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: Members of the public who wish to address the committee may do so at this time. Please keep your comments to less than three minutes.

3. CONSENT CALENDAR
   Minutes of the January 23, 2019 Executive Committee meeting and the January 29, 2019 Special Executive Committee meeting
   Action: Approve Consent Calendar items

4. EXECUTIVE DIRECTOR RECRUITMENT UPDATE
   Information Presentation: John Woodling, Executive Director

5. DEVELOPMENT OF FISCAL YEAR 2019 – 2020 BUDGET
   Presentation: John Woodling, Executive Director
   Action: Recommend Board Adoption of Budget for Fiscal Year 2019 - 2020

6. RESOLUTION REGARDING CalPERS HEALTH BENEFIT VESTING AND PAYMENTS
   Information Presentation: John Woodling, Executive Director
   Action: Recommend Board Approval of Resolution 2019-02 to Rescind CalPERS Health Benefit Vesting
   Action: Recommend Board Adoption of Resolution 2019-03 CalPERS Minimum Payment Resolution

7. RWA HEALTH BENEFIT PLANS
   Presentation and Discussion: John Woodling, Executive Director
   Action: Recommend Board Approval of Cafeteria Plan
   Action: Recommend Board Approval of Health Premium Reimbursement Plan
8. LEGISLATIVE/REGULATORY UPDATE
   Information Presentation: Ryan Ojakian, Legislative and Regulatory Affairs Manager
   Action: Take positions on bills

9. REGIONAL WATER RELIABILITY PLAN UPDATE
   Presentation and Discussion: Rob Swartz, Manager of Technical Services

10. RWA MARCH 14, 2019 BOARD MEETING AGENDA
    Action: Approve March 14, 2019 Board Meeting Agenda

11. DISPOSAL OF SURPLUS PROPERTY
    Action: Approve Sale of IPhone 7 to the outgoing Executive Director consistent with RWA Policy 300.3

12. EXECUTIVE DIRECTOR’S REPORT

13. DIRECTORS’ COMMENTS

ADJOURNMENT

Upcoming meetings:

Upcoming Executive Committee Meetings – March 27, 2019 and April 24, 2019 at 8:30 a.m. at the RWA office

Next RWA Board of Directors’ Meeting – Thursday, March 14, 2019, at 9:00 a.m. in the RWA conference room, 5620 Birdcage Street, Ste. 110, Citrus Heights, CA 95610
AGENDA ITEM 3: CONSENT CALENDAR

Minutes of the January 23, 2019 Executive Committee meeting and the January 29, 2019 Special Executive Committee meeting

Action: Approve Consent Calendar Items
1. CALL TO ORDER

Chair Schubert 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
Jim Peifer, City of Sacramento
Debra Sedwick, Del Paso Manor
Paul Schubert, Golden State Water Company
Brent Smith, Placer County Water Agency
Kerry Schmitz, Sacramento County Water Agency
Dan York, Sacramento Suburban Water District

Staff Members
John Woodling, Rob Swartz, Ryan Ojakian, Nancy Marrier, Amy Talbot, Cecilia Partridge, Monica Garcia and Ryan Bezerra, legal counsel. Nicole Krotoski participated on conference phone.

Others in Attendance
Paul Helliker and Charles Duncan

2. PUBLIC COMMENT

None.

3. CONSENT CALENDAR

a. The minutes from the Executive Committee meeting held December 5, 2018
b. RWA Personnel Rules, Policy 400.1 Appendix I
c. Revision to RWA Policy 300.2, Professional Services Selection and Contracting
d. 2019 RWA Executive Committee Meeting Schedule

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

4. DEVELOPMENT OF FISCAL YEAR 2019 – 2020 BUDGET

Staff has begun the process of preparing a draft budget for fiscal year 2019-20. John Woodling, Executive Director, presented a proposed timeline for budget
development as well as key issues for feedback from the Executive Committee. He reviewed the benefits of RWA membership, Strategic Plan implementation, the incremental Water Efficiency Program Manager cost shift, Powerhouse Science Center progress, Associate Member dues, succession planning, additional unfunded pension plan funding and a proposed timeline for presenting and adopting the budget.

In FY 2017, RWA transitioned to full-time staffing for a legislative/regulatory position. Advocacy and representation at the capitol has become important with the many water issues. The strategic plan fund designation was used by RWA in FY 2017 and FY 2018 and is expected to be depleted by FY 2019.

When the Water Efficiency Program (WEP) began, the WEP program manager position was a full time dedicated position. Over time, this position has also been assisting with RWA core functions. Consequently, the salary for that position has been incorporated into the core budget at 10% a year for the last three years and the FY20 budget is proposing another 10% this fiscal year. RWA core dues are projected to pay 40% of this position and related office costs.

The Defined Benefit Pension Plan Policy 500.15 states that the unfunded pension will be funded over a period of four years by making additional pension contributions. The discount rate for the pension liability is expected to continue to decrease and this decrease is estimated into the projected costs for future liability payments. In addition to the pension liability obligations, RWA will also continue to budget OPEB liability payments. RWA is following Other Post-Employment Benefits (“OPEB”) Funding Policy 500.10 by amortizing the unfunded OPEB liability over 10 years.

The IRWM is included in consulting fees of the core program and fully funded by RWA dues. FY19 was the last year of the Powerhouse Science Center collection. Because some members were added to RWA after the inception of the Powerhouse Science Center agreement, approximately $13,000 was overcollected. These funds will be credited back to members, on a pro-rata basis, with their invoice for 2019 dues.

A draft budget will be presented to the Executive Committee at their February 27, 2019 meeting with a draft budget presented to the RWA Board for possible adoption at the March 14, 2019 meeting. If the budget is not adopted in March, it will be brought back to the Executive Committee at the March and April Executive Committee meetings to be presented to the full board on May 2, 2019 for adoption.

5. LEGISLATIVE/REGULATORY UPDATE

Ryan Ojakian, Legislative and Regulatory Affairs Program Manager, reported on legislative issues for the current legislative session. The human right to water has been an area of significant focus. The State Water Resources Control Board (Water Board) reported on a Low-income Water Rate Assistance Program, the Office of Environmental Health Hazard Assessment (OEHHA) reported on a tool for evaluating and achieving the human right to water, there was a proceeding at the Public Utilities Commission (PUC) on affordability, the Governor’s January
budget includes SB 623 a (mandatory) water tax to fund safe drinking water and Assembly members Bloom and Eduardo Garcia have introduced AB 134 and AB 217.

The Water Board developed a plan for the funding and implantation of the Low-income Water Rate Assistance Program. The Water Board report does not make a determination as to how the program will be administered but recommends that the Water Board have oversight on water system rate setting. The report is open for comment until February 1, 2019.

The OEHHA report proposes a tool for evaluation of progress toward achieving the human right to water. The report creates a tool to evaluate individual water systems on meeting three components, water quality, water accessibility and water affordability. Comments on the OEHHA report are open until February 4, 2019. It was recommended that RWA submit comments on both the Water Board and OEHHA reports.

The Advocacy program met January 16, 2019 to discuss the actions related to the human right to water. There is a distinct difference between safe drinking water that relates to infrastructure and operations, and affordable drinking water, which is a social program. There was discussion and concern that state programs are inefficient. It was suggested that there needs to be additional work for the state programs to be viable. A comment letter will be sent to the Water Board from RWA focusing on the Low-Income Water Rate Assistance Program. A proposal by ACWA is the solution that the water community supports on safe drinking water. The proposal is capitalizing a trust fund out of general fund money.

The major topics of interest that are expected with the legislature this year will be medical affordability, housing availability, fire resilience, labor issues and early childhood education.

6. REGIONAL WATER RELIABILITY PLAN UPDATE

Rob Swartz, Manager of Technical Services, said that in RWA’s Strategic Plan 2013-2018+, development of a Regional Water Supply Reliability Plan (RWRP) was identified as a key objective. The 2014-16 drought delayed response to the initiation of the project but provided improved understanding of our water systems and vulnerabilities, leading to a better foundation for the RWRP.

Mr. Swartz presented the completed phases, proposed next phases and estimated remaining funding needs for the RWRP program. Program phases include identifying vulnerabilities, mitigation measures, looking at current and expanded conjunctive use potential and exploring interest in groundwater banking. The first year will include developing a regional model to conduct a technical analysis to further define yield created by expanded conjunctive use and evaluate impacts, engaging with State and federal agencies and partners, and commencing public outreach will commence. In the second year, the feasibility determination will advance with continued public outreach and beginning of environmental analysis. The environmental study will be completed and final approvals and agreements will be secured in the third year.
7. RETIREE HEALTH BENEFITS

John Woodling presented the Public Employees’ Medical and Hospital Care Act (PEMHCA) requirements and options for retiree health benefits. The retiree benefits under Resolution 2007-03 provide for mandatory 5 years with RWA with 10 to 20 years total CalPERS service and retirement from RWA. He gave the current retiree status under Resolution 1993-06 and Resolution 2007-03 which has a combined monthly premium for RWA retirees of $2,100. The goals include maintaining the commitment to current retirees, maintaining retirement commitment to current active employees, reducing long term retiree cost for future employees and maintaining competitive benefits that allow RWA to recruit and retain employees. Alternative plans include establishing a cafeteria flexible benefit plan by adopting CalPERS minimum resolution under IRS Code Section 125, establishing a health reimbursement arrangement (HRA) and determining retiree health benefits for new employees. He suggested that a resolution be drafted by February 27, 2019, a board action by May 2, 2019, CalPERS approval by July 1, 2019 with an effective date of July 1, 2019.

There was discussion on what benefits should be offered to new employees to be competitive when recruiting. It was decided that the Executive Committee would further define the retiree health benefit details for presentation to the full board.

8. SUCCESSION PLANNING

John Woodling reported on the Subcommittee’s direction to staff to prepare a request for proposal for an executive recruiter to prepare RWA to expedite the process when recruitment of an Executive Director is needed. From the RFP three proposals that were received the Subcommittee selected Roberts Consulting Group, Inc. for the future recruitment process.

A call has been scheduled with Roberts Consulting later today. They will be available to attend the Special Executive Committee meeting scheduled for January 29, 2019 to explain the process. The Executive Committee will act as the Selection Committee.

M/S/C Ms. Sedwick moved, with a second by Mr. Greenwood, to approve selection and a contract for Executive Recruitment Services with Roberts Consulting Group, Inc., in an amount not to exceed $30,000. The motion carried by the unanimous voice vote of all directors present.

Jim Peifer exited the meeting and did not participate in the closed session.

9. CLOSED SESSION UNDER GOVERNMENT CODE SECTIONS 54954.5(E) AND 54957 – PUBLIC EMPLOYEE PERFORMANCE EVALUATION

10. REPORT FROM CLOSED SESSION

There was no report from closed session.
11. DIRECTORS’ COMMENTS

Mr. Smith said that a letter has been drafted addressed to all elected officials in Placer County regarding the PG&E bankruptcy. The letter is a reminder that PG&E is not only an electrical and gas utility but also a water supply utility that services water districts in the foothills of the Sierra Nevada who rely upon PG&E’s water infrastructure. He will share the letter with Executive Committee members.

Mr. Greenwood congratulated Mr. Woodling on his retirement and thanked him for his many successes with RWA and SGA.

Chair Schubert said that Golden State Water is completing a water supply assessment for the Westborough Project.

ADJOURNMENT

With no further business to come before the Executive Committee, Chair Schubert adjourned the meeting at 11:25 a.m.

By:

Chairperson

Attest:

Nancy Marrier, Board Secretary / Treasurer
1. CALL TO ORDER

Chair Schubert called the special meeting of the Executive Committee to order at 8:00 a.m. Individuals in attendance are listed below:

Executive Committee Members
Marcus Yasutake, City of Folsom
Debra Sedwick, Del Paso Manor
Paul Schubert, Golden State Water Company
Brent Smith, Placer County Water Agency
Kerry Schmitz, Sacramento County Water Agency
Dan York, Sacramento Suburban Water District
Pam Tobin, San Juan Water District

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

Others in Attendance
Steve Nugent, Norm Roberts, Valerie Roberts and Robert Dugan

2. PUBLIC COMMENT

None.

3. EXECUTIVE DIRECTOR RECRUITMENT PROCESS AND SCHEDULE

Mr. Bezerra referred to his email regarding the Brown Act in reference to the Special Executive Committee rules and regulations and any possible conflicts of interests.

Mr. Bezerra asked that the minutes reflect that effective January 28, 2019 Jim Peifer resigned as a member of the RWA board of directors and the Executive Committee. A replacement will be voted in at the RWA March 14, 2019 regular board meeting.

Mr. Woodling introduced Norm Roberts and Valerie Roberts with Roberts Consulting Group who were selected for the Executive Director Recruitment process.

Valerie Roberts gave an overview of the process and timeline for the recruitment process. Ms. Roberts requested direction and input from the Executive Committee
members. As soon as the draft recruitment brochure is ready it will be sent to the Executive Committee members for review.

Norm Roberts outlined some standard questions that will be given to the potential candidates. He emphasized that it is important for Roberts Consulting to have a sense of the base salary or a realistic salary range and benefit package that will be offered to the candidate based on qualifications.

