

1. Reclamation: not to exceed $400,000;

2. Parties: not to exceed $450,000;

The Parties’ financial contributions will be in the form of in-kind products and services, predominately modeling analyses and staff participation. Reclamation’s financial contribution to the WMSP shall not exceed 50% of the total cost. All or part of the Parties share may be provided as in-kind services. Valuation of in-kind services shall be in accordance with 2 CFR Part 225, Cost Principles for State, Local, and Indian Tribal Governments (OMB Circular A-87).

D. Financial Obligations: This MOA is not a funding document and does not authorize the obligation or transfer of funds. If a subsequently identified activity or project is identified that may require Reclamation to expend funds received from the Parties for investigations, surveys, construction work, or any other development work incident thereto involving operations similar to those provided for by the Reclamation law, a Contributed Funds Agreement, pursuant to the Sundry Civil Expenses Appropriations Act for 1922 (43 USC
395) will be required. Funds contributed by the Parties will only be used to pay for costs incurred by Reclamation or its contractors associated with completing the tasks described in this Agreement or modifications to this Agreement.

E. Anti-Deficiency Act: All activities, responsibilities, and commitments made under or pursuant to this MOA (including any Contributed Funds Agreements under this Agreement) are subject to the availability of appropriated funds and each Agency’s budget priorities, as determined by each Agency, and the Parties are not obligated in any way under this MOA to expend appropriations or to enter into any contract, assistance agreement, Contributed Funds Agreement, or other financial obligation. No provision herein shall be interpreted to require obligation or payment of funds in violation of the Anti-Deficiency Act, 31 U.S.C. 1341.

V. Publications, Reports, and Confidentiality

A. Publications: The Parties understand and agree that this MOA may be disclosed to the public in accordance with the Freedom of Information Act or California Public Records Act. Subject to the requirements of Article 7-Confidentiality and preservation of rights in Subject Inventions, a party may publish information developed for the WMSP prior to its official release PROVIDED:

1. The other Parties are allowed to review the manuscript at least sixty (60) days prior to submission for publication, and

2. The publication shall acknowledge this MOA and the contributions of each party’s personnel.

B. Reports: The results of this MOA and science, engineering, and technology data that are collected, compiled, and evaluated under this MOA shall be shared and mutually interchanged by the Parties and Reclamation. A final report summarizing all data shall be submitted to Reclamation and the Parties through the key contacts identified in Section X and within the performance period of this MOA. The final report will be in the public domain, and will be published on Reclamation’s WaterSMART Water Marketing Strategy Grants website.

C. Confidentiality: Any Confidential Information used in this MOA or WMSP shall be clearly marked confidential or proprietary by the submitter and shall not be disclosed by the Recipient without permission of the owner. To the extent a party orally submits its Confidential Information to the other Parties, the submitting party will prepare a document marked “CONFIDENTIAL” embodying or identifying in reasonable detail such orally submitted
Confidential Information and provide the document to the other Parties within thirty (30) days of disclosure.

No party shall be bound by confidentiality if the Confidential Information received from another party:

1. Already is available to the public or known to the recipient;

2. Becomes available to the public through no fault of the recipient;

3. Is nonconfidentially received from another party legally entitled to it; or

4. Is required to be released pursuant to the Freedom of Information Act.

It shall not be a breach of this Agreement if the Parties are required to disclose the Confidential Information by a valid order of a court or other government body, or as otherwise required by law, including without limitation the California Public Records Act, or as necessary to establish the rights of a party under this MOA; PROVIDED THAT the Party(ies) shall provide prompt prior notice thereof to Reclamation to enable Reclamation to seek a protective order or otherwise prevent such disclosure, and PROVIDED FURTHER THAT the Confidential Information otherwise shall continue to be confidential.

D. Intellectual Property: Unless otherwise agreed by the Parties, custody and administration of inventions made as a consequence of, or in direct relation to, the performance of activities under this MOA shall remain with the respective inventing party. In the event that an invention is made jointly by employees of the Parties or an employee of a Party’s contractor, the Parties shall consult and agree as to future actions toward establishment of patent protection for the invention.

VI. Term and Termination

A. Term: This MOA shall take effect upon the approval of the Parties and, unless terminated per Section V, Article C - Termination, will expire three years and 6 months from the date of the last signature to this MOA. Any Contributed Funds Agreement(s) entered into pursuant to this MOA will be limited to an initial period of performance not to exceed the term of this Agreement, although they may be renewed for additional periods of performance not to exceed the term of this Agreement for any renewal period as mutually agreed to by the Parties to this Agreement and the subject Contributed Funds Agreement.
B. Amendment: If a party desires a modification in this Agreement, the Parties shall confer in good faith to determine the desirability of such modification. Such modification shall not be effective until a written amendment is signed and dated by the authorized representatives of the Parties.

C. Termination: A party may terminate its participation in this MOA prior to its expiration at any time, with or without cause, and without incurring any liability or obligation to the other Parties, by giving the other Parties at least ninety (90) calendar days prior written notice of termination.

VII. Authorities not altered: Nothing in this MOA alters the statutory authorities or any other authorities of the Parties.

VIII. Liability: It is understood and agreed that no party to this MOA shall be responsible for any damages or injuries arising out of the conduct of activities governed by this MOA, except to the extent that such damages and/or injuries were caused by the negligent or wrongful acts or omissions of its employees, agents or officers.

IX. Limitations: This MOA sets out the Parties’ intentions and objectives and does not direct or apply to any person outside the Party(ies). This MOA is not intended to, and does not create any right, benefit, or trust responsibility, substantive or procedural, enforceable at law or equity, by anyone against another Party, its agencies, its officers, or any person.

X. Notices and Key Personnel: Notices between the Parties and copies of correspondence among the scientific and/or technical representatives of each party that interpret or may have a bearing on the legal effect of this Agreement’s terms and conditions shall be sent to the key personnel below.

A. Party Key Personnel:

Mr. Ken Payne  
General Manager  
El Dorado County Water Agency  
4330 Golden Center Drive, Suite C  
Cameron Park, California  95667  
ken.payne@edcgov.us  
(916) 621-5403

Mr. Andrew Fecko  
Director of Strategic Affairs  
Placer County Water Agency  
144 Ferguson Road  
Auburn, CA  95603  
afecko@pcwa.net  
(530) 308-4507

Mr. Dan York  
General Manager  
Sacramento Suburban Water District  
3701 Marconi Avenue, Suite 100  
Sacramento, CA 95821  
dyork@sswd.org  
(916) 972-7171

Mr. James Peifer  
Policy and Legislation Manager  
City of Sacramento  
1395 35th Avenue  
Sacramento, CA 95822  
jpeifer@cityofsacramento.org  
(916) 808-1416
XI. **Subcontracting Approval:** A party hereto desiring to obtain and use the services of a third party via contract or otherwise shall give prior notice to the other Parties, including details of the contract or other arrangement. This requirement is to assure that confidentiality is not breached and rights in Subject Inventions are not compromised.