At the March 27, 2019 Executive Committee meeting there will be a review of the candidates and a decision will be made on which candidates to interview. Possibly a new Executive Director will be hired by the end of May.

After discussion it was decided that Roberts Consulting be given the salary range information prior to the brochures being mailed to candidates. After letters are sent out and Roberts Consulting begins talking with potential candidates the salary information will be important to answer candidate questions.

4. CLOSED SESSION

5. REPORTS FROM CLOSED SESSIONS

There was no report from closed session.

6. INTERIM EXECUTIVE DIRECTOR APPOINTMENT

M/S/C Ms. Tobin moved, with a second by Ms. Schmitz, to recommend the Board appoint Rob Swartz as Interim Executive Director for a period of March 1, 2019 through June 30, 2019 with possible early termination if RWA hires a new Executive Director during that time with the condition that he is not applying for the new permanent Executive Director position. Salary will be 16,704 per month during the appointment, which will not be added to his existent salary, and he will revert to Manager of Technical Services at the conclusion of his temporary appointment. The motion carried by the unanimous voice vote of all directors present.

Chair Shubert will be calling for a special meeting of the RWA Board of Directors to be scheduled for Friday, February 15, 2019 at 11:30 a.m. at the RWA offices.

ADJOURNMENT

With no further business to come before the Executive Committee, Chair Schubert adjourned the meeting at 10:25 a.m.

By:

Chairperson

Attest:

Nancy Marrier, Board Secretary / Treasurer
February 27, 2019

AGENDA ITEM 4: EXECUTIVE DIRECTOR RECRUITMENT UPDATE

BACKGROUND:
A recruitment brochure has been finalized (attached) and is being sent to prospective candidates. The deadline for applications is March 18, 2019. The consultant will screen the candidates and present results to the Executive Committee on March 27, with interviews to be scheduled in mid-April.

STAFF RECOMMENDATION:
Information Presentation: John Woodling, Executive Director
This is a unique opportunity for a visionary and strategic professional to lead two affiliated joint powers agencies that are vital to water resources planning and sustainability in the Sacramento Region. The Agencies have evolved to be effective and highly regarded water management organizations in the region and throughout the State, and are poised for continued and expanded success.
THE AUTHORITIES

The Regional Water Authority (RWA) is a joint powers agency that serves the interests of 21 municipal water suppliers in the Sacramento Region. Collectively, RWA members serve the water needs of two million people in five northern California counties. The organization’s primary mission is to help the members protect and enhance the reliability, availability, affordability and quality of water. Inaugurated in June 2001, RWA consolidated several regional associations to provide a unifying force on regional water issues. Each of the water supplier Members appoints two individuals to the RWA Board of Directors, generally one member of their governing body and one from executive level staff. The Board of Directors meets bi-monthly. A nine-member Executive Committee is elected each year in January and meets monthly to review and approve routine business decisions, provide ongoing policy direction, and act as a sounding board for ideas on behalf of the full Board. RWA member agencies are diverse, ranging from less than 2,000 to over 140,000 retail connections, and including cities, counties, special districts, mutual water companies, and investor-owned utilities. In addition to providing drinking water, members have varying responsibilities that include agricultural water delivery, wastewater treatment, recycled water, stormwater management, watershed protection, and electrical power generation. RWA also includes five Associate Members, agencies involved in other aspects of water resources management; and is connecting with water users and water industry partners through an Affiliate class of membership.

The Sacramento Groundwater Authority (SGA) is a joint powers agency created to manage the groundwater basin underlying Sacramento County north of the American River. A model for the rest of the state through the Sustainable Groundwater Management Act of 2014, SGA became a Groundwater Sustainability Agency (GSA) in 2015 and is preparing a Groundwater Sustainability Plan with its neighboring GSAs for the North American Subbasin. SGA’s formation was inspired by the Sacramento Area Water Forum, a nationally recognized collaborative process to reach consensus among 40 local water purveyors, business leaders, municipalities, and environmental groups to achieve the coequal objectives of preserving the lower American River and providing a reliable water supply to the year 2030. At its inception in 1998, SGA employed what was then a unique form of governance, a joint powers agreement between the cities of Sacramento, Folsom and Citrus Heights and Sacramento County to use their police powers to protect the groundwater basin. In turn, the signatory agencies appoint Board representatives from each of 14 local water purveyors, as well as representatives for self-supplied agricultural and industrial groundwater users.

SGA has developed a progressive groundwater management program that supports a regional conjunctive use program to provide local water supply reliability as well as statewide benefits, leading to recovery of a once overdrafted groundwater basin. SGA actively coordinates with water suppliers; local, state and federal regulatory agencies; and parties remediating groundwater contamination to ensure that water quality is protected and improved to meet future needs.
The RWA and SGA serve many common constituents and perform numerous complementary functions. Given the nature of this relationship, RWA and SGA have entered into an agreement through which the RWA provides administrative and management services to the SGA, and the offices and staff are shared. The combined annual operating budget is approximately $2.5 million and there are seven employees.

**THE REGION**

The RWA offices are in Citrus Heights, a suburb northeast of the City of Sacramento, near the base of the Sierra Foothills. The Sacramento region is one of the fastest growing areas of California, but still boasts a high quality of life and a lower cost of living than other major California metropolitan areas. The Sacramento region and the neighboring Bay Area and Sierra Nevada provide a wealth of cultural and recreational opportunities.

The City of Sacramento is the capital of the State of California, and the region lies at the heart of California’s beginnings during the Gold Rush. The area is a long-established center of commerce and has a diverse and vibrant economy. Government, transportation and agriculture are the largest sectors of employment in the region, and the region has diversified with the rise of information technology, leisure and hospitality, education, health services and construction sectors.

Visitors are drawn to the area by the State Capitol and other historical attractions, as well as its natural amenities. The location at the intersection of four major highways brings additional visitors destined for the San Francisco Bay Area, the Gold Country, the Central Valley and the Sierra Nevada Mountains. Food, wine and craft brewing venues abound in the Farm-to-Fork Capital of the World.

Chief among the area’s outdoor recreational opportunities is the American River Parkway which welcomes more than five million visitors annually to this unique wildlife and recreation area, offering opportunities for fishing, boating and rafting, picnic sites, golfing, and guided natural and historic tours. The Parkway is inclusive of the Jedediah Smith Memorial Trail, a 32-mile long trail for bicyclists, hikers and equestrians.

Cultural attractions in the region include the Crocker Art Museum, the California State Railroad Museum, the Sacramento Community Center Theatre, the Music Circus at Wells Fargo Pavilion, Sacramento Ballet, Sacramento Opera, Sacramento Philharmonic Orchestra, the Mondavi Center, Harris Center and numerous other performing arts venues and local art galleries. The Sacramento area is also home to the NBA Sacramento Kings professional basketball team; the Sacramento River Cats, the San Francisco Giant’s minor league baseball triple-A affiliate; and the Sacramento Republic professional soccer club.

Educational institutions play a major role in the region and primary among those institutions are the University of California, Davis and California State University, Sacramento, along with a number of local branches of private colleges that are headquartered outside the Sacramento area. The region has one of the strongest community college systems in California. The Los Rios Community College District serves the majority of Sacramento County, as well as portions of four other counties. In addition, there are a large number of vocational schools.

Excellent health care is available to Sacramento area residents. The four largest health care systems are Sutter Health, Kaiser Permanente, UC Davis Medical Center and Mercy Hospital.

**CURRENT PRIORITIES**

RWA members span an area from the crest of the Sierra Nevada across the Sacramento Valley and encompass the northern end of the Sacramento-San Joaquin Delta. This presents not only diverse water management challenges, but places them at the center of both controversy and opportunity in California water. They strive to be stewards of the state’s water resources, protect their water rights and entitlements, and work collaboratively with other water users in the state.

The RWA Strategic Plan identifies key areas of priority including facilitating regional planning to leverage resources and facilities; implementing regional projects and programs, including acquiring and managing state and federal funding, implementing a regional water efficiency program, and establishing a regional groundwater bank; advocating on behalf of the members on statewide legislative and regulatory issues; and educating and informing members, the public, elected officials and others to further the region’s water-related interests.
Building Relationships – Member agencies of RWA and SGA have diverse interests and varied expectations, and the Authorities operate within a complex water resources environment in California. Fostering collaboration and facilitating consensus will continue to be a priority for the Executive Director. This will entail regular outreach and proactive communication within the region to the Board of Directors of both Authorities; staff of member agencies; stakeholder groups; elected officials of local jurisdictions; business interests; and local, state and federal representatives. Additionally, the Executive Director will be expected to develop and maintain relationships and explore common interests with water agencies throughout California; organizations including the Northern California Water Association (NCWA), California Municipal Utilities Association (CMUA), California Special Districts Association (CSDA) and others; academic institutions; environmental and environmental justice non-governmental organizations (NGOs) and others. RWA staff and members fill key roles in the leadership of the Association of California Water Agencies (ACWA) and lead on water policy for the Sacramento Metro Chamber through its State Legislative Summit and Cap-to-Cap advocacy programs.

Protecting and Maintaining Local Authority – The past decade has seen a trend toward increased State oversight and control of water management decisions. The next Executive Director will be expected to effectively advocate on behalf of the members to maintain water rights and access to water supplies; control local decisions on investments in improved reliability and water efficiency; effectively respond to local and regional drought conditions; and ensure that ratepayer dollars are invested locally. Compliance with the Sustainable Groundwater Management Act (SGMA), to ensure continued local control of groundwater resources will be a priority.

Staff Management and Succession – Current Authority staff members are dedicated, talented and extremely competent in their service to the members, and turnover has been almost non-existent. “Our employees are our greatest asset,” is the unquestioned reality of the Authorities. The ability to build rapport with staff and form trusting relationships, provide leadership, and be a mentor with a focus on staff development are important qualities for the next Executive Director. The candidate must also be prepared to plan for the future of the organization as the scope of services grows and some employees near retirement.

Promoting Regional Action – The Sacramento region, through the work of the Authorities, has improved water supply reliability and drought preparedness, reduced per capita water use, improved groundwater quality and quantity, and benefitted the environment and others in the State through water transfers. Continuing to promote regional actions that leverage facilities and water supplies will be a priority for the next Executive Director. Continuing to promote the coequal objectives of the Sacramento Area Water Forum, to ensure adequate water supplies and the health of the lower American River is a regional priority. The Executive Director will be expected to recruit support and coordinate the activities of member agencies to contribute to regional objectives.

Financial Opportunities – The Authorities have been tremendously successful in leveraging state and federal funds, acquiring and managing more than $80 million over the last 15 years to support member agency projects and the programs of the Authorities. The next Executive Director will be expected to continue the trend by proactively targeting grant and bond funds, as well as other outside sources of funding.

THE POSITION

Reporting to and working in partnership with the two Boards of Directors, the Executive Director is responsible for planning, organizing, directing and reviewing all activities of the Authorities; promoting projects and programs of interest to the members; advocating on behalf of the interests of members; and implementing the policy direction of the Boards of Directors. These responsibilities include, but are not limited to:

Regional Activities

- Represents the Authorities to outside groups and organizations; participates in outside community, professional and industry groups and committees.
- Leads development and implementation of regional water programs including water efficiency, regional conjunctive use and the Integrated Regional Water Management Plan.
- Represents regional water interests in the media.
- Provides an effective forum for regional networking and Board business interaction.
Promotes regional outreach for water resource related activities such as grants and partnerships.

Oversees all groundwater management activities of SGA.

Leads development of the groundwater sustainability plan for the North American Subbasin.

Convenes the Water Caucus of the Sacramento Water Forum Successor Effort.

**Organizational Management**

- Ensures the efficient and proper management and administration of RWA and SGA.
- Plans, leads, organizes, and directs all RWA and SGA activities, under policy and fiscal direction of the Boards of Directors.
- Leads, motivates and develops staff so they are passionate, dedicated, and highly effective in carrying out the missions of the Authorities.
- Negotiates, manages, and administers consultant contracts, solicitation processes, grant agreements, and project agreements with member and non-member agencies.
- Develops, secures Board approval, and assures periodic review of all policies governing operation of the Authorities.
- Develops Board agendas, ensures the timely preparation of minutes, and oversees compliance with the Brown Act.

**Fiscal Oversight**

- Prepares and administers annual budgets and oversees the management of finances for both Authorities.
- Assures proper performance of annual audits.
- Oversees the efficient and effective expenditure of member funds, and maintains healthy cash flow and adequate reserves.

**Government Relations**

- Promotes the visibility and credibility of the Authorities through public outreach activities and participation in organizations that are aligned with the mission of the Authorities.
- Tracks and develops positions on state and federal legislation and regulatory actions affecting the Authorities and members.
- Advocates at the state and federal levels on water policy issues consistent with Board adopted principles.
- Develops and maintains relationships with local, state and federal elected officials and administration personnel.
- Builds coalitions of water agencies and others that share the Authorities’ interests to affect the outcome of legislation and regulations.

**Board Relations**

- Builds and maintains working relationships with members of the Boards of Directors of both Authorities and the RWA Executive Committee.