XII. **Assignment:** No party has the right to assign this MOA or any of its responsibilities hereunder.

XIII. **Endorsement:** The Party(ies) shall not in any way state or imply that this Agreement or the results of this Agreement is an endorsement by the Department of the Interior, Federal Government, or Reclamation and any of its organizational units, employees, products, or services except to the extent permission is granted by an authorized representative of Reclamation.

XIV. **Regulatory Compliance:** The Parties acknowledge and agree to comply with all applicable laws and regulations of the state, Federal, and local environmental and cultural and paleontological resource protection laws and regulations as applicable to the activities or projects for this Agreement. These regulatory compliance requirements may include but are not limited to, the National Environmental Policy Act (NEPA) including the Council on Environmental Quality, the Department of the Interior regulations implementing NEPA, the Clean Water Act, the Endangered Species Act, consultation with potentially affected Tribes, and consultation with the State Historic Preservation Office.

XV. **Disputes:** Any dispute arising under this Agreement, which cannot be readily resolved, shall be submitted jointly to the key personnel officials, identified in Section X - Notices and Key Personnel. Each party agrees to seek in good faith to resolve the issue through negotiation or other forms of nonbinding dispute resolution processes mutually acceptable to the Parties. Pending the resolution of any dispute or claim the Parties agree that performance of all obligations shall be pursued diligently.
XVI. **Force Majeure:** No party shall be liable for any unforeseeable event beyond its reasonable control not caused by the fault or negligence of such party:

A. Which causes the party to be unable to perform its obligations under this Agreement; and

B. Which it has been unable to overcome by the exercise of due diligence.

C. This includes, but is not limited to, flood, drought, earthquake, storm, fire, pestilence, lightning and other natural catastrophes, epidemic, war, riot, civil disturbance or disobedience, strikes, labor dispute, failure or sabotage of the party’s facilities or any order or injunction made by a court or public agency.

XVII. **Relationship between the Parties:** The Parties are and shall remain independent contractors and nothing herein shall be construed to create a partnership, agency, joint venture, or teaming agreement between the Parties.

XVIII. **Severability:** The illegality or invalidity of any provision of this Agreement shall not impair, affect, or invalidate the other provisions of this Agreement.

XIX. **Governing Law:** The construction, validity, performance, and effect of this entire Agreement shall be governed by the laws applicable to the Government of the United States of America in accordance with applicable Federal Law as interpreted by Federal Courts.

XX. **Waiver:** The failure of a party to enforce any term hereof shall not be deemed a waiver of any rights contained herein.

XXI. **Invalid Provision:** In the event any provision of this Agreement is determined to be invalid or unenforceable under any controlling law, the invalidity or unenforceability of that provision shall not in any way affect the validity or enforceability of the remaining provisions of this Agreement.

XXII. **Counterparts:** This MOA may be executed in counterparts and each such counterpart shall be equally effective.
IN WITNESS WHEREOF, the Parties have caused this MOA to be executed.

<table>
<thead>
<tr>
<th>Name</th>
<th>Date</th>
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<tbody>
<tr>
<td>El Dorado County Water Agency</td>
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<td>Placer County Water Agency</td>
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<td>Sacramento Regional Water Authority</td>
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<td>City of Sacramento</td>
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<td>City of Folsom</td>
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<td>Sacramento Suburban Water District</td>
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RESOLUTION 2019-01

A Resolution of the Regional Water Authority to Authorize the Executive Director to Sign a Memorandum of Agreement with Non-Federal Partners to Develop a Water Marketing Strategy Plan

Whereas, the Regional Water Authority (RWA) is working on a Regional Water Reliability Plan (RWRP) to improve the region’s water supply reliability; and

Whereas, the RWRP is evaluating a regional groundwater bank as a key strategy to improving water supply reliability; and

Whereas, the United States Bureau of Reclamation has awarded a WaterSMART: Water Marketing Strategy Grant to El Dorado County Water Agency (EDCWA); and

Whereas, the RWA is one of five non-Federal partners identified in the WaterSMART funding application; and

Whereas, the proposed Water Marketing Strategy Plan will contribute to the effort to further advance the evaluation of establishing a regional groundwater bank.

THEREFORE, BE IT RESOLVED, that the Board of Directors of RWA authorizes the Executive Director to execute a Memorandum of Agreement to participate as a non-Federal partner for an American River Basin Water Marketing Strategy Plan.

PASSED AND ADOPTED at a meeting of the Authority held on January 10, 2019.

By: __________________________________________
Chair, Regional Water Authority

Attest: ________________________________________
Clerk, Regional Water Authority
AGENDA ITEM 6: ELECT 2019 RWA EXECUTIVE COMMITTEE

BACKGROUND:
A copy of the procedures for selection of the Executive Committee of the Board of Directors is attached. The election process involves multiple rounds of balloting to achieve a total of nine members with the following:

- At least two seats on the Executive Committee will be held by members of the Board of Directors who are members of a governing board of a Member of RWA (as defined in Articles 2 and 3(i) of the JPA).
- At least two seats on the Executive Committee will be held by members of the Board of Directors who are members of management staff of a Member of RWA.
- At least one seat on the Executive Committee will be held by a member of the Board of Directors who represents a City or County Member of RWA.
- At least one seat on the Executive Committee will be held by a member of the Board of Directors who represents a Contracting Entity of RWA (as defined in Article 3(d) of the JPA).
- A majority of the seats on the Executive Committee (i.e., five seats on a nine-member Executive Committee) will be held by members of the Board of Directors who represent a Member of RWA.

STAFF RECOMMENDATION:
Action: Elect the 2019 Executive Committee of the RWA Board of Directors
Background

The Joint Exercise of Powers Agreement ("JPA") under which the Regional Water Authority ("RWA") was formed and operates provides for the selection of (1) the members of the Executive Committee of the Board of Directors, and (2) the Chair and Vice-Chair of the Board of Directors. (See Articles 10 and 18, respectively, of the JPA.) The Board of Directors will follow the procedures set forth in this document for the selection of the members of the Executive Committee and the Chair and Vice-Chair. This document may be amended at any time by the Board of Directors.

In accordance with Article 8 of the JPA, each Member and Contracting Entity (as defined in Article 3 of the JPA) will have two representatives on the Board of Directors, either of whom may cast a single vote on behalf of his or her Member or Contracting Entity. It will be the responsibility of a Member and Contracting Entity to notify RWA in writing from time to time of (1) its designated representatives to the Board of Directors, including alternates who may act in the absence of a representative, and (2) the priority for voting of its representatives to the Board of Directors of RWA. In the absence of such written notification, the Secretary of RWA will determine that an elected representative of a Member will have voting priority over the Member’s non-elected representative to the Board of Directors, and a Member or Contracting Entity’s senior management staff will have priority over the Member or Contracting Entity’s junior management staff, in the event that the Member or Contracting Entity’s two representatives disagree as to who should cast a vote on behalf of the Member or Contracting Entity concerning a particular matter.

Reference in this document to a majority vote of the Board of Directors will refer to the affirmative vote of a majority of the representatives (one for each Member and Contracting Entity) on the Board of Directors who are entitled to vote on a matter and
who are present at the Board meeting during the vote. A seat on the Board of Directors of RWA will become vacant when a representative of a Member or Contracting Entity no longer meets the qualifications set forth in Article 8 of the JPA, or upon the happening of any of the events set forth in Government Code section 1770.

I. Procedures for Election of the Executive Committee of the Board of Directors

1. The Executive Committee will be a standing committee of the Board of Directors of RWA, and will be selected as individuals from the membership of the Board of Directors, except that, no Member or Contracting Entity of RWA will have more than one representative on the Executive Committee.

2. In accordance with the Brown Act (Government Code section 54952), the Executive Committee will comprise less than a quorum of the number of members of the Board of Directors. The Executive Committee of RWA will consist of nine members, subject to the Board of Directors approving a smaller odd-number of members of the Executive Committee to avoid a violation of the Brown Act. These procedures assume that the Executive Committee will comprise nine members.

3. The nine members of the Executive Committee will be selected by the Board of Directors according to the following procedures:

   a. At least two seats on the Executive Committee will be held by members of the Board of Directors who are members of a governing board of a Member of RWA (as defined in Articles 2 and 3(i) of the JPA).

   b. At least two seats on the Executive Committee will be held by members of the Board of Directors who are members of management staff of a Member of RWA.

   c. At least one seat on the Executive Committee will be held by a member of the Board of Directors who represents a City or County Member of RWA.

   d. At least one seat on the Executive Committee will be held by a member of the Board of Directors who represents a Contracting Entity of RWA (as defined in Article 3(d) of the JPA).

   e. A majority of the seats on the Executive Committee (i.e., five seats on a nine-member Executive Committee) will be held by members
of the Board of Directors who represent a Member of RWA.

f. The Chair of the Board of Directors will conduct the election of the Executive Committee. The Chair may appoint an elections committee to assist the Chair and the RWA Secretary in preparing and counting ballots. No secret ballot will be used for the election. (See Government Code section 54953(c) of the Brown Act: “No legislative body will take action by secret ballot, whether preliminary or final.”)

g. For each ballot, the Chair will ask which members of the Board want to be included on that ballot for election for membership on the Executive Committee. A Board member who is not present at the time of the election will not be included as a candidate unless the Board member or the RWA entity that he or she represents has notified the Executive Director that the Board member wishes to be included as a candidate.

h. Candidates for election to the Executive Committee may prepare and distribute to the members of the Board of Directors a statement of their qualifications. Prior to the vote on a ballot on which a candidate’s name appears, a candidate for election to the Executive Committee will have an opportunity to make an oral presentation of not more than two minutes concerning his or her qualifications to serve on the Executive Committee.

i. The first election will be to fill two seats on the Executive Committee to be held by members of a governing board of a Member of RWA. The RWA Secretary will prepare a ballot comprising the names of the members of the RWA Board of Directors who are eligible to fill these seats, excluding from the ballot any member of the Board of Directors who has indicated that he or she does not wish to serve on the Executive Committee. The ballot will state: “Vote for two seats,” and it will have on it the name of the Member or Contracting Entity that is casting the ballot. The representatives on the Board of Directors will cast votes on the ballot on behalf of the Member or Contracting Entity that they represent, i.e., each Member and Contracting Entity can return one ballot. In order to be counted as a valid ballot, a ballot must have a vote cast for each seat that is to be voted on, e.g., if there are two seats to be voted on, a ballot will not be counted if it is returned with a vote for one or none of the candidates. No cumulative voting will be allowed, i.e., a Member or Contracting Entity cannot cast two votes on the same ballot for the same candidate. In order to be elected on the first ballot, a candidate must receive no less than a
majority of the votes of the Board of Directors who are present at
the time of the vote. The two candidates who receive the highest
number of votes will be elected to the Executive Committee. One
or more runoff elections will be held among the three remaining
candidates (plus ties) who received the highest number of votes if
the election does not fill both seats on the ballot. For a runoff
election, the candidate who receives the highest number of votes
will be elected, even if it represents less than a majority vote of the
Board of Directors. If an election on a ballot with only three
candidates does not result in the election of a member of the
Executive Committee, then the next runoff ballot will include the two
candidates who received the highest number of votes on the
previous ballot, and (1) the candidate who receives the higher
number of votes (even if less than a majority) will be elected; and
(2) in case of a tie, a coin flip will determine the winner.

j. Upon the filling of the first two seats on the Executive Committee,
the Chair will call for the election to fill two seats on the Executive
Committee to be held by members of management staff of a
Member of RWA. The Chair will follow the voting procedures set
forth above to fill these seats on the Executive Committee.

k. The Chair will next call for the election to fill one seat on the
Executive Committee to be held by a member of the Board of
Directors who represents a City or County Member of RWA, to the
extent that this seat has not already been filled. The Chair will
follow the voting procedures set forth above to fill this seat on the
Executive Committee.

l. The Chair will next call for the election to fill one seat on the
Executive Committee to be held by a member of the Board of
Directors who represents a Contracting Entity of RWA. The Chair
will follow the voting procedures set forth above to fill this seat on
the Executive Committee.

m. The Chair will next determine whether a majority of the seats on the
Executive Committee are held by members of the Board of
Directors who represent Members of RWA. (Under the above-
referenced procedures, a minimum of four seats on the Executive
Committee would have already been filled by representatives of
Members of RWA.) If they have not, then the Chair will call for the
election for the seat on the Executive Committee needed to result
in a majority of the seats being held by members of the Board of
Directors who represent Members of RWA. In that case, the Chair
will follow the voting procedures set forth above to fill this seat on
the Executive committee.

n. The Chair will next call for the election to fill the remaining seats on the Executive Committee. The Chair will follow the voting procedures set forth above to fill these seats on the Executive Committee.

o. In the event that vacancies arise from time to time on the Executive Committee, such vacancies will be filled following these procedures concerning the composition and selection of the Executive Committee.

p. There will be no alternate members of the Executive Committee.

4. Prior to January 31 each year, the Board of Directors will elect the members of the Executive Committee for the following year. The members of the Executive Committee will serve a term that commences at the conclusion of the Board meeting during which they were selected, and runs until their successors take office.

5. The RWA Board of Directors will select from the Executive Committee membership a Chair and Vice-Chair, who will also serve as the Chair and Vice-Chair of the RWA Board of Directors. The procedures for selecting the Chair and the Vice-Chair are set forth below.

6. Executive Committee meetings will be open to the public (except for authorized closed sessions), noticed and conducted in accordance with applicable law. A majority of all of the members of the Executive Committee (i.e., five members on a nine-member Executive Committee) will (a) constitute a quorum for the purpose of transacting business, and (b) be required for an affirmative vote to take action.

7. Members of the RWA Board of Directors who are not members of the Executive Committee may attend an Executive Committee meeting only as observers, and they will not participate in the committee meeting, ask questions or sit with the committee members at the Board table. (See subsection (c)(6) of Government Code section 54952.2 and 81 Ops.Cal.Atty.Gen. 156 (1998).)