Ensures that the Boards have adequate and timely information to make informed decisions.

Works closely with the Chairperson of each Board to ensure effective and informative meetings.

**THE CANDIDATE**

The ideal candidate will be an experienced manager who demonstrates sound leadership and visionary qualities, as well as a collaborative focus and approach. This creative, passionate, and strategic professional will be knowledgeable about California water issues and experienced working with federal, state and local officials. The candidate will be politically astute, an effective written and oral communicator, and demonstrate the highest ethical standards. Sensitivity to understanding all viewpoints, building consensus, and keeping an open mind are critical for the next Executive Director.

**Minimum Training, Experience and Education**

- A bachelor’s degree from an accredited college or university is required. An advanced degree in a relevant field is desirable.
- A strong background in California water is required.
- Must have at least ten years in progressively responsible roles, five years of which should be in a senior management role. Experience working with a Board of Directors is highly desirable.

**Competencies and Personal Characteristics**

In addition to the requirements above, the ideal candidate will be:

- Creative and seek innovative ways to bring people together; a skilled facilitator.
- Approachable and able to build strong working relationships with the Boards, members, staff and various consultants.
- A strong oral and written communicator who is straightforward, honest, attuned to politics and proactive in anticipating information needs.
EXECUTIVE DIRECTOR
REGIONAL WATER AUTHORITY AND
SACRAMENTO GROUNDWATER AUTHORITY

⭐ A recognized leader in California water with a high level of credibility and strong contacts throughout the industry.
⭐ Able to earn staff trust and facilitate teamwork.
⭐ Organized and capable of managing multiple priorities; responsive to the needs of the members.
⭐ Flexible, unbiased and possessing a high level of integrity.
⭐ Diplomatic and tactful, with a good sense of humor.
⭐ Willing to assess risks and take action, with the ability to make difficult decisions.
⭐ A good administrator and capable of effective fiscal management.
⭐ Able to work in a fast-moving and often changing environment while staying focused on the Authorities’ priorities and established policies.
⭐ Willing to take on any tasks necessary to success, recognizing the limited resources of the Authorities.
⭐ A people person with a collaborative management style.

The Executive Director will be expected to routinely travel throughout the region, the State, and sometimes nationally to meet with constituents, make speaking engagements, attend conferences, and conduct other Authority business.

Please note that an Interim Executive Director has been appointed who will NOT be a candidate for the permanent position.

COMPENSATION AND BENEFITS

The annual salary is open and negotiable, and will be dependent on the qualifications of the selected candidate. The Executive Director and staff are employees of the Regional Water Authority and receive a comprehensive benefits package that includes:
⭐ CalPERS Retirement - 2% at 55 formula for qualifying current CalPERS members (classic). For employees new to CalPERS (after 2013) the formula is 2% at 62 (under PEPRA).
⭐ Medical, Dental and Vision Insurance - Comprehensive medical, dental, and vision insurance for employee and dependents is fully paid by the employer.
⭐ Retirement Health Care - Retiree health benefits are provided through CalPERS with the amount of employer paid coverage dependent upon length of service to RWA and SGA.
⭐ Holidays, Vacation, and Sick Leave - The RWA provides eleven paid holidays, two floating holidays, one day per month sick leave, and a generous vacation allowance.
⭐ Deferred Compensation Plan - Optional employee participation in the CalPERS 457 plan is available.

HOW TO APPLY

Send resumes (email preferred) by March 18, 2019 to:

ROBERTS CONSULTING GROUP INC
PO Box 1127
Rancho Mirage, CA 92270
Telephone: 424.522.2251
Email: robertsrcg@msn.com
Web: www.robertsrcg.com

An Equal Opportunity/ADA Employer

Additional information about RWA and SGA can be found on their websites at www.rwah2o.org and www.sgah2o.org
AGENDA ITEM 5: DEVELOPMENT OF FISCAL YEAR 2019 – 2020 BUDGET

BACKGROUND:

Each year the RWA Executive Committee (EC) reviews and makes a recommendation for adoption of the budget by the full board. The EC discussed some strategic drivers of the proposed Fiscal Year 2019-2020 budget (“FY20 Budget”) at the January 23, 2019 EC meeting. The EC was presented with a list of the significant decisions that impacted the development of the budget objectives and outcomes which drive fees and expenses.

The following topics were discussed:

1) As part of the strategic plan implementation, RWA began transitioning to a full-time staffed position for the legislative/regulatory program in FY17. RWA had created a Strategic Plan Fund that began in FY16 and helped to pay for this implementation of the strategic plan in FY17 and FY18. FY18 represented the first full year of execution of the advocacy element of the strategic plan, including a full year of staffing costs. For FY19, the contract lobbyist was funded 50% by subscription dues and 50% from the strategic plan fund. For FY20, the proposed budget will use the remaining strategic fund (estimated at $49,700) to help pay for these consulting costs with the balance to be paid for by core dues. For FY21 and beyond, core dues will fully support both staff and the contract lobbyist.

2) When the Water Efficiency Program (WEP) began, the program manager position was a full time dedicated position for WEP. For the last few years, that position has also assisted with RWA core functions. Some of these activities have included State Water Resources Control Board emergency regulations, water supply data collection, the water-energy study, and the development of an RWA annual report. Because of this program shift from WEP to RWA activities, RWA has been shifting 10% per year of the staffing costs to RWA core dues to reflect the support provided to the core program by this position, so that in FY19, 30% of the costs are supported by RWA core dues. The proposed budget reflects 40% of these costs supported by RWA in FY20. The subsequent year also assumes an increase of 10% capping at 50% in FY21. This offsets costs to the WEP Program, allowing WEP additional funds to support either direct public outreach costs or to reduce fees, subject to decisions by the WEP committee during its annual budgeting process.

3) The Powerhouse Science Center (PSC) is an agreement that RWA entered into for a science education center in Northern California. Money was collected over five years and placed in a designation to be paid to PSC over 15 years. New
members have joined over time and have yielded an additional $13,000, which will be credited back to agencies on their FY20 dues invoice.

4) Since associate members have no effective voting rights, the EC discussed capping any dues increase for this class of membership to the lesser of the actual RWA annual increase or 3%, whichever is lower.

5) The EC discussed succession planning, including some overlapping salary during the transition as well as potential for increased salary costs for the finance manager at Tier 2. A potential succession planning set aside may be created if budgeted costs for this succession planning have not been incurred as expected.

6) In keeping with RWA’s Policy 500.15 Defined Benefit Pension Plan Funding policy, the FY20 budget will reflect an additional payment above the required annual payment to the pension plan unfunded liability. The EC was provided a lower than anticipated estimated unfunded liability balance of approximately $58,000\(^1\) due to improvements in the investment market performance. Because RWA is paying off this unfunded liability over four years, the amount to pay can create significant volatility from year to year, both increases and decreases to payments. For FY20, RWA’s budgeted payment is $15,000 versus the $63,000 expected payment based upon the previous estimated unfunded liability balances. The amount to pay in FY21 will be recalibrated based upon updated balance data and could be higher or lower than $15,000. These payments reflect RWA’s liabilities. SGA pays its own contributions direct to CalPERS since SGA became a CalPERS member in FY17.

Based upon the discussions above as well as historical financial information, the FY20 proposed budget is attached for your review.

**Final Implementation of the Water Advocacy/Strategic Plan**

The strategic plan outlined staffing a legislative and regulatory manager to implement RWA’s regional water voice on important water legislation and regulations that impact members and the region. The program has proved to be successful and is now staffed by a full-time person to fully implement the strategic plan goals. The strategic plan fund designation will be drawn down by the end of FY20 and will be used to fund the water advocacy consultant fees for the second half of FY19 and the remainder in FY20. The balance of the expenses will be paid through core dues in FY20.

---

\(^1\) Per a July 26, 2018 letter from CalPERS estimated the unfunded pension liability balance at June 30, 2019 after the $63,000 payment made in FY19.
<table>
<thead>
<tr>
<th>Sources</th>
<th>FY18</th>
<th>FY19</th>
<th>FY20</th>
<th>FY21</th>
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<td>$60,000</td>
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<td>$86,800</td>
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<td>Strategic Plan Fund ~ FY 18 balance $109,700</td>
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<td>Core Dues</td>
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<td></td>
<td>$70,300</td>
<td>$120,000</td>
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<td>Expenses</td>
<td>$135,000</td>
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</table>

Under this proposal, subscription fees will not be collected in FY19 for this consulting support. Moving this consulting support to core dues will impact core dues in FY20 and FY21, especially in year FY21 when the full cost of this program will need to be funded by the core dues. It is a net cost savings to the members who have been paying for this service as a subscription program for the last several years on behalf of themselves and other members.

**Transfer of $60,000 IRWM consulting costs in FY18 to FY19 Regional Reliability Program**

In FY18, $60,000 in consulting costs was budgeted in the core program to be used for the IRWM program to fully fund the 2018 IRWM Plan Update. These funds were to be used as part of the funding for the regional reliability program to complete a conjunctive use analysis that was incorporated into the IRWM Plan. This budget reflects the transfer of $60,000 in available cash from the core program to regional reliability from FY18 to FY19 to pay for the regional reliability program tasks that were also included in the IRWM Plan.

**Water Efficiency Program Funding**

As stated above, 10% of the costs related to the program manager and corresponding office costs are being shifted per year to be paid for by RWA core dues. In the attached FY20 budget, 40% of the costs are being funded by RWA. This 10% shift continues for FY21 and then caps at 50%.

**Powerhouse Science Center Rebate**

RWA will reimburse members approximately $13,000 in total from previous paid PSC contributions. This reimbursement will be reflected as a reduction on your FY20 dues invoice. The reimbursement will be pro-rated based on the amounts paid toward the PSC by each member.
February 27, 2019

Summary Budget Overview

Revenues

1) A total 5% increase on general membership and 3% increase on associate membership fees is proposed. A 15% increase was forecast in the previous year for FY20. The lower fee increase partially reflects that RWA FY18 results were better than previously expected by approximately $108,900. The fee increase is needed to continue the implementation of the strategic plan including consulting services, plus to pay sums towards the unfunded pension liability. Additionally, core revenues are now projected to cover 40% of the WEP manager costs and related office expenses.

2) Associate membership fees are projected to increase a maximum of 3% per year.

3) No increases to affiliate fees are planned.

4) SGA service fees represent 50% sharable costs according to the Administrative Services Agreement and exclude the Water Efficiency Program staffing, and the Legislative and Regulatory Program Manager. SGA does pay for 20% of the Project Research Assistant position.

5) Subscription program revenues provide approximately 10% of needed RWA Core revenues and reflect income earned from providing staffing and office support to subscription based programs, including the WEP.

6) Powerhouse Science Center reflected five years of collection of funds with FY19 as the final year, to be paid to PSC over 15 years. Additional members have joined which has yielded an additional $13k, which will be credited back to agencies on their FY20 invoice.

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

Expenses

1) The core program budgets for all staffing positions.

2) Shared staffing costs are allocated 50/50 to SGA and RWA. The Legislative and Regulatory Program Manager is fully funded by RWA; the Water Efficiency Program Manager is funded 40% by RWA and 60% by WEP; and the Project Research Assistant is funded 80% by WEP and various projects and 20% by SGA. These allocations result in 4.8 FTEs for RWA and 2.2 FTEs for SGA for a total of 7 fulltime positions.

3) Staff salaries are within ranges assigned by the FY18 total compensation survey and reflect a possible 4% increase for merit plus 2% COLA and a similar combined 6% increase in out years. Beginning in FY19, staff is paying the full 7% employee share of their pension contributions. There is considerable uncertainty in salary and benefit projections for FY 20 as salaries for a new Executive Director for a full year and a Finance Manager for more than one-half of the year are yet to be determined.
4) Staffing expenses reflect an approximate additional $20,000 for succession related costs.

5) Benefit costs also include projected increases for OPEB and health care, and a reduction of the employer pick up of the employee portion of PERS retirement benefits, so that the employees are paying their entire 7% of their employee portion in FY19. Benefits also include estimates for future OPEB costs for new employees.

6) RWA continues to plan for additional CalPERS pension payments for the unfunded liability. The planned additional payment in FY20 is $15,000.

7) Office cost increases are based upon estimated increases in FY20. For FY21 and beyond, these costs are estimated at 3% annual increases unless specific increases have been identified.

8) Professional fees includes higher audit, accounting and actuarial analysis fees due to the reporting requirement for GASB 68 and GASB 75, increased public relations, human resources assistance, increase legal costs associated with advocacy, IRWM consulting costs, and 100% of the water advocacy consulting fees.

9) Other includes office equipment purchases.

10) Core project expenses include costs associated with the Powerhouse Science Center partnership and return of approximately $13,000 to members for previous contributions for Powerhouse.

Revenues net of Expenses

1) Core expenses in excess of core revenues project a net cash outflow of approximately $138,800 for the core program. The subscription based programs pay for use of staff time as well as some allocated office costs to run these programs.

2) Subscription revenues are projected to exceed expenses by approximately $89,900. Subscription revenues are designed to pay for subscription expenses, but the timing often is not matched from year to year. Many subscription program expenses will be funded from previously collected funds which have been set aside for this purpose.