II. Procedures for Election of Chair and Vice-Chair of the Executive Committee and the Board of Directors

1. The Chair and Vice-Chair will be elected by the Board of Directors from the membership of the Executive Committee.
2. The current Chair of the Board of Directors will conduct the election of the Chair and Vice-Chair of the Executive Committee as separate elections. The Chair may appoint an elections committee to assist the Chair and the RWA Secretary in preparing and counting ballots. No secret ballot will be used for the election. (See Government Code section 54953(c) of the Brown Act.)

3. The Chair will ask which members of the Executive Committee want to be considered at the election for Chair of the Executive Committee. A Board member who is not present at the time of the election will not be included as a candidate unless the Board member or the RWA entity that he or she represents has notified the Executive Director that the Board member wishes to be included as a candidate.

4. Candidates for election as Chair of the Executive Committee may prepare and distribute to the members of the Board of Directors a statement of their qualifications. Prior to the vote, a candidate will have an opportunity to make an oral presentation of not more than two minutes concerning his or her qualifications to serve as Chair.

5. The RWA Secretary will prepare a ballot for Chair comprising the names of the members of the Executive Committee, excluding from the ballot any member of the Executive Committee who has indicated that he or she does not wish to serve as Chair. To the extent applicable, the procedures set forth above for the election of members of the Executive Committee will be followed for the election of the Chair of the Executive Committee, until the Chair has been elected. The candidate who receives the highest number of votes on the first ballot, and at least a majority of the vote of the Board of Directors who are present at the time of the vote, will be elected Chair. One or more runoff elections will be held, if necessary, among the three candidates (plus ties) who received the highest number of votes on the previous ballot. For a runoff election, the candidate who receives the highest number of votes will be elected, even if it represents less than a majority vote of the Board of Directors. If an election on a ballot with only three candidates does not result in the election of the Chair, then the next runoff ballot will include the two candidates who received the highest number of votes on the previous ballot, and (a) the candidate who receives the higher number of votes (even if less than a majority) will be elected; and (2) in case of a tie, a coin flip will determine the winner.

6. The Chair will follow the same procedures for the election of Vice-Chair of the Executive Committee.

7. Prior to January 31 of each year, the Board of Directors will elect the Chair
and Vice-Chair of the Executive Committee for the following year. The Chair and Vice-Chair will serve a term that commences at the conclusion of the Board meeting during which they were selected, and runs until their successors take office.

8. In the event that the Chair does not serve his or her full term, the Vice-Chair will succeed the Chair, and the Board of Directors will elect a Vice-Chair following these procedures.

III. Procedures for Filling a Post-Election Vacancy on the Executive Committee

1. In the event that a vacancy occurs on the Executive Committee the Member or Contracting Entity whose representative held the Executive Committee seat that was vacated may recommend a replacement by sending the Chair of the Board of Directors a letter making that recommendation.

2. The recommended Executive Committee replacement must be one of the two identified representatives on the Board of Directors for that Member or Contracting Entity, provided the nomination is consistent with the RWA JPA and the Executive Committee Election Policy.

3. The recommended replacement to the Executive Committee may begin to serve immediately, but must be approved by a majority vote of the Board of Directors at its next regularly scheduled meeting.

4. In the event that a recommended replacement is not identified or not approved, the Board of Directors will select a member consistent with the procedures identified in Section I. of this policy.
# RWA Board of Directors

**2018 Chair:** Marcus Yasutake  
**2018 Vice Chair:** Paul Schubert

<table>
<thead>
<tr>
<th>Name</th>
<th>Title and Affiliation</th>
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<tbody>
<tr>
<td><strong>S. Audie Foster</strong>,</td>
<td>General Manager, California American Water</td>
</tr>
<tr>
<td><strong>Vacant</strong>,</td>
<td>Operations Manager, California American Water</td>
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<tr>
<td><strong>Ron Greenwood</strong>,</td>
<td>Board Member, Carmichael Water District</td>
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<tr>
<td><strong>Steve Nugent</strong>,</td>
<td>General Manager, Carmichael Water District</td>
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<tr>
<td><strong>Vacant</strong>,</td>
<td>Director, Citrus Heights Water District</td>
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<tr>
<td><strong>Hilary Straus</strong>,</td>
<td>General Manager, Citrus Heights Water District</td>
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<tr>
<td><strong>Raymond Riehle</strong>,</td>
<td>Director, Citrus Heights Water District (alternate)</td>
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<tr>
<td><strong>Kerri Howell</strong>,</td>
<td>Councilmember, City of Folsom</td>
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<tr>
<td><strong>Marcus Yasutake</strong>,</td>
<td>Environmental/Water Resources Director, City of Folsom, Chair</td>
</tr>
<tr>
<td><strong>Matthew Wheeler</strong>,</td>
<td>Community Development Director, City of Lincoln</td>
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<td><strong>Vacant</strong>,</td>
<td>City of Lincoln</td>
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<tr>
<td><strong>Jennifer Hanson</strong>,</td>
<td>Public Works Director, City of Lincoln (alternate)</td>
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<tr>
<td><strong>Scott Alvord</strong>,</td>
<td>Councilmember, City of Roseville</td>
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<tr>
<td><strong>Sean Bigley</strong>,</td>
<td>City of Roseville</td>
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<tr>
<td><strong>Rich Plecker</strong>,</td>
<td>General Manager, City of Roseville (alternate)</td>
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<tr>
<td><strong>Dale Olson</strong>,</td>
<td>City of Roseville (alternate)</td>
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<tr>
<td><strong>Jeff S. Harris</strong>,</td>
<td>Councilmember, City of Sacramento</td>
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<tr>
<td><strong>Jim Peifer</strong>,</td>
<td>Senior Engineer, City of Sacramento</td>
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<tr>
<td><strong>Bill Busath</strong>,</td>
<td>Director of Utilities, City of Sacramento (alternate)</td>
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<tr>
<td><strong>Dan Sherry</strong>,</td>
<td>Supervising Engineer, City of Sacramento (alternate)</td>
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<tr>
<td><strong>Dennis M. Rogers</strong>,</td>
<td>Chief of Staff, City of Sacramento (alternate)</td>
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<tr>
<td><strong>Denix Anbiah</strong>,</td>
<td>Public Works Director, City of West Sacramento</td>
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<tr>
<td><strong>Brendan Leonard</strong>,</td>
<td>Environment/Utilities Commissioner, City of West Sacramento</td>
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<tr>
<td><strong>Dave Shaw</strong>,</td>
<td>Councilmember, City of Yuba City</td>
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<td><strong>Diana Langley</strong>,</td>
<td>Public Works Director, City of Yuba City</td>
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<td><strong>Ben Moody</strong>,</td>
<td>Deputy Public Works Director, City of Yuba City (alternate)</td>
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<tr>
<td><strong>Vacant</strong>,</td>
<td>Board Member, Del Paso Manor Water District</td>
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<td><strong>Debra Sedwick</strong>,</td>
<td>General Manager, Del Paso Manor Water District</td>
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<tr>
<td><strong>Michael Raffety</strong>,</td>
<td>Director, El Dorado Irrigation District</td>
</tr>
<tr>
<td><strong>Jim Abercrombie</strong>,</td>
<td>General Manager, El Dorado Irrigation District</td>
</tr>
<tr>
<td><strong>Brian Mueller</strong>,</td>
<td>El Dorado Irrigation District (alternate)</td>
</tr>
<tr>
<td><strong>Dale Coco</strong>,</td>
<td>El Dorado Irrigation District (alternate)</td>
</tr>
</tbody>
</table>

* Names highlighted in red are Executive Committee members
<table>
<thead>
<tr>
<th>Name</th>
<th>Title/Role</th>
</tr>
</thead>
<tbody>
<tr>
<td>Tom Nelson</td>
<td>Board Chair, Elk Grove Water District</td>
</tr>
<tr>
<td>Mark Madison</td>
<td>General Manager, Elk Grove Water District</td>
</tr>
<tr>
<td>Randy Marx</td>
<td>Board Member, Fair Oaks Water District</td>
</tr>
<tr>
<td>Tom Gray</td>
<td>General Manager, Fair Oaks Water District</td>
</tr>
<tr>
<td>Paul Schubert</td>
<td>General Manager, Golden State Water Company – Vice Chair</td>
</tr>
<tr>
<td>Ernie Gisler</td>
<td>Capital Program Manager, Golden State Water Company</td>
</tr>
<tr>
<td>Jim Lemley</td>
<td>Board Member, Orange Vale Water Company</td>
</tr>
<tr>
<td>Joe Duran</td>
<td>General Manager, Orange Vale Water Company</td>
</tr>
<tr>
<td>Robert Dugan</td>
<td>Board Member, Placer County Water Agency</td>
</tr>
<tr>
<td>Brent Smith</td>
<td>Director of Technical Services, Placer County Water Agency</td>
</tr>
<tr>
<td>Matt Young</td>
<td>Director of Customer Service, Placer County Water Agency, (alternate)</td>
</tr>
<tr>
<td>Andy Fecko</td>
<td>Director of Strategic Affairs, Placer County Water Agency (alternate)</td>
</tr>
<tr>
<td>Mike Lee</td>
<td>Board Member, Placer County Water Agency (alternate)</td>
</tr>
<tr>
<td>Dan Kelly</td>
<td>Agency Staff Counsel, Placer County Water Agency (alternate)</td>
</tr>
<tr>
<td>Gerald (Jerry) Pasek</td>
<td>Board Member, Rancho Murieta Community Services District</td>
</tr>
<tr>
<td>Mark Martin</td>
<td>General Manager, Rancho Murieta Community Services District</td>
</tr>
<tr>
<td>Brent Dills</td>
<td>Board Member, Rio Linda/Elverta Community Water District</td>
</tr>
<tr>
<td>Tim Shaw</td>
<td>General Manager, Rio Linda/Elverta Community Water District</td>
</tr>
<tr>
<td>Susan Peters</td>
<td>Supervisor, Sacramento County Water Agency</td>
</tr>
<tr>
<td>Kerry Schmitz</td>
<td>Division Chief, Water Supply, Sacramento County Water Agency</td>
</tr>
<tr>
<td>Dave Jones</td>
<td>Board Member, Sacramento Suburban Water District</td>
</tr>
<tr>
<td>Dan York</td>
<td>General Manager, Sacramento Suburban Water District</td>
</tr>
<tr>
<td>Kevin Thomas</td>
<td>Board Member, Sacramento Suburban Water District (alternate)</td>
</tr>
<tr>
<td>Pam Tobin</td>
<td>Board Member, San Juan Water District</td>
</tr>
<tr>
<td>Paul Helliker</td>
<td>General Manager, San Juan Water District</td>
</tr>
</tbody>
</table>

* Names highlighted in red are Executive Committee members
AGENDA ITEM 7: ELECT 2019 RWA CHAIR AND VICE-CHAIR

BACKGROUND:

The Chair and Vice-Chair are to be elected by the Board of Directors from the membership of the Executive Committee.

STAFF RECOMMENDATION:

Action: Elect 2019 Chair and Vice-Chair of the RWA Executive Committee and RWA Board of Directors
JANUARY 10, 2019

TO: REGIONAL WATER AUTHORITY BOARD OF DIRECTORS

FROM: JOHN WOODLING

RE: EXECUTIVE DIRECTOR’S REPORT

a. Legislative and Regulatory Update – The 2019 legislative session began December 3, 2018 and there have been over 215 bills introduced. The Legislature reconvenes January 7, 2019 and it is expected that there will be a wide range of topics touched on in legislation with somewhere in the range of 3,000 bills typically introduced in the first year of the two-year legislative cycle.

The biggest legislative issue for RWA in 2019 is likely to be a “water tax” in relation to clean drinking water. At this time there is one bill (AB 134 Bloom) that has been introduced related to the water tax. The expectation is that Senator Monning will be (re)introducing a bill that will include a “voluntary opt-out” monthly tax on water customer bills, and Assemblymember Eduardo Garcia will introduce a bill that is intended to be a discussion vehicle to address clean drinking water. ACWA is sponsoring a bill that centers on a limited general fund capitalization of a trust fund to provide stable funding for clean drinking water. Ryan Ojakian has been involved in the ACWA safe drinking water group that has been developing the ACWA proposal.

The introduced bills signal an intent of the Legislature to focus on affordable housing, and fire resilience. RWA will monitor bills in these issue areas for effects on service connection fees and potential funding for water supply benefits through forest management. Additionally, it is expected there will be several water efficiency bills that will likely run the support/oppose spectrum for RWA.

On the regulatory side of things how the dust settles on the Water Board action to require instream flows on the San Joaquin tributaries will be an on-going situation. The Water Board will be initiating the needs assessment analysis, in connection with clean drinking water, funded through the most recent state budget. The initial needs assessment analysis meetings are scheduled for January 11th and 18th. Ryan Ojakian will be attending the needs assessment analysis meetings.

b. RWA Outreach – Thanks to all those who attended the 18th Annual RWA/SGA Holiday Social on December 6, 2018. We were pleased to honor Ryan Bezerra with the Water Statesperson Award and Pam Tobin with the Distinguished Service Award. Ms. Tobin was again elected to Chair the Sacramento Groundwater Authority in 2019. Mr. Woodling was awarded the ACWA Emissary Award at the Fall Conference and will continue to serve on the ACWA Board, on the State Legislative Committee and as
Chair of the Groundwater Committee in 2019. Mr. Woodling was invited on December 6, 2018 to present our approaches to drought response in 2014-15 to a group of water managers from Morocco.

c. Water Efficiency Update – The Regional Imagery Project is moving forward. SACOG has delivered the 1,000 square miles of 4 band, 3 inch imagery files to RWA. RWA is now in the process of distributing the imagery to each water agency. Additionally, RWA is in the process of drafting a Request for Proposal (RFP) to solicit work to analyze the imagery data to produce the amount of irrigated and irrigable landscape area for each interested water agency. This information can then be used to estimate the residential outdoor water use component of the recently passed AB 1668/SB 606 water conservation focused regulation. RWA will be conducting a meeting in January 2019 to gather input on the direction of the RFP and what type of deliverables would be useful water agencies.