3) Combined core and subscription expenses versus revenues net a projected cash out flow of approximately $48,900.

Designations

1) The operating fund is targeted at slightly more than six months for FYE 19-20 (using the new method of netting SGA reimbursements), which falls very close to the policy guideline of four to six months.

2) The Strategic Plan Fund represents remaining resources to continue implementing the strategic plan in FY20. In FY19, the remaining funds from the lobbyist subscription program will be moved to the RWA core program and pay for the water advocacy. A portion of the cost will also come from
the strategic plan fund. In FY20, the remaining estimated $49,700 strategic fund from FY19 will help pay for the water advocacy.

3) The Powerhouse Science Center (“PSC”) designation represents the difference in collection of fees for this project versus the payments made per the contract with PSC.

4) The designations are detailed by type. The total change in cash from Projected FY19 to Proposed FY20 by subtotal for the core program reflects the overall net cash outflow of approximately $138,800 and the effect on each type of designation. Most of the cash outflow is being funded by the Powerhouse Science Center, the Strategic Plan fund, and the non-designated funds.

5) The designations for the subscription program reflect an increase of approximately $89,900 over subscription-based expenses. These programs typically collect revenues in advance of expenses. These expenses will be funded from the corresponding program designations.

SUBSCRIPTION PROGRAMS

These subscription based programs are subject to approval by the individual participants. The revenues are included for total estimate purposes and to reflect the expected contribution towards the Core program for staffing and office costs, which is budgeted at 10% for FY20. Adopting the fiscal year 2019-2020 budget does not approve the subscription based programs.

1) Subscription program revenues are projected for the Water Efficiency Program (WEP Category 1 and 2), Prop 84 grant management and grant revenue, the 2014 drought grant management and grant revenue, the regional reliability plan, the aquifer storage and recovery (ASR), the 2018 Calfed meter grant, and the 2015 IRWM grant. The revenues include fees from participants and grant reimbursements from existing grants.

2) Subscription program expenses represent the direct consulting and third-party costs for these subscription programs. It also includes the cost of using RWA staff and allocated office costs to determine the cash flow effect on these programs. In a combined budget, the RWA staff and allocated office costs are netted out to avoid double counting of the costs since these costs are also included in the Core budget. See Summary Table – Split Program for a reconciliation of the individual budgets to the overall RWA budget per the combined Executive Summary Table.

3) The subscription-based programs collect fees in advance of expenses and often straddle several years prior to completion. The funds are held in an advance restriction until the expenses are incurred. With the exception of WEP, these additional program advances are only recognized as income as the related expenses are incurred. These advances are tracked for budgeting purposes and also included on the detail program budget sheet.
While WEP fees are set aside for WEP services, these fees are recognized as incurred.

4) An additional $21,800 equaling 10% of salary and administrative expenses for WEP reflects a shift of salary and administrative expenses to the core RWA budget. For the FY20 budget, a total of 40% of expenses, or approximately $74,600, will be paid for by RWA core dues.

5) The subscription restrictions reflect the available funds for these programs. The use of these designations projected in FY20 is reflected in the changes in the individual restrictions.

6) Any remaining funds from the IRWM update, including the $60,000 consulting budget in FY18 have been redirected to the regional reliability program to be used in FY19.

Outlook for FY 2021

In looking out to the future, RWA can anticipate a potential 18% increase in dues in FY21 in order to meet increased expenses when designated strategic plan funds are not available to help fund the advocacy program, increased leasing costs, continuing to pay the unfunded pension plan liability, and continuing to shift the WEP manager costs to be funded 50% by core dues. FY21 and beyond does not reflect the salary costs that will be used for the new Executive Director or Finance and Administrative Services Manager until they are hired. Future projections assume RWA and SGA share staffing and administrative costs and subscription-based programs will contribute approximately 10% of revenues to pay for Core staffing and office costs.

Because the increase in fees is less than expected for FY20, it will increase projected fees in out years to compensate for the delay in fee increases.

Finally, no changes to membership are anticipated, including any decline due to agency consolidations or nonparticipation or recruitment of new members. Any membership changes could have a significant impact on rate increases in the future.

STAFF RECOMMENDATION:

Presentation: John Woodling, Executive Director

Action: Recommend Board Adoption of Budget for Fiscal Year 2019 - 2020
2019 - 2020 FYE Budget Summary

Projected Fee Increase 5.00%

Combined Core & Subscription Program Budget

Major Assumptions - See Budget notes for other Budget assumptions

**Revenues**

1) Fee Increase on General Dues - see attachment for fees by agency. 5.00%

2) SGA Service Fees represents 50% cost sharing excluding staffing allocated to WEP and the legislative program and RWA only costs.

3) Subscription Program core revenues contribute approximately 10% towards Core operations and represent fees earned by RWA for providing staff consulting services and allocated office costs to the subscription programs.

4) Powerhouse Science Center (PSC) represents a unique opportunity to become a partner with PSC to inform and educate the public on water issues that affect RWA's region and beyond. Members represents contributions from membership. Other funding came from a WEP grant in FY15. WEP also contributes $5,000 per year. FY19 was the last year to collect for the Powerhouse program.

5) Other represents interest income and holiday social revenues.

6) Subscription Program represents revenues for subscription services from the Water Efficiency Program, Prop 84, IRWM, Regional Reliability, Drought grant, Aquifer storage and recovery, and CalFED Meter Grant. These subscription based programs are subject to approval by the individual participants. The revenues are included for total cash flow estimate purposes. Adopting the fiscal year 2019-2020 budget does not approve the subscription based programs.

**Expenses**

1) Staffing costs include the WEP program staff.

2) Staff is allocated 50/50 to SGA and RWA, excluding the WEP position, the project assistant and the water advocacy staff. The project assistant splits time between SGA, WEP and RWA subscription projects. With the addition of the advocacy staff member, RWA's FTE is 4.8; SGA FTE is 2.2, for a total of 7 FTE and does not include the retired annuitants. Of the RWA 4.8 FTEs, WEP represents 1.3 FTE. Staffing costs projected within salary range and includes a 4% increase for merit and a 2% COLA. The employees are now paying their entire 7% of PERS.

3) Staffing expenses continue to include additional annual payments to pay the unfunded PERS pension liability over the next four years. The additional pension plan liability payment can be expected to significantly fluctuate from year to year (both positive and negative swings) since RWA is paying it over four years versus the longer time horizon outlined by CalPERS.

4) The strategic funding was partially used to hire the legislative manager. The remaining strategic fund will be used in FY20 to partially offset the legislative manager costs. The water advocacy program which will now become a core program and shared among all of the agencies.

5) The WEP project manager is projected to be funded 60% by WEP dues and 40% by RWA core dues. In future years, the budget assumes the WEP project manager will be 50% funded by core dues and capped at 50%.

6) For FY20 and beyond, office costs generally assume 3% increases unless specific increases have been identified, such as the office lease.
7) Professional fees include audit, actuarial, PR, accounting, legal, human resources and regional water issues and includes $10,000 in consulting fees for IRWM related activities in FY20. Additionally, the government relations contract lobbyist subscription program will become a core program and will use the remaining funds from the Strategic Plan fund in FY19. This funding will now be included in the core budget starting in FY20.

8) Other includes office equipment purchases.

9) Core Project Expenses include Powerhouse Science Center expenses and also includes approximately $13,000 in returned fees to participants.

10) Subscription Program represents the direct consulting and expenses for these subscription programs as well as the staff and office costs for the programs. These costs have been included in the program budget to show the cash flow effect on these programs. However, on a consolidated basis (see Summary Table), the staffing and office costs are not included in both budgets in order to avoid double counting costs.

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

1) On a combined basis, expenses are expected to exceed revenues by $48,900, mainly due to core expenses exceeding core revenues.

2) Core expenses are expected to exceed revenues by approximately $138,800. Some of the difference will be paid from the strategic plan fund, some from the Powerhouse Science Fund, and some will be paid from undesignated funds. Core expenses exceeding core revenues reflects the transition from the government relations staffing and government relations consulting support to the core program.

3) The subscription program projects expenses in excess of revenues. Subscription fees are set aside in the appropriate subscription designation to be used in future periods for the related programs. The subscription based programs pay for office and staffing costs. The staffing and office costs are part of core program costs, yet a portion is paid for by subscriptions by design. For FY20, sixty percent of the WEP project manager position cost and a portion of the project assistant position are paid for by the subscription programs but the cost of these positions is included in the Core Program. Forty percent of the WEP project manager position and related office costs are paid for by RWA core dues beginning in FY20.

4) For FY18, $60,000 in consulting costs was budgeted in the core program to be used for the IRWM program to fully fund the 2018 IRWM Plan update. These funds were to be used as part of the funding for the regional reliability program to complete a conjunctive use analysis that was incorporated into the IRWM Plan. This budget reflects the transfer of $60,000 in available cash from the core program to the regional reliability from FY18 to FY19 to pay for the regional reliability program tasks that were also included in the IRWM plan.

**Designations/Restrictions**

1) The Operating fund is projected to be approximately six months at the end of FY20 assuming a 5% fee increase.

2) The designations and restrictions are broken out by type and subtotalized by core and subscription services. The total change in cash from Projected FY19 to Proposed FY20 by subtotal reflect the departmental effect on each designation and restriction group.

3) Since RWA's budget now anticipates making annual additional lump sum payments to pay down the unfunded liability, these payments
2019 - 2020 FYE Budget Summary

Projected Fee Increase 5.00%

Combined Core & Subscription Program Budget

Major Assumptions - See Budget notes for other Budget assumptions

are coming from current dues on an annual basis.

4) The Strategic Plan outlined hiring a legislative and regulatory manager to implement RWA’s regional water voice on important water legislation that impacts members and the region. The Strategic Plan designation allowed RWA to hire a new staff position in FY 17. This designation will be drawn down during FY20 to assist in transitioning the water policy advocate program to a core program.

5) For FY18, $60,000 is being set aside from CORE program cash to be used for the regional reliability in FY19.

FY18 Data sources

The FY18 audited financial income statement was used for the various revenues and expenses, with some modifications. Since the budget does work with cash flows, certain items required adjustment to reflect the true cash flow of the organization. For example, the Powerhouse Science Center cash flow for fees collected was $58,994 yet only $50,000 accounting revenue was recognized in FY18 due to accrual accounting rules.

Additionally, for this budget, $60,000 is being set aside from FY18 to be used in FY19 for the regional reliability program as should have been set aside at FY18 but was not reflected in the audit.

FY21 and beyond

1) These years assume that the WEP program manager and related office costs will shift over time from being supported by WEP dues to being supported by RWA dues. For FY20, WEP is forecasted to be supported by RWA dues by 40%, and this amount increases by 10% in FY21 and then holds at 50% for the remainder years.

2) The unfunded pension plan liability additional annual payments is based upon RWA's policy. These annual payments can expect to fluctuate significantly, positive or negative, due to the shorter time frame for paying down this liability.

3) RWA can expect to incur additional integrated water management costs which are forecasted to be approximately $10K per year.

4) Dues are expected to increase significantly over the next several years to support the transition of the government support program as well as support for the WEP program cost shift. RWA has been using the strategic planning fund to buffer some of the immediate cost increases.