RWA continues to track monthly production and residential gallons per capita per day (R-GPCD) data. The data is rolled up into a data summary report that is sent back out to water agency staff. Each data summary report includes year to date monthly production by water source, monthly water production from 2013-2018, average and current precipitation and temperature, and monthly R-GPCD data by water agency and regional average. November’s data summary report is included. The purpose for collecting and reporting back monthly data is to track regional trends in water use for regional planning, supplement information provided for multiagency grant applications and projects, inform regional public relations and legislative communication, and develop public outreach messaging for the Water Efficiency Program’s campaigns.

The Water Efficiency Program winter public outreach campaign will focus on encouraging residents to turn off their irrigation controllers for the winter and let Mother Nature do the watering. This primarily social media and online campaign will draw the connection between bears hibernating for the winter and a household’s irrigation controller “hibernating” for the winter. RWA and participating water agencies will use static social media and online ads to direct customers to their respective websites. Additionally an animated version of the message will be launched for a more interactive approach for viewers featuring a family of bears told as a story time tale to connect with the holiday season.

The 6th annual Water Spots Video Contest has been launched. The region’s middle school and high school students are challenged to create 30-second public service announcements focused on this year’s theme, SHOW OFF YOUR WATER SMARTS. The videos seek to educate and motivate the public to use water efficiently and stop water waste. The winning videos will receive prizes and will be featured in select movie theatres throughout the region in summer 2019. Visit bewatersmart.info for more information.
In case you want to watch the full video:
https://www.dropbox.com/s/x424miv25um8bwa/Bear_Storyboard_Video-Traditional.mp4?dl=0

d. **SB 998** – Senate Bill 998, passed in 2018, creates new requirements for water shut off and reconnection for nonpayment of water bills. The Executive Committee discussed briefly what actions RWA member agencies will take in response, and agreed to extend the discussion at the Board meeting.
e. **November 2018 COLA** – Consistent with RWA policy, pay scales were increased January 1, 2019 by 3.1% based on the November consumer price index for small western cities (attached). The update pay scales are also attached and will be posted at rwah2o.org to comply with CalPERS requirements.

f. **Succession Planning** – At the time of the Executive Director’s performance evaluation in 2018, members of the evaluation committee recommended creation of an ad hoc committee to focus on long term planning for succession in the Executive Director position. Staff will discuss progress to date.

g. **Financial Reports** – Financial reports through October 31, 2018 are attached.
November 2018 Data Summary

### 2018 Monthly Water Production by Source (Million Gallons)

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
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<th></th>
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</thead>
<tbody>
<tr>
<td>SW</td>
<td>3,793</td>
<td>3,949</td>
<td>4,331</td>
<td>5,597</td>
<td>9,595</td>
<td>12,062</td>
<td>13,527</td>
<td>12,466</td>
<td>10,528</td>
<td>10,033</td>
<td>6,697</td>
<td></td>
<td>92,578</td>
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<tr>
<td>GW</td>
<td>2,663</td>
<td>2,521</td>
<td>2,297</td>
<td>2,513</td>
<td>3,451</td>
<td>3,885</td>
<td>4,614</td>
<td>5,031</td>
<td>4,420</td>
<td>2,948</td>
<td>2,743</td>
<td></td>
<td>37,086</td>
</tr>
<tr>
<td>Total</td>
<td>6,456</td>
<td>6,469</td>
<td>6,627</td>
<td>8,111</td>
<td>13,046</td>
<td>15,947</td>
<td>18,141</td>
<td>17,497</td>
<td>14,947</td>
<td>12,981</td>
<td>9,440</td>
<td></td>
<td>129,664</td>
</tr>
</tbody>
</table>

### 2018 Monthly Water Production by Source

#### Regional Monthly Water Production (Million Gallons)

2013 | 2014 | 2015 | 2016 | 2017 | 2018
---|---|---|---|---|---
---|---|---|---|---|---|---|---|---|---|---|---
41% | 39% | 35% | 31% | 26% | 24% | 25% | 29% | 30% | 23% | 29% | 71%
### Water Agency

<table>
<thead>
<tr>
<th>Water Agency</th>
<th>2018 Residential Gallons Per Capita Per Day (R-GPCD)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Carmichael Water District</td>
<td>62, 65, 87, 115, 194, 251, 294, 261, 249, 174, 147</td>
</tr>
<tr>
<td>Citrus Heights Water District</td>
<td>77, 85, 79, 100, 156, 209, 253, 231, 200, 154, 122</td>
</tr>
<tr>
<td>City of Davis</td>
<td>59, 68, 61, 80, 111, 128, 147, 139, 125, 116, 90</td>
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<tr>
<td>City of Folsom</td>
<td>80, 94, 86, 112, 178, 223, 244, 238, 198, 170, 126</td>
</tr>
<tr>
<td>City of Lincoln</td>
<td>61, 75, 57, 85, 121, 184, 202, 200, 175, 159, 118</td>
</tr>
<tr>
<td>City of Roseville</td>
<td>54, 61, 54, 63, 109, 154, 174, 181, 181, 127, 115</td>
</tr>
<tr>
<td>City of Sacramento</td>
<td>62, 65, 66, 77, 119, 138, 165, 133, 113, 107, 78</td>
</tr>
<tr>
<td>City of West Sacramento</td>
<td>70, 79, 58, 81, 105, 157, 164, 173, 125, 110, 95</td>
</tr>
<tr>
<td>City of Woodland</td>
<td>55, 62, 48, 61, 88, 113, 118, 121, 109, 92, 85</td>
</tr>
<tr>
<td>City of Yuba City</td>
<td>69, 81, 75, 90, 129, 153, 164, 157, 143, 122, 102</td>
</tr>
<tr>
<td>El Dorado Irrigation District</td>
<td>97, 93, 99, 111, 183, 260, 324, 207, 239, 166, 145</td>
</tr>
<tr>
<td>Elk Grove Water District</td>
<td>58, 62, 59, 68, 106, 138, 159, 152, 135, 117, 95</td>
</tr>
<tr>
<td>Fair Oaks Water District</td>
<td>75, 94, 81, 113, 198, 265, 316, 316, 268, 199, 151</td>
</tr>
<tr>
<td>Golden State Water Company</td>
<td>84, 90, 88, 102, 155, 201, 216, 210, 195, 161, 134</td>
</tr>
<tr>
<td>Rio Linda/Elverta CWD</td>
<td>91, 102, 74, 84, 146, 204, 231, 212, 179, 146, 107</td>
</tr>
<tr>
<td>Sacramento County Water Agency</td>
<td>80, 89, 78, 112, 143, 176, 192, 188, 165, 140, 108</td>
</tr>
<tr>
<td>Sacramento Suburban WD</td>
<td>66, 69, 68, 84, 85, 151, 170, 155, 109, 142, 82</td>
</tr>
<tr>
<td>San Juan Water District</td>
<td>91, 136, 102, 175, 362, 477, 553, NR, NR, NR, NR</td>
</tr>
<tr>
<td>Sacramento Regional Average</td>
<td>69, 75, 70, 89, 131, 171, 195, 176, 156, 133, 102</td>
</tr>
</tbody>
</table>

NR=Not Reported, San Juan Water District’s production and R-GPCD are estimated using 2017 data for regional consistency.
EXHIBIT A
RWA POLICY 400.2

MONTHLY SALARY SCHEDULE OF RWA POSITIONS
Recommended Salary Ranges per Compensation Study
January 1, 2019

<table>
<thead>
<tr>
<th>Classification</th>
<th>Step 1</th>
<th>Step 2</th>
<th>Step 3</th>
<th>Step 4</th>
<th>Step 5</th>
<th>Step 6</th>
</tr>
</thead>
<tbody>
<tr>
<td>Manager of Technical Services</td>
<td>$12,655</td>
<td>$13,161</td>
<td>$13,667</td>
<td>$14,174</td>
<td>$14,680</td>
<td>$15,186</td>
</tr>
<tr>
<td>Principal Project Manager</td>
<td>$10,352</td>
<td>$10,766</td>
<td>$11,180</td>
<td>$11,594</td>
<td>$12,008</td>
<td>$12,422</td>
</tr>
<tr>
<td>Senior Project Manager</td>
<td>$8,704</td>
<td>$9,053</td>
<td>$9,399</td>
<td>$9,748</td>
<td>$10,096</td>
<td>$10,444</td>
</tr>
<tr>
<td>Associate Project Manager</td>
<td>$6,176</td>
<td>$6,423</td>
<td>$6,671</td>
<td>$6,917</td>
<td>$7,165</td>
<td>$7,412</td>
</tr>
<tr>
<td>Finance &amp; Administrative Services Manager I</td>
<td>$7,749</td>
<td>$8,059</td>
<td>$8,369</td>
<td>$8,678</td>
<td>$8,988</td>
<td>$9,299</td>
</tr>
<tr>
<td>Executive Assistant</td>
<td>$5,186</td>
<td>$5,394</td>
<td>$5,601</td>
<td>$5,809</td>
<td>$6,016</td>
<td>$6,224</td>
</tr>
<tr>
<td>Project Research Assistant</td>
<td>$4,641</td>
<td>$4,825</td>
<td>$5,011</td>
<td>$5,197</td>
<td>$5,383</td>
<td>$5,568</td>
</tr>
</tbody>
</table>

There is no range for the Executive Director position. The Executive Director’s compensation is $20,711 per month.

Exhibit A will be updated annually based on the November Consumer Price Index and/or when a new salary survey is completed. (2019 ranges include COLA per November 2018 CPI Index of 3.1%)
# REGIONAL WATER AUTHORITY

## Income Statement

**Year-to-Date Performance, October 2018**

**Department 10 to 20**

<table>
<thead>
<tr>
<th>4 Months Ended</th>
<th>Annual Budget</th>
<th>Unused</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>October 31, 2018</strong></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

## REVENUES

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount October 31, 2018</th>
<th>Amount Annual Budget</th>
<th>Amount Unused</th>
</tr>
</thead>
<tbody>
<tr>
<td>Annual Assessments</td>
<td>897,831.00</td>
<td>897,800.00</td>
<td>(31.00)</td>
</tr>
<tr>
<td>Affiliate Members Annual</td>
<td>7,500.00</td>
<td>7,900.00</td>
<td>400.00</td>
</tr>
<tr>
<td>Associate Membership Annual</td>
<td>53,300.00</td>
<td>53,300.00</td>
<td>0.00</td>
</tr>
<tr>
<td>Powerhouse Science Center - Members</td>
<td>68,764.00</td>
<td>60,000.00</td>
<td>(8,764.00)</td>
</tr>
<tr>
<td>SGA Service Agreement Fees</td>
<td>147,191.24</td>
<td>624,800.00</td>
<td>477,608.76</td>
</tr>
<tr>
<td>Holiday Social Revenue</td>
<td>0.00</td>
<td>8,000.00</td>
<td>8,000.00</td>
</tr>
<tr>
<td>Miscellaneous Revenue</td>
<td>13.18</td>
<td>0.00</td>
<td>(13.18)</td>
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<tr>
<td>Cash Discounts</td>
<td>200.87</td>
<td>0.00</td>
<td>(200.87)</td>
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<tr>
<td>Interest on S/T Investments</td>
<td>22,009.77</td>
<td>19,600.00</td>
<td>(2,409.77)</td>
</tr>
</tbody>
</table>

**TOTAL REVENUES** | **1,196,810.06** | **1,671,400.00** | **474,589.94** |

**TOTAL REVENUE** | **1,196,810.06** | **1,671,400.00** | **474,589.94** |

## GROSS PROFIT

**GROSS PROFIT** | **1,196,810.06** | **1,671,400.00** | **474,589.94** |

## OPERATING EXPENDITURES

### Staff Expenses

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount October 31, 2018</th>
<th>Amount Annual Budget</th>
<th>Amount Unused</th>
</tr>
</thead>
<tbody>
<tr>
<td>General Salaries</td>
<td>218,257.44</td>
<td>922,300.00</td>
<td>704,042.56</td>
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<tr>
<td>Benefits/Taxes</td>
<td>140,324.48</td>
<td>469,900.00</td>
<td>329,575.52</td>
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<tr>
<td>Travel / Meals</td>
<td>3,069.32</td>
<td>30,000.00</td>
<td>26,930.68</td>
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<tr>
<td>Professional Development</td>
<td>0.00</td>
<td>7,000.00</td>
<td>7,000.00</td>
</tr>
</tbody>
</table>

**TOTAL Staff Expenses** | **361,651.24** | **1,429,200.00** | **1,067,548.76** |

### Office Expenses

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount October 31, 2018</th>
<th>Amount Annual Budget</th>
<th>Amount Unused</th>
</tr>
</thead>
<tbody>
<tr>
<td>Rent &amp; Utilities</td>
<td>7,470.62</td>
<td>32,300.00</td>
<td>24,829.38</td>
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<tr>
<td>Insurance</td>
<td>34,926.49</td>
<td>26,500.00</td>
<td>(8,426.49)</td>
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<tr>
<td>Office Maintenance</td>
<td>0.00</td>
<td>500.00</td>
<td>500.00</td>
</tr>
<tr>
<td>Telephone</td>
<td>3,049.07</td>
<td>12,700.00</td>
<td>9,650.93</td>
</tr>
<tr>
<td>Dues and Subscription</td>
<td>3,576.00</td>
<td>11,300.00</td>
<td>7,724.00</td>
</tr>
<tr>
<td>Printing &amp; Supplies</td>
<td>3,375.84</td>
<td>20,600.00</td>
<td>17,224.16</td>
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<tr>
<td>Postage</td>
<td>1,796.20</td>
<td>3,000.00</td>
<td>1,203.80</td>
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<tr>
<td>Meetings</td>
<td>1,144.72</td>
<td>15,500.00</td>
<td>14,355.28</td>
</tr>
<tr>
<td>Computer Equipment/Support</td>
<td>3,864.83</td>
<td>16,900.00</td>
<td>13,035.17</td>
</tr>
</tbody>
</table>