5) The budget assumes that the current membership remains stable.
## 2019 - 2020 FYE Budget Summary

**Projected Fee Increase**: 5.00%

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

See Budget Notes for Budget assumptions

<table>
<thead>
<tr>
<th>Revenues</th>
<th>Actual FY18</th>
<th>Budget FY19</th>
<th>Projected FY19</th>
<th>Proposed FY20</th>
<th>Comments</th>
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<td>WEP (C)</td>
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<td>Cost reimbursement fees from WEP subscription program</td>
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<td>Powerhouse Science Center - Member payment</td>
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<td>$1,429,200</td>
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<td>Core Project Expenses</td>
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<th>Core Revenue less Expenses</th>
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<td><strong>Transfer to Regional Reliability</strong></td>
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<td>$(55,390)</td>
<td>$(138,800)</td>
<td>Excludes Subscription programs. Positive result = core revenues &lt; FY18 Budget IRWM to be used for regional reliability in FY19</td>
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<tr>
<th>Total Source (Use) of Funds</th>
<th>Actual FY18</th>
<th>Budget FY19</th>
<th>Projected FY19</th>
<th>Proposed FY20</th>
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<td>Source (Use) of Funds</td>
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<td><strong>Net change</strong></td>
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<td>$(55,390)</td>
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<td>Increase (decrease) in Cash</td>
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### DESIGNATIONS

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<th>Designations</th>
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<td>$142,700</td>
<td>$149,700</td>
<td>$7,000</td>
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<td>Subscription Program Stabilization</td>
<td>$25,400</td>
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<td>$300</td>
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<tr>
<td>Pension Plan Unfunded Liability</td>
<td>$45,000</td>
<td>$67,572</td>
<td>$67,572</td>
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<tr>
<td>Powerhouse Science Center</td>
<td>$155,753</td>
<td>$190,759</td>
<td>$199,553</td>
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<td>Strategic Plan Fund</td>
<td>$109,748</td>
<td>$90,648</td>
<td>$49,748</td>
<td>$-</td>
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<td>Non-designated cash</td>
<td>$139,613</td>
<td>$4,642</td>
<td>$97,523</td>
<td>$17,771</td>
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<td><strong>Subtotal core cash</strong></td>
<td>$1,240,814</td>
<td>$1,124,849</td>
<td>$1,185,424</td>
<td>$1,046,624</td>
<td>$(138,800)</td>
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</tbody>
</table>
## 2018 - 2019 FYE Budget Summary

### Summary Program only

See Program Notes for Budget Assumptions

### Subscription Programs

<table>
<thead>
<tr>
<th></th>
<th>Actual FY18</th>
<th>Budget FY19</th>
<th>Projected FY19</th>
<th>Proposed FY20</th>
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<tbody>
<tr>
<td>Revenues</td>
<td>$5,568,164</td>
<td>$7,418,600</td>
<td>$5,640,915</td>
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<td>Expenses - Direct Program</td>
<td>$5,257,207</td>
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<td>$5,618,680</td>
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<tr>
<td>WEP Expenses - Allocated Program (C)</td>
<td>$204,357</td>
<td>$162,300</td>
<td>$148,300</td>
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<tr>
<td>Other Expenses - Allocated Program (C)</td>
<td>$75,319</td>
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<td>$5,536,883</td>
<td>$7,661,300</td>
<td>$5,815,290</td>
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<tr>
<td>Net subscription income (loss) (B)</td>
<td>$31,281</td>
<td>$(242,700)</td>
<td>$(174,375)</td>
<td>$89,900</td>
</tr>
<tr>
<td>Cash, beginning</td>
<td>$1,239,173</td>
<td>$868,773</td>
<td>$890,247</td>
<td>$715,872</td>
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<tr>
<td>Source (Use) of Funds</td>
<td>$31,281</td>
<td>$(242,700)</td>
<td>$(174,375)</td>
<td>$89,900</td>
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<tr>
<td>Advance adjustments</td>
<td>$(440,207)</td>
<td>-</td>
<td>-</td>
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<tr>
<td>Transfer from Core/Regional Reliability</td>
<td>$60,000</td>
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<td></td>
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<tr>
<td>Cash, ending</td>
<td>$890,247</td>
<td>$626,073</td>
<td>$715,872</td>
<td>$805,772</td>
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### Restrictions and advances

<table>
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<th>Description</th>
<th>Actual FY18</th>
<th>Budget FY19</th>
<th>Projected FY19</th>
<th>Proposed FY20</th>
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<tbody>
<tr>
<td>2015 IRWM Grant (P84 Round 3)</td>
<td>$17,964</td>
<td>$40,049</td>
<td>$23,464</td>
<td>$33,504</td>
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<td>2015 IRWM Grant (WEP R3)</td>
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<tr>
<td>IRWMP Update</td>
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<td>2018 Calfed Meter Mgmt Fees (WEP)</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
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<tr>
<td>Prop 50 Grant Management</td>
<td>$8,593</td>
<td>$7,415</td>
<td>$793</td>
<td>$790</td>
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<td>Prop 84 Grant Management</td>
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<td>ARB Study</td>
<td>$376</td>
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<td>2014 Drought Management</td>
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<td>$29,972</td>
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<td>Water Energy Grant</td>
<td>$200,000</td>
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<td>Regional Reliability</td>
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<td>Government Relations Contract Lobbyist</td>
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<td>$26,806</td>
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<td>SRCSD</td>
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<td>$(2,475)</td>
<td>$3,200</td>
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<td>Landscape Imagery</td>
<td>$(31,327)</td>
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<td>$3</td>
<td>$3</td>
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<tr>
<td>Water Efficiency Program - Cat 1</td>
<td>$571,860</td>
<td>$662,872</td>
<td>$687,460</td>
<td>$800,360</td>
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<td>$890,247</td>
<td>$626,073</td>
<td>$715,872</td>
<td>$805,772</td>
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</table>

### Reconcile Summary Split to Summary Table

<table>
<thead>
<tr>
<th>Description</th>
<th>Actual FY18</th>
<th>Projected FY19</th>
<th>Proposed FY20</th>
</tr>
</thead>
<tbody>
<tr>
<td>Core Program Income (Loss) (A)</td>
<td></td>
<td>(55,390)</td>
<td>(138,800)</td>
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<tr>
<td>Subscription Program Income (loss) (B)</td>
<td></td>
<td>(174,375)</td>
<td>89,900</td>
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<tr>
<td>RWA Total</td>
<td></td>
<td>(229,765)</td>
<td>(48,900)</td>
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</tbody>
</table>

See Summary Combined Table

---

2/21/2019

RWA FY 2019-20 budget DRAFT 2-21-19

5 of 22
2019 - 2020 FYE Budget Summary

Projected Core & Subscription Program Budget

See Budget and Program Notes for Budget Assumptions

<table>
<thead>
<tr>
<th>Revenues</th>
<th>FY19</th>
<th>Proposed FY20</th>
<th>Change from Prior Year</th>
<th>Comments</th>
</tr>
</thead>
<tbody>
<tr>
<td>Dues</td>
<td>$959,400</td>
<td>$1,016,100</td>
<td>$46,700</td>
<td>Projected rate increase 5.00%</td>
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<td>SGA Service Fee</td>
<td>$556,300</td>
<td>$575,300</td>
<td>$19,000</td>
<td>Based upon shared costs</td>
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<tr>
<td>Powerhouse Science - RWA Members</td>
<td>$68,800</td>
<td>-</td>
<td>$-68,800</td>
<td>Powerhouse Science Center collected from members over 5 years - last year of collection in FY19</td>
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<tr>
<td>Other</td>
<td>$41,500</td>
<td>$39,600</td>
<td>$-1,900</td>
<td>Interest, holiday social</td>
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<tr>
<td>Subscription Program</td>
<td>$5,640,915</td>
<td>$4,405,400</td>
<td>$(1,235,515)</td>
<td>Prop 84, IRWMP, Regional Reliability, Drought, Aquifer Storage, 2018 CalFED Meter Grant &amp; WEP</td>
</tr>
<tr>
<td>Total Revenues</td>
<td>$7,266,915</td>
<td>$6,026,400</td>
<td>$(1,240,515)</td>
<td></td>
</tr>
</tbody>
</table>

| Expenses                                      |               |               |                       |          |
| Staff                                         | $1,365,200    | $1,416,600    | $51,400               | All staff costs, including additional pension plan liability payment |
| Office                                        | $141,100      | $147,400      | $6,300                | General 3% cost increases assumed and some specific cost increases |
| Professional Fees                             | $329,300      | $348,300      | $19,000               | Audit, PR, accounting, legal, actuary, IRWM, human resources |
| Core Project Expenses                         | $25,000       | $38,500       | $13,500               | Powerhouse Science Center |
| Other expenses                                | $17,400       | $2,900        | $(14,500)             | Office equipment |
| Subscription Program                          | $5,618,680    | $4,121,600    | $(1,497,080)          | Prop 84, IRWMP, Regional Reliability, Drought, Aquifer Storage, 2018 CalFED Meter Grant & WEP |
| Total Expenses                                | $7,496,680    | $6,075,300    | $(1,421,380)          |          |

| Revenues net of Expenses                      | (D)           | (D)          | (D)                   |          |
| Cash, beginning                               | $2,131,061    | $1,901,296   | $(229,765)            |          |
| Source (Use) of Funds                         | $(229,765)    | $(48,900)    | $(180,865)            |          |
| Cash, ending                                  | $1,901,296    | $1,852,396   | $(48,900)             | Increase (decrease) |

| DESIGNATIONS/RESTRICTIONS/ADVANCES            |               |               |                       |          |
| Designations                                  |               |               |                       |          |
| Operating Fund                                | $676,200      | $698,700      | $22,500               |          |
| Membership Dues Fund                          | $142,700      | $149,700      | $7,000                |          |
| Subscription Program Stabilization            | $19,700       | $19,400       | $(300)                |          |
| Pension Plan Unfunded Liability               | -             | -             | -                     |          |
| Powerhouse Science Center                     | $199,553      | $161,053      | $(38,500)             |          |
| Strategic Plan Fund                           | $49,748       | -             | $(49,748)             |          |
| Non-designated cash                           | $97,523       | $17,771       | $(79,752)             |          |
| Subtotal core cash                            | $1,185,424    | $1,046,624    | $(138,800)            |          |

| Restrictions and advances                     |               |               |                       |          |
| 2015 IRWM Grant (P84 R3)                      | $23,464       | $33,504       | $10,040               |          |
| 2015 IRWM Grant (WEP R3)                      | $1,172        | -             | $(1,172)              |          |
| IRWM Update                                   | -             | -             | -                     |          |
| 2018 Called Meter Mgmt Fees (WEP)             | $9,365        | -             | $(9,365)              |          |
| 2018 Called Meter Grant Pass Thru (WEP)       | -             | -             | -                     |          |
| Prop 50 Grant Management                      | $793          | $790          | $(3)                  |          |
| Prop 84 Grant Management                      | $54,628       | $40,848       | $(13,780)             |          |
| ARB Study                                     | -             | -             | -                     |          |
| 2014 Drought Grant Management                 | $29,972       | $22,252       | $(7,720)              |          |
| Water Energy Grant                            | -             | -             | -                     |          |
| Regional Reliability                          | $7,866        | $7,866        | -                     |          |
| Government Relations Contract Lobbyist        | $26,806       | $26,806       | -                     |          |
| SRCSD                                         | $3,200        | $2,200        | $(1,000)              |          |
| Landscape Imagery                             | -             | -             | -                     |          |
| Water Efficiency Program - Cat 1              | $687,460      | $800,360      | $112,900              |          |
| Water Efficiency Program - Cat 2              | $(128,857)    | $(128,857)    | -                     |          |
| Subtotal program restrictions                 | $715,872      | $805,772      | $89,900               |          |

Total Cash Designations/Restrictions           | $1,901,296    | $1,852,396    | $(48,900)             |          |
### RWA Proposed FY' 2019-2020 Budget Projection

#### ANNUAL REVENUES

<table>
<thead>
<tr>
<th>Item</th>
<th>RWA FY 18 Actual Per Audit</th>
<th>RWA FY 19 Budget</th>
<th>RWA FY 19 Actual at Dec. 2018</th>
<th>RWA FY 19 Projected</th>
<th>RWA FY 20 Budget</th>
<th>Notes</th>
<th>RWA Projected FY 21</th>
<th>RWA Projected FY 22</th>
<th>RWA Projected FY 23</th>
<th>RWA Projected FY 24</th>
</tr>
</thead>
<tbody>
<tr>
<td>General Assessments/Fees</td>
<td>$863,538</td>
<td>$897,800</td>
<td>$897,831</td>
<td>$897,800</td>
<td>$943,300</td>
<td>1</td>
<td>$1,113,100</td>
<td>$1,280,100</td>
<td>$1,472,100</td>
<td>$1,619,300</td>
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<td>Associate Membership Fee</td>
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<td>$53,300</td>
<td>$53,300</td>
<td>$53,300</td>
<td>$54,900</td>
<td>2</td>
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<td>$58,200</td>
<td>$59,900</td>
<td>$61,700</td>
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<td>Affiliate Membership Fee</td>
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<td>$7,900</td>
<td>3</td>
<td>$7,900</td>
<td>$7,900</td>
<td>$7,900</td>
<td>$7,900</td>
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<tr>
<td>SGA Service Agreement Fee</td>
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<td>$264,933</td>
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<td>$575,300</td>
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<td>$603,500</td>
<td>$645,000</td>
<td>$675,000</td>
<td>$703,400</td>
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<td>Storm Water</td>
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<td>-</td>
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<td>5</td>
<td>$-</td>
<td>$-</td>
<td>$-</td>
<td>$-</td>
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<tr>
<td>WEP Subscription Program</td>
<td>$204,357</td>
<td>$162,300</td>
<td>$70,012</td>
<td>$148,300</td>
<td>$136,400</td>
<td>6</td>
<td>$122,100</td>
<td>$127,200</td>
<td>$131,800</td>
<td>$137,400</td>
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<tr>
<td>Subscription Program - other</td>
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<td>$88,600</td>
<td>$25,840</td>
<td>$48,310</td>
<td>$57,500</td>
<td>6</td>
<td>$19,500</td>
<td>$2,400</td>
<td>$2,400</td>
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<tr>
<td>Powerhouse Science Center - Members</td>
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<td>$68,764</td>
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<td>$7,900</td>
<td>7</td>
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<td>$-</td>
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<tr>
<td>Miscellaneous Revenues</td>
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<td>Interest Income</td>
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<td>$24,600</td>
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<td><strong>TOTAL REVENUE</strong></td>
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<td>$1,416,969</td>
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<td>$1,955,400</td>
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<td>$2,372,400</td>
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#### STAFF EXPENSES (General):

<table>
<thead>
<tr>
<th>Item</th>
<th>RWA FY 18 Actual Per Audit</th>
<th>RWA FY 19 Budget</th>
<th>RWA FY 19 Projected</th>
<th>RWA FY 20 Notes</th>
<th>RWA Projected FY 21</th>
<th>RWA Projected FY 22</th>
<th>RWA Projected FY 23</th>
<th>RWA Projected FY 24</th>
</tr>
</thead>
<tbody>
<tr>
<td>Staff Salaries/Wages - 100%</td>
<td>$834,823</td>
<td>$922,300</td>
<td>$797,266</td>
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<td>Benefits</td>
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<td>$161,414</td>
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<td>Pension Plan Unfunded Liability</td>
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<td>$63,000</td>
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<td>$15,000</td>
<td>$15,000</td>
<td>$15,000</td>
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<td>Payroll Taxes</td>
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<td>$72,600</td>
<td>$77,900</td>
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<tr>
<td>Travel/Meals/Conferences</td>
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<td>$7,490</td>
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<td>Professional Development/Training</td>
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<td>$100</td>
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<td>$7,200</td>
<td>$7,400</td>
<td>$7,600</td>
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<tr>
<td><strong>TOTAL GENERAL STAFF EXPENSES</strong></td>
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<td>$1,365,200</td>
<td>$1,416,600</td>
<td>$1,526,700</td>
<td>$1,620,800</td>
<td>$1,716,100</td>
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### RWA PROPOSED FY' 2019-2020 BUDGET PROJECTION

**5-Year Projection**

<table>
<thead>
<tr>
<th></th>
<th>RWA FY 18 Actual Per Audit</th>
<th>RWA FY 19 Budget</th>
<th>RWA FY 19 Actual at Dec. 2018</th>
<th>RWA Total FY 19 Projected</th>
<th>RWA FY 20 Budget</th>
<th>Notes</th>
<th>RWA Projected FY 21</th>
<th>RWA Projected FY 22</th>
<th>RWA Projected FY 23</th>
<th>RWA Projected FY 24</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>OFFICE EXPENSES:</strong></td>
<td></td>
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<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
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<tr>
<td>Rent &amp; Utilities Contract</td>
<td>$19,497</td>
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<td>$15,555</td>
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<td>$35,600</td>
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<td>General Liability Insurance</td>
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<td>$31,700</td>
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<td>$700</td>
<td>$800</td>
<td>$900</td>
<td>$1,000</td>
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</tr>
<tr>
<td>Postage and Postal Meter</td>
<td>$2,704</td>
<td>$3,000</td>
<td>$2,084</td>
<td>$2,800</td>
<td>$2,900</td>
<td>19</td>
<td>$3,000</td>
<td>$3,100</td>
<td>$3,200</td>
<td>$3,300</td>
</tr>
<tr>
<td>Telephone/internet/web hosting</td>
<td>$12,085</td>
<td>$12,700</td>
<td>$4,911</td>
<td>$12,300</td>
<td>$12,900</td>
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<td>Dues &amp; Subscriptions</td>
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<td><strong>TOTAL Other Expenses</strong></td>
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<td><strong>CORE PROJECT EXPENSES</strong></td>
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<td>Powerhouse Science Center</td>
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<td>$25,000</td>
<td>$38,500</td>
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<tr>
<td><strong>Total Core Project Expenses</strong></td>
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<td>$25,000</td>
<td>$38,500</td>
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<td>$25,000</td>
<td>$25,000</td>
<td>$25,000</td>
<td>$25,000</td>
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<td><strong>TOTAL EXPENSES</strong></td>
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<td>Net Income (Loss) - Total</td>
<td>$213,264</td>
<td>$618,851</td>
<td>$55,390</td>
<td>$138,800</td>
<td>$138,800</td>
<td>33</td>
<td>$129,900</td>
<td>$45,800</td>
<td>$71,400</td>
<td>$161,100</td>
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<tr>
<td>Transfer to Regional Reliability</td>
<td>$153,264</td>
<td>$618,851</td>
<td>$55,390</td>
<td>$138,800</td>
<td>$138,800</td>
<td></td>
<td>$129,900</td>
<td>$45,800</td>
<td>$71,400</td>
<td>$161,100</td>
</tr>
</tbody>
</table>

| Net Income (Loss) - Total | $213,264 | $618,851 | $55,390 | $138,800 | $138,800 | 33 | $129,900 | $45,800 | $71,400 | $161,100 |
| Transfer to Regional Reliability | $153,264 | $618,851 | $55,390 | $138,800 | $138,800 | | $129,900 | $45,800 | $71,400 | $161,100 |

**Note:** All figures are in USD. Fiscal years are from December 1, 2018, to November 30, 2019.
### Calculated Cash Reserves

<table>
<thead>
<tr>
<th></th>
<th>RWA FY 18 Actual Per Audit</th>
<th>RWA FY 19 Actual at Dec. 2018</th>
<th>RWA Total FY 19 Projected</th>
<th>RWA FY 20 Budget</th>
<th>Notes</th>
<th>RWA Projected FY 21</th>
<th>RWA Projected FY 22</th>
<th>RWA Projected FY 23</th>
<th>RWA Projected FY 24</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>CASH available, Beginning</strong></td>
<td>$1,087,550</td>
<td>$1,131,949</td>
<td>$1,240,814</td>
<td>$1,185,424</td>
<td>34</td>
<td>$1,046,624</td>
<td>$916,724</td>
<td>$870,924</td>
<td>$942,324</td>
</tr>
<tr>
<td><strong>SOURCE (USE) OF FUNDS</strong></td>
<td>$153,264</td>
<td>$7,100</td>
<td>$681,851</td>
<td>$138,800</td>
<td>33</td>
<td>$(129,900)</td>
<td>$(45,800)</td>
<td>$71,400</td>
<td>$161,100</td>
</tr>
<tr>
<td><strong>CASH available, Ending</strong></td>
<td>$1,240,814</td>
<td>$1,124,849</td>
<td>$1,859,665</td>
<td>$1,046,624</td>
<td>35</td>
<td>$916,724</td>
<td>$870,924</td>
<td>$942,324</td>
<td>$1,103,424</td>
</tr>
</tbody>
</table>

#### Operating Fund (4 to 6 months)
- RWA FY 18: $628,100
- RWA FY 19: $671,000
- RWA Total FY 19: $667,200
- RWA FY 20: $698,700

#### Membership Dues Stabilization @ 15%
- RWA FY 18: $137,200
- RWA FY 19: $142,700
- RWA Total FY 19: $142,700

#### Subscription Progr. Stabilization @ 10%
- RWA FY 18: $25,400
- RWA FY 19: $25,100
- RWA Total FY 19: $19,700

#### Pension Plan Unfunded Liability
- RWA FY 18: $45,000
- RWA FY 19: $49,748
- RWA Total FY 19: $49,748

#### Powerhouse Science Center Fund
- RWA FY 18: $155,753
- RWA FY 19: $190,759
- RWA Total FY 19: $199,553

#### Strategic Plan Fund
- RWA FY 18: $109,748
- RWA FY 19: $109,748
- RWA Total FY 19: $49,748

#### Non-designated Cash
- RWA FY 18: $139,613
- RWA FY 19: $4,642
- RWA Total FY 19: $97,523

#### Total Cash in bank
- RWA FY 18: $1,240,814
- RWA FY 19: $1,124,849
- RWA Total FY 19: $1,185,424

#### # of months core + non-designated cash covers expenses
- RWA FY 18: 9.1 months
- RWA FY 19: 6.8 months
- RWA Total FY 19: 6.2 months

#### 5-Year Projection

<table>
<thead>
<tr>
<th></th>
<th>Actual</th>
<th>Budget</th>
<th>Projected</th>
<th>Actual</th>
<th>Budget</th>
<th>Projected</th>
<th>Actual</th>
<th>Budget</th>
<th>Projected</th>
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</thead>
<tbody>
<tr>
<td>Operating Fund (4 to 6 months)</td>
<td>$628,100</td>
<td>$671,000</td>
<td>$667,200</td>
<td>$698,700</td>
<td>$591,100</td>
<td>$546,200</td>
<td>$613,100</td>
<td>$776,200</td>
<td></td>
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<tr>
<td>Membership Dues Stabilization @ 15%</td>
<td>$137,200</td>
<td>$142,700</td>
<td>$142,700</td>
<td>$149,700</td>
<td>$175,400</td>
<td>$200,700</td>
<td>$252,200</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Subscription Progr. Stabilization @ 10%</td>
<td>$25,400</td>
<td>$25,100</td>
<td>$25,100</td>
<td>$19,700</td>
<td>$14,200</td>
<td>$13,000</td>
<td>$14,000</td>
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<tr>
<td>Pension Plan Unfunded Liability</td>
<td>$45,000</td>
<td>$49,748</td>
<td>$49,748</td>
<td>$49,748</td>
<td>$49,748</td>
<td>$49,748</td>
<td>$49,748</td>
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</tr>
<tr>
<td>Powerhouse Science Center Fund</td>
<td>$155,753</td>
<td>$190,759</td>
<td>$199,553</td>
<td>$161,053</td>
<td>$136,053</td>
<td>$111,053</td>
<td>$86,053</td>
<td>$61,053</td>
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<tr>
<td>Strategic Plan Fund</td>
<td>$109,748</td>
<td>$109,748</td>
<td>$49,748</td>
<td>$49,748</td>
<td>$49,748</td>
<td>$49,748</td>
<td>$49,748</td>
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</tr>
<tr>
<td>Non-designated Cash</td>
<td>$139,613</td>
<td>$4,642</td>
<td>$97,523</td>
<td>$97,523</td>
<td>$97,523</td>
<td>$97,523</td>
<td>$97,523</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total Cash in bank</td>
<td>$1,240,814</td>
<td>$1,124,849</td>
<td>$1,185,424</td>
<td>$1,046,624</td>
<td>$916,724</td>
<td>$870,924</td>
<td>$942,324</td>
<td>$1,103,424</td>
<td></td>
</tr>
</tbody>
</table>

#### Notes
- Actual at FY 19
- Projected at FY 20
- Projected at FY 21
- Projected at FY 22
- Projected at FY 23
- Projected at FY 24

#### Observations
- The table outlines the calculated cash reserves for 2019-2020, with projections for the following years.
- Each entry includes actual and budgeted amounts, along with projected figures for the next few fiscal years.
- The data is split into categories such as CASH available, Beginning, SOURCE (USE) OF FUNDS, and others.
- The table also highlights the # of months core + non-designated cash covers expenses for each year.
RWA
FY 2019-2020 BUDGET PROJECTION NOTES
CORE ONLY

1 Assumes a 5% increase in RWA general fees due to partially paying for the lobbyist program that will become a part of the core program as well as continued additional payment of CalPERS unfunded liability.

2 There are now five associate members.

3 On May 15, 2014, the RWA Board approved a "RWA Affiliate" membership class. The purpose of the Affiliate membership will help to promote communication between water managers and the community and to support RWA's efforts to educate and inform the public.

4 Administrative fees due to RWA from Sacramento Groundwater Authority (SGA) for management, office and program services. Calculated as shared operating expenses, plus SGA asset/office equipment purchases, minus RWA legal, RWA only consulting fees, SGA only PERS, and SGA only costs paid by RWA.

5 Storm water fees were earned in FY18.

6 Represents projected cash/fees earned by RWA from managing subscription based programs. The WEP subscription component represents fees that cover staffing, benefits, and office overhead costs and is projected to decrease its contribution to the CORE program over time as the cost of funding the WEP manager and related office costs is shifting incrementally at 10% per year, capping at 50%. For FY20, RWA is projecting a 40% shift of costs being paid by RWA Core dues.

7 The Powerhouse Science Center will be a premier venue for science education and information in northern California. The Regional Water Authority was presented with a unique opportunity to become a partner with the Center in informing and educating the public on water issues that affect our region. RWA entered into a 15-year agreement with the Center to sponsor and guide the content development for two exhibits ($250K each). The payments were collected from members over 5 years and placed in a designation and will be paid out over 15 years. The California Water Awareness Campaign contribute $100K on RWA's behalf. Additionally, a Prop 84 WEP grant helped fund $50K and the WEP program will fund another $50K at $5K per year over 10 years.

8 Miscellaneous revenues include revenues collected for the December holiday social and cash discounts from CalCard for paying on time.

9 Interest income from the RWA Local Agency Investment Fund (LAIF) account.
Staff salaries include a total of seven full time positions, split between the organizations, with a total of 2.2 FTEs for SGA. The FTE count does not include the retired annuitants. This year's salaries reflect the compensation survey amounts approved by the RWA Board. Employees will now pay their entire CalPERS contribution of 7%. Salaries also reflect potential upgrade for Finance Manager Position.

Benefits include employer PERS, medical, vision, dental, disability insurance, OPEB and workers' compensation for the seven staff members. FY 2020 budget anticipates an increase in medical costs of 7.0%, other costs at 3% and OPEB costs to fund explicit and implicit subsidy and using the implicit credit subsidy from current employees as calculated by the actuaries.