**TOTAL Office Expenses** | **59,203.77** | **139,300.00** | **80,096.23** |

**Office Furniture & Equipment**
<table>
<thead>
<tr>
<th>Service Description</th>
<th>4 Months Ended October 31, 2018</th>
<th>Annual Budget</th>
<th>Unused</th>
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<tbody>
<tr>
<td>Office Furniture</td>
<td>0.00</td>
<td>2,800.00</td>
<td>2,800.00</td>
</tr>
<tr>
<td>TOTAL Office Furniture &amp; Equipment</td>
<td>0.00</td>
<td>2,800.00</td>
<td>2,800.00</td>
</tr>
<tr>
<td>Professional Fees</td>
<td></td>
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</tr>
<tr>
<td>ADP / Banking Charges</td>
<td>737.36</td>
<td>2,700.00</td>
<td>1,962.64</td>
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<td>Audit Fees</td>
<td>8,400.00</td>
<td>32,000.00</td>
<td>23,600.00</td>
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<td>Legal Fees</td>
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<td>68,300.00</td>
<td>62,646.15</td>
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<tr>
<td>GASB 68 reporting fee</td>
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<td>(750.00)</td>
</tr>
<tr>
<td>Consulting Expenses - General</td>
<td>10,091.19</td>
<td>230,100.00</td>
<td>220,008.81</td>
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<tr>
<td>Powerhouse Science Center Payments</td>
<td>0.00</td>
<td>25,000.00</td>
<td>25,000.00</td>
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<tr>
<td>TOTAL Professional Fees</td>
<td>25,632.40</td>
<td>358,100.00</td>
<td>332,467.60</td>
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<td>Program Fees</td>
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<tr>
<td>Consulting Expenses</td>
<td>6,130.50</td>
<td>0.00</td>
<td>(6,130.50)</td>
</tr>
<tr>
<td>TOTAL Program Fees</td>
<td>6,130.50</td>
<td>0.00</td>
<td>(6,130.50)</td>
</tr>
<tr>
<td>TOTAL OPERATING EXPENDITURES</td>
<td>452,617.91</td>
<td>1,929,400.00</td>
<td>1,476,782.09</td>
</tr>
<tr>
<td>OPERATING INCOME (LOSS)</td>
<td>744,192.15</td>
<td>(258,000.00)</td>
<td>(1,002,192.15)</td>
</tr>
<tr>
<td>NET OPERATING INCOME (LOSS)</td>
<td>744,192.15</td>
<td>(258,000.00)</td>
<td>(1,002,192.15)</td>
</tr>
<tr>
<td>NET INCOME (LOSS) NET OF PROGRAM</td>
<td>744,192.15</td>
<td>(258,000.00)</td>
<td>(1,002,192.15)</td>
</tr>
</tbody>
</table>

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

For the period ending October 2018
Cash in checking account: $392,529
LAIF Balance $2,849,946

For the period of May 1 to October 2018
Total cash receipts for the period: $4,044,428
Total cash disbursements for the period: $4,076,741
### Investments, Restricted Cash and Designated Funds, Undesignated Funds and Cash Report

For the month ending:  
<table>
<thead>
<tr>
<th></th>
<th>Unaudited</th>
<th>Audited</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>October 31, 2018</strong></td>
<td><strong>June 30, 2018</strong></td>
<td></td>
</tr>
<tr>
<td><strong>Local Agency Investment Fund (LAIF)</strong></td>
<td>$2,849,946</td>
<td>$1,877,936</td>
</tr>
<tr>
<td><strong>General Checking Account</strong></td>
<td>$136,084</td>
<td>$157,817</td>
</tr>
<tr>
<td><strong>Total Cash and Investments</strong></td>
<td>$2,986,030</td>
<td>$2,035,753</td>
</tr>
</tbody>
</table>

Less: **Restricted Cash and Designations**

1. **Designated funds represents amounts set aside for program specific purposes.**
2. **The cash for this designated fund is restricted as to its use for these specific programs based upon contractual agreements with the participating member agencies.**
3. **Per Policy 500.1, the Operating Fund is available to pay ongoing RWA operations and administration expenses.**
4. **The designated amounts reflect the June 30, 2019 projected year end balance from the FY2019 budget plus/minus any year end accounting adjustments.**
5. **Per Policy 500.1, Funds in excess of the maximum target designated balances may be used to offset future membership dues and subject to an annual review by the Board.**
6. **The operating fund at June 30, 2019 is estimated to be at 6 months.**

<table>
<thead>
<tr>
<th><strong>Program</strong></th>
<th><strong>Unaudited</strong></th>
<th><strong>Audited</strong></th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Water Efficiency Program (WEP)</strong></td>
<td>$850,051</td>
<td>$443,603</td>
</tr>
<tr>
<td><strong>Direct Install</strong></td>
<td>$16,323</td>
<td>$200,000</td>
</tr>
<tr>
<td><strong>Lobbying Subscription Program</strong></td>
<td>$62,806</td>
<td>$86,806</td>
</tr>
<tr>
<td><strong>Prop 84 Project Management</strong></td>
<td>$62,348</td>
<td>$68,478</td>
</tr>
<tr>
<td><strong>2014 Drought Program Management</strong></td>
<td>$20,912</td>
<td>$29,482</td>
</tr>
<tr>
<td><strong>Prop 84 3 Project Management</strong></td>
<td>$17,329</td>
<td>$17,964</td>
</tr>
<tr>
<td><strong>Proposition 50 Grant Management</strong></td>
<td>$7,793</td>
<td>$8,593</td>
</tr>
<tr>
<td><strong>WEP Prop 84 3 Program Management</strong></td>
<td>$5,773</td>
<td>$6,272</td>
</tr>
<tr>
<td><strong>ARB Study</strong></td>
<td>$266</td>
<td>$376</td>
</tr>
<tr>
<td><strong>SRCSD Water Suppliers</strong></td>
<td>$2,131</td>
<td>$0</td>
</tr>
<tr>
<td><strong>Membership Dues Stabilization</strong></td>
<td>$142,700</td>
<td>$137,200</td>
</tr>
<tr>
<td><strong>Subscription Program Stabilization</strong></td>
<td>$25,100</td>
<td>$25,400</td>
</tr>
<tr>
<td><strong>Pension Plan Accounting Change</strong></td>
<td>$45,000</td>
<td>$45,000</td>
</tr>
<tr>
<td><strong>Powerhouse Science Center</strong></td>
<td>$190,759</td>
<td>$155,753</td>
</tr>
<tr>
<td><strong>Strategic Plan Fund</strong></td>
<td>$90,648</td>
<td>$109,748</td>
</tr>
</tbody>
</table>

**Total Designated Funds, excluding operating fund** | $1,494,939 | $1,334,675 |

**Total Available Cash for Operating Funds**

3. **Operating Fund** | $671,000 | $628,100 |

5. **Undesignated Funds** | $820,091 | $72,978 |

**Total Designated and Undesignated Funds**

<table>
<thead>
<tr>
<th></th>
<th>Unaudited</th>
<th>Audited</th>
</tr>
</thead>
<tbody>
<tr>
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<td><strong>October 31, 2018</strong></td>
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<tr>
<td><strong>Total Designated and Undesignated Funds</strong></td>
<td>$2,986,030</td>
<td>$2,035,753</td>
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</table>