Represents the estimated 100% payment of the allocated unfunded pension liability to RWA over four years, with an installment payment in FY2020. This budget reflects continued additional annual down payments to pay down this unfunded liability at a 7.0% discount rate. RWA can expect swings in paying the unfunded pension liability over a shorter time frame, both positive and negative. The estimated 6.30.19 unfunded balance for RWA is approximately $58,000. The $15K per year reflects interest carry to pay the liability. These payments are over and above the required payments required unfunded liability payments which are included in the benefit budget.

Payroll taxes for seven staff members. Payroll taxes for the retired annuitant are included in the retired annuitant costs.

Travel and conferences.

Includes computer training and other professional development classes.

The RWA Board approved a new 7 year lease that will started August, 2018. The lease terms includes two years at $1.00 square foot and increases for three years at $1.10 square foot.

Property and liability coverage obtained through ACWA JPIA.

Includes costs for office maintenance needs.

Reflects mailing activities and cost of postage machine rental.

Includes telephone and conference call costs, web hosting for the website and internet service costs.
21 Miscellaneous meeting charges including food/refreshments. In house preparation of refreshments for board meetings has lowered the expenses in this category compared to prior years. Includes cost of the annual holiday social event.

22 Includes supplies, printing, copier maintenance and copier lease costs.

23 Dues include ACWA, AWWA, CSDA, Water Education Foundation and Sacramento Metro Chamber of Commerce. Subscriptions include Wavelength legislative service, Business Journal, and the Capitol Morning Report.

24 Acquisition of new hardware/software to replace aging and out-of-date components.

25 General computer maintenance service. A new contract was signed to include cloud back up replacing the tape back up system. This coverage is needed because it is more secure and will reduce downtime if something happens to the server.

26 Legal expenses in support of general RWA board meetings, resolutions, regulatory analyses, and services related to contracts. Expanded RWA involvement in external issues necessitate increased legal fees.

27 Audit fees are set by the awarded proposal by Gilbert Associates, Inc.

28 Payroll service costs for 7 employees, one retired annuitant, plus commercial banking fees.

29 Fees for public relations, communications, outreach services (media relations, meeting facilitation, engineering support, workshop facilitation), HR services, accounting and budgeting support, water policy advocacy, and actuarial valuations (GASB 68 and 75). In FY20 RWA will be bringing 100% of the contract lobbyist under the RWA core program.

30 Includes furniture and office equipment. Office move in FY18 and FY19. Anticipates a possible replacement of the server in FY22.

31 Reflects expected annual payment to Powerhouse science center at $25K per year. (15 years total) Payments to the Powerhouse should be completed by 2030. Also includes reimbursement for approximately $13K excess collection to members due to adding a few new members.
32 Represents total operating expenses, excluding subscription based direct program expenses. The operating fund designation is based upon four to six months of operating expenses excluding core project expenses, net of 90% of SGA reimbursements, and any one-time large, non-recurring expenses.

33 Represents the difference between total funds received versus total expenses during the year for the core program.

34 Beginning cash reflects cash related to the core programs. Audited accrual cash balance is converted to cash basis to account for cash impact on core and subscription programs.

35 Total cash. The designations are detailed in footnotes 36-44.

36 Represents the operating fund designation to pay for operating expenditures. Per policy, this fund range target is four to six months of operating expenses net of SGA expected reimbursements (approximately 90%), not including Core Project expenses and non-recurring one-time expense.

37 Represents membership dues designation according to policy at 15% of anticipated membership dues.

38 Represents the subscription program designation according to policy at 10% of expected management fees and indirect office costs.

39 Since paying additional amounts towards the unfunded pension plan is now part of the annual budget, the amounts are no longer set aside and instead paid to CalPERS towards additional funding of the pension plan.

40 RWA entered into a 15-year agreement with the Powerhouse Science Center to sponsor and guide the content development for two exhibits ($250K each). The payments were collected from members over 5 years, placed in a designation and will be paid out over 15 years. The California Water Awareness Campaign contributed $100K on RWA's behalf. Additionally, a Prop 84 WEP grant funded $50K in FY15 and the WEP program will fund another $50K (over 10 years).

41 The strategic plan outlined staffing a legislative and regulatory manager to implement RWA's regional water voice on important water legislation that impacts members and the region. The program has proved to be successful and is now staffed by a full-time person to fully implement the strategic plan goals. This designation will be drawn down by the end of FY20 and will be used to fund the second half of FY19 and the remainder in FY20 to help pay for the water advocacy consultant fees which will now be a core program mid FY19.

42 Not used
43 Represents cash over and above designation policies, if any.

44 Per policy, the target range for this fund is four to six months of operating expenses net of SGA reimbursements, and does not include Core Project expenses and one-time non-recurring costs.

45 For FY18, $60,000 in consulting costs was budgeted in the core program to be used for the IRWM program to fully fund the 2018 IRWM Plan update. These funds were to be used as part of the funding for the regional reliability program to complete a conjunctive use analysis that was incorporated into the IRWM Plan. This budget reflects the transfer of $60,000 in available cash from the core program to the regional reliability from FY18 to FY19 to pay for the regional reliability program tasks that were also included in the IRWM plan.
### Regional Water Authority

**See Budget Projection Notes for Budget Assumptions**

<table>
<thead>
<tr>
<th>FY 18 Actual</th>
<th>RWA FY 19 Budget</th>
<th>RWA Dec. 2018 Total</th>
<th>RWA FY 19 Proposed Budget</th>
<th>Notes</th>
<th>Projected FY 21</th>
<th>Projected FY 22</th>
<th>Projected FY 23</th>
<th>Projected FY 24</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>REVENUES/GRANTS/AGREEMENTS</strong></td>
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<td>Proposition 50 Grant Management Fees</td>
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<td>American River Basin (ARB Plan of Study)</td>
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### PROGRAM EXPENSES

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<th>RWA FY 19 Proposed Budget</th>
<th>Notes</th>
<th>Projected FY 21</th>
<th>Projected FY 22</th>
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<th>Projected FY 24</th>
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<td>Proposition 84 payments to Member Agencies</td>
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<td>$3,318,600</td>
<td>$494,100</td>
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<td>American River Basin (ARB Plan of Study)</td>
<td>$17,624</td>
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See Budget Projection Notes for Budget Assumptions.
### Regional Water Authority

**See Budget Projection Notes for Budget Assumptions**

<table>
<thead>
<tr>
<th>FY' 2019-2020 Program Budget Projection</th>
<th>FY 20</th>
<th>Notes</th>
<th>Projected FY 21</th>
<th>Projected FY 22</th>
<th>Projected FY 23</th>
<th>Projected FY 24</th>
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**Aquifer Storage and Recovery (ASR)**

<table>
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<th>FY 19</th>
<th>Total</th>
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**Storm Water Resources Plan**

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<th>FY 19</th>
<th>Total</th>
<th>Proposed</th>
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**Landscape Imagery Project**

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**Government Relations Contract Lobbyist & Fees**

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<th>FY 18</th>
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<th>Total</th>
<th>Proposed</th>
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**2018 Calfed Meter Grant Pass Through (WEP)**

<table>
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<th>FY 19</th>
<th>Total</th>
<th>Proposed</th>
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<th>$</th>
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**2018 Calfed Meter Grant Management Fees (WEP)**

<table>
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<tr>
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<th>FY 19</th>
<th>FY 19</th>
<th>Total</th>
<th>Proposed</th>
<th>$</th>
<th>$</th>
<th>$</th>
<th>$</th>
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**Water Efficiency Program Admin. (Cat.1)**

| FY 18 | FY 19 | FY 19 | Total | Proposed | 230,978 | 228,100 | 93,811 | 208,000 | 203,700 | 193,200 | 202,300 | 212,000 | 222,300 |
|-------|-------|-------|-------|----------|--------|-------|-------|-------|--------|--------|--------|--------|--------|--------|

**Water Efficiency Grant Payments (Cat. 2)**

| FY 18 | FY 19 | FY 19 | Total | Proposed | 41,331 | $ | $ | $ | $ | $ | $ | $ | $ | $ |
|-------|-------|-------|-------|----------|-------|---|---|---|---|---|---|---|---|

**Staffing and Office Program Management**

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<th>Total</th>
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<th>$</th>
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**TOTAL PROGRAM EXPENSES**

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<th>FY 19</th>
<th>FY 19</th>
<th>Total</th>
<th>Proposed</th>
<th>$</th>
<th>$</th>
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<th>$</th>
<th>$</th>
<th>$</th>
<th>$</th>
<th>$</th>
<th>$</th>
<th>$</th>
</tr>
</thead>
</table>

**Net Income (Loss)**

| FY 18 | FY 19 | FY 19 | Total | Proposed | $ | $ | $ | $ | $ | $ | $ | $ | $ | $ |
|-------|-------|-------|-------|----------|---|---|---|---|---|---|---|---|---|---|---|

2/21/2019
# Regional Water Authority

See Budget Projection Notes for Budget Assumptions

<table>
<thead>
<tr>
<th>FY' 2019-2020 Program Budget Projection</th>
<th>RWA FY 20</th>
<th>RWA FY 21</th>
<th>RWA FY 22</th>
<th>RWA FY 23</th>
<th>RWA FY 24</th>
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<tbody>
<tr>
<td><strong>CASH RESERVES</strong></td>
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<td>$626,073</td>
<td>$931,578</td>
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<table>
<thead>
<tr>
<th><strong>Subscription Program Designations/Advanced Revenues</strong></th>
<th>RWA FY 20</th>
<th>RWA FY 21</th>
<th>RWA FY 22</th>
<th>RWA FY 23</th>
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<table>
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<th>Advanced Revenues (recognized as income when expenses are incurred)</th>
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<th>RWA FY 21</th>
<th>RWA FY 22</th>
<th>RWA FY 23</th>
<th>RWA FY 24</th>
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<tr>
<td>2018 Calfed Meter Grant Pass Through (WEP)</td>
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<td>$626,073</td>
<td>$931,578</td>
<td>$715,872</td>
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2/21/2019
RWA FY 2019-20 budget DRAFT 2-21-19
1. The American River Basin Integrated Regional Water Management Plan, developed jointly by the Regional Water Authority (RWA) and the Freeport Regional Water Authority (FRWA) in June 2006, was among seven projects recommended for funding statewide in a two-step grant process through Proposition 50. The $25 million grant helped fund key elements of the plan, including a suite of 14 infrastructure projects. The grant concluded in FY17, but there are ongoing reporting requirements to the state through FY19. Funds for reporting have been collected and are reflected in advanced revenues. At the conclusion of final reporting, any unused funds will be returned to participating agencies.

2. The 2018 American River Basin (ARB) Integrated Regional Water Management Plan (IRWMP) Update was prepared by the Regional Water Authority (RWA) with significant input from stakeholders in the ARB Region (Region). This overview document summarizes the content of the 2018 ARB IRWMP Update and highlights significant changes from the 2013 Update. Successful implementation of the ARB IRWMP will help achieve the Region's water resources vision of providing for the lasting health of our community, economy, and environment.

3. RWA was awarded the IRWM grant and collected fees for program management. This IRWM grant through DWR developed and executed a funding agreement for the $1.757 million grant award from the 2015 Proposition 84 Integrated Regional Water Management Implementation Grant to support four priority projects in the region, including a regional water efficiency grant.

4. The Regional Reliability Plan is a subscription project launched in FY17. Funding for the project includes $50k from the IRWM designation, fees collected from project participants, reimbursement from a Drought Contingency Planning Grant awarded to Placer County Water Agency in FY16, and reimbursement from a Prop 1 Planning Grant awarded to RWA in FY17. Expenses are to fund consultant support to develop the plan, which will include an update to the RWA Integrated Regional Water Management Plan.

5. This 2014 Drought grant application was entered into by 12 agencies to help the region maintain water supply when drought conditions persist. The grant was awarded to RWA. (see note 6)

6. RWA received a final recommendation on November 12, 2014 from the Department of Water Resources (DWR) for a $9.765 million award from the 2014 Integrated Regional Water Management Drought Grant funded through Proposition 84. These fees are for RWA's grant management expenses in administering the grant award and were collected from participating agencies in FY16 and are reflected in advanced revenue (see note 27). The grant partially funds 17 projects by 12 different agencies that will help the region maintain water supply during a drought. The DWR funding agreement was completed in July 2015 and the grant is expected to be completed in FY20.
The 2014 Water Energy grant with DWR to develop a funding agreement for a $2.5 million award from the DWR 2014 Water-Energy Grant Program. The project addresses the Sacramento region disadvantaged communities' (DACs) need to replace high-water-use and high-energy-use fixtures with more efficient fixtures to lower income households. The contractor-based and customer-based project provides fixtures directly to customers free of charge. The Project will replace approximately 30,000 fixtures, and will conserve more than 1,500 million gallons (MG) of water and 1,600 megawatts (MW) of energy in DACs in the service areas of Sacramento, West Sacramento, Sacramento Suburban Water District (SSWD) and California American (CalAm). Fees were collected from participating agencies to fund contractor activities while awaiting reimbursement from the grant. At the conclusion of the project, the fees were returned to participating agencies.

The 2014 Water Energy grant reimbursements from DWR and disbursements to member agencies.

The Direct Install Program is being managed by RWA on behalf of the City of Sacramento and was completed in FY19.

These fees are for RWA's grant management expenses in administering a $16.03 million award from the Prop 84 Implementation Grant Program. The project commenced in FY 2012. Staff estimated a total project management expense of approximately $183,300, the remainder was collected in FY 2016. Funds will be designated for use in Prop 84 Implementation Grant Management until program requirements are completed. Projects are expected to be completed in by June 30, 2019 with up to 3 years of post-project performance monitoring required.

The Proposition 84 grant reimbursements from DWR and disbursements to member agencies.

The American River Basin Study (ARBS) Letter Proposal - This was a fee collected in FY17 to fund development of a proposal to USBR to conduct a detailed analysis of supply and demand under future climate conditions in the American River Basin. Fees were provided by five agencies that will participate in the study - the cities of Folsom, Roseville, and Sacramento, El Dorado County Water Agency, and Placer County Water Agency. The fees were used to fund consultant support to develop the proposal in FY17.

In FY19, several RWA member agencies requested that RWA develop a subscription-based project aimed at collected information to determine the feasibility of an expanded aquifer storage and recovery (ASR) program in the region. If the program is launched revenues and expenses are expected to be collected and expended by early FY20.

The RWA Labor Compliance Project (LCP) was developed by RWA to provide recipients of Prop 84 grant funds awarded through the ARB IRWMP with a compliance option if they do not have an existing DIR-approved LCP or do not want to expend the resources to apply to DIR for and to administer their own LCP.

RWA has partnered with the Sacramento Area Council of Governments (SACOG) to collect aerial imagery for the purpose of conducting local and regional water supply planning and evaluating current and future legislative and regulatory proposals related to water efficiency.
Represents the program to hire a contract water advocate consultant to help with state legislative issues. This program is being moved to RWA core and will use the remaining funds from the Strategic Plan in FY19. On a go forward basis, 100% of this cost will be funded by Core dues in FY20.

The 2018 Calfed Water Meter Installation project was awarded on September 21, 2018. RWA prepared the application and submitted them through the Sacramento Suburban Water District (SSWD) because RWA is not considered an eligible applicant. The participating agencies include the SSWD, the City of Sacramento and Sacramento County Water Agency. The project will install an estimated 1,952 residential water meters. Participants have committed $3,241,750 in direct and in-kind funding to the project to be matched by $747,000 (award was for $750,000; however, $3,000 was retained by USBR for NEPA) in Reclamation grant funds. The project duration is to run from September 21, 2018 through March 31, 2020.

RWA will manage the 2018 Calfed Meter Grant Management Fees on behalf of SSWD. Fees will be collected from SSWD, City of Sacramento, and SCWA for management of the grant.

Anticipated revenues and direct costs for the program from the Water Efficiency (WEP) Program for Category I. WEP budget still under development.

WEP Category II revenue and expenses are projected for the SRCSD incentives program. The subscription programs are approved as the opportunity or need arises for the program.

The cost of staffing and office associated with the subscription programs (including WEP) is included to reflect the cashflow effect to the programs. It also represents the amount of money earned by the Core Program for the services they provide. This activity generates cash to the core program by using RWA staff. Effectively, RWA is a consultant to these programs. The WEP budget includes the WEP project manager at 60% and the project assistant at 60% time, for a total of 1.2 FTEs for WEP.

Net revenues (loss). Any revenues in excess of expenses are typically set aside in designations to be used in future periods. Losses are typically a result of timing differences from funds collected in one fiscal year but spent in the next fiscal year. These "losses" are funded from carryover restricted cash designations from previous years.

Since subscription programs often collect monies in one fiscal cycle, but may not expend or use the funds until future fiscal cycles, these cash resources are reflected in this section to determine the amount of impact the subscription program has to overall available resources.

Advance adjustments are timing differences between cashflow effect of advances received or used versus accrual effect as recorded in the audited financial statements. Grant management fees are collected in advance of grant expenses. Because these fees can be returned back to members if not used, the accounting records will only reflect revenue when expenses are incurred, which often result in a zero net income. The remaining unused fees are used in later years which uses the advance balance from the prior year.
25 Represents the remaining net cash amounts reserved for subscription programs to fulfill future program obligations.

26 Represents the cumulative funds in excess of revenues for the Water Efficiency Program. Starting in FY15, $5K per year for 10 years is being allocated from WEP Cat 1 to Powerhouse Science Center.

27 Anticipated funds in excess of expenses of $7,600 are being redirected to the Regional Reliability Plan.

28 Anticipated funds in excess of expenses of $266 are being redirected to the Regional Reliability Plan.

29 Advances are not considered revenue from an accounting perspective. However, as expenses are incurred for these program, the cash advances are used and affect cash balances. The balances represent remaining unspent cash for each of the programs.

30 In FY18, RWA assisted San Juan Water District and Sacramento County Water Agency in securing a $300K Reclamation grant to construct interties to assist during drought conditions. SJWD is the grant recipient. RWA will assist in managing the grant on behalf of the agencies. Funds for RWA staff support are being collected in FY19 and will be expended in FY19 and FY20.

31 In FY18, RWA budgeted $60,000 for the IRWM program. During the year, these funds were then to be used for the regional reliability program. They should have been designated for year end purposes, but were not. This transfer reflects the intent of the program costs.

32 Remaining $10,000 balance of direct install program represent administrative fees earned by WEP for this program. The balance is transferred to the WEP Category 1 cash remaining balance for FY19.
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<tr>
<th>Agency</th>
<th>Type</th>
<th>2018-2019 Annual Dues (A)</th>
<th>Proposed RWA 2019-2020 Annual Dues using updated Connections (B)</th>
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<td>$ 74,049</td>
<td>(1,077)</td>
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<td>$ 74,049</td>
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<th>2019-2020 Annual Dues</th>
<th>Powerhouse Payback</th>
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<td>Placer County</td>
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<td>Sacramento Municipal Utilities District</td>
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<td>(296)</td>
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<td><strong>ASSOCIATE MEMBER TOTALS</strong></td>
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Notes:
(1) Retail connection are used to scale the agency size. Information derived from information received from members.
(2) Wholesale water suppliers (i.e. San Juan WD) are included in "large" utility group, regardless of the actual number of retail connections, as a more accurate indication of "true" utility size.
(3) RWA Associates pay an annual fee equal to 0.1% of the entity’s annual operating budget, rounded up to the next even thousand dollars.
(4) Powerhouse reimbursement to members. (due to new members joining)
AGENDA ITEM 6: RESOLUTION REGARDING CalPERS HEALTH BENEFIT VESTING AND PAYMENTS

BACKGROUND:

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). At its November meeting, the Board directed staff to move forward with a CalPERS resolution and associated actions. The goal is to maintain commitment to current retirees and current active employees, reduce long term retiree costs for future employees and maintain competitive benefits that allow us to recruit and retain employees.

Resolution 2019-02 will rescind the current benefit vesting that RWA has in place under Resolution 2007-03 and will be replaced with Resolution 2019-03 which adopts an employer contribution at an equal amount for employees and annuitants. The effective date will be July 1, 2019. The minimum PEMHCA contribution in 2019 is $136 and will change slightly each year.

STAFF RECOMMENDATION:

Information Presentation: John Woodling, Executive Director

Action: Recommend Board Approval of Resolution 2019-02 to Rescind CalPERS Health Benefit Vesting

Action: Recommend Board Adoption of Resolution 2019-03 CalPERS Minimum Payment Resolution
RESOLUTION NO. 2019-02
ELECTING TO RESCIND HEALTH BENEFIT VESTING UNDER SECTION 22893
OF THE PUBLIC EMPLOYEES’ MEDICAL AND HOSPITAL CARE ACT

WHEREAS, Regional Water Authority is a contracting agency under Government Code Section 22920 and subject to the Public Employees’ Medical and Hospital Care Act (the “Act”); and

WHEREAS, Regional Water Authority is a contracting agency has filed a resolution with the Board of the California Public Employees’ Retirement System to provide a postretirement health benefits vesting requirement to employees who retire for service in accordance with Government Code Section 22893; and

RESOLVED, Regional Water Authority elects to rescind postretirement health benefits vesting requirements; and be it further

RESOLVED, That employees first hired on or after September 1, 2007 will no longer be subject to vesting as established by Resolution 2007-03; and be it further

RESOLVED, Regional Water Authority has fully complied with any and all applicable provisions of Government Code Section 7507 in electing the benefits set forth above; and be it further

RESOLVED, That the participation of the employees and annuitants of Regional Water Authority shall be subject to determination of its status as an “agency or instrumentality of the state or political subdivision of a State” that is eligible to participate in a governmental plan within the meaning of Section 414(d) of the Internal Revenue Code, upon publication of final Regulations pursuant to such Section. If it is determined that Regional Water Authority would not qualify as an agency or instrumentality of the state or political subdivision of a State under such final Regulations, the California Public Employees’ Retirement System may be obligated, and reserves the right to terminate the health coverage of all participants of the employer; and be it further

RESOLVED, That the executive body appoint and direct, and it does hereby appoint and direct, the Secretary/Treasurer to the Board to file with the Board a verified copy of this resolution, and to perform on behalf of Regional Water Authority all functions required of it under the Act.

RESOLVED, That coverage under the Act be effective on July 1, 2019.
Adopted at a regular meeting of the Regional Water Authority at Citrus Heights, this 14th day of March, 2019.

Signed: ____________________________
       Chairman

Attest: ____________________________
       Board Secretary/Treasurer
RESOLUTION NO. 2019-03
FIXING THE EMPLOYER CONTRIBUTION AT AN EQUAL AMOUNT FOR EMPLOYEES AND ANNUITANTS
UNDER THE PUBLIC EMPLOYEES’ MEDICAL AND HOSPITAL CARE ACT

WHEREAS, (1) Regional Water Authority is a contracting agency under Government Code Section 22920 and subject to the Public Employees’ Medical and Hospital Care Act (the “Act”); and

WHEREAS, (2) Government Code Section 22892(a) provides that a contracting agency subject to Act shall fix the amount of the employer contribution by resolution; and

WHEREAS, (3) Government Code Section 22892(b) provides that the employer contribution shall be an equal amount for both employees and annuitants, but may not be less than the amount prescribed by Section 22892(b) of the Act; and

RESOLVED, (a) That the employer contribution for each employee or annuitant shall be the amount necessary to pay the full cost of his/her enrollment, including the enrollment of family members, in a health benefits plan up to a maximum of the PEMHCA Minimum per month, plus administrative fees and Contingency Reserve Fund assessments; and be it further

RESOLVED, (b) Regional Water Authority has fully complied with any and all applicable provisions of Government Code Section 7507 in electing the benefits set forth above; and be it further

RESOLVED, (c) That the participation of the employees and annuitants of Regional Water Authority shall be subject to determination of its status as an “agency or instrumentality of the state or political subdivision of a State” that is eligible to participate in a governmental plan within the meaning of Section 414(d) of the Internal Revenue Code, upon publication of final Regulations pursuant to such Section. If it is determined that Regional Water Authority would not qualify as an agency or instrumentality of the state or political subdivision of a State under such final Regulations, CalPERS may be obligated, and reserves the right to terminate the health coverage of all participants of the employer.

RESOLVED, (d) That the executive body appoint and direct, Secretary/Treasurer to file with the Board a verified copy of this resolution, and to perform on behalf of Regional Water Authority all functions required of it under the Act.

RESOLVED, (e) That coverage under the Act be effective on July 1, 2019.
Adopted at a regular meeting of the Regional Water Authority at Citrus Heights, this 14th day of March, 2019.

Signed: 

Chairman

Attest: 

Secretary/Treasurer
AGENDA ITEM 7: RWA HEALTH BENEFIT PLANS

BACKGROUND:

Along with resolutions changing the health benefits RWA provides relative to PEMHCA to the minimum payment, the Board has directed staff to develop a replacement that provides promised benefits to retirees and current employees, while defining retiree benefits for new employees that reduce long term liabilities while still providing the ability to recruit and retain quality employees.

Staff worked with the Executive Committee and special counsel to develop a package of health benefits for both retirees and active employees that satisfies those objectives and is compliant with IRS rules. The details of the benefits are provided in the draft Cafeteria Plan (for active employees) and the draft Health Premium Reimbursement Plan (for retirees).

Changes from current benefits include, in the Cafeteria Plan:

1) a limit on the amount reimbursed for health premiums to the median amount of CalPERS plans available to RWA employees, and

2) the option to take a cash payment in lieu of health insurance coverage.

Changes to retiree health benefits include:

1) a longer vesting period of RWA/SGA service,

2) limitation on the number of years of CalPERS service outside of RWA/SGA that can be applied to the formula, and

3) allowance based only on Employee + 1 dependent premiums

We have targeted July 1, 2019 as the implementation date for the new benefits structure.

STAFF RECOMMENDATION:

Presentation and Discussion: John Woodling, Executive Director

Action: Recommend Board Approval of Cafeteria Plan

Action: Recommend Board Approval of Health Premium Reimbursement Plan
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<tr>
<th>PLAN</th>
<th>Employee Only</th>
<th>Plan Code</th>
<th>Party Rate</th>
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<th>Plan Code</th>
<th>Party Rate</th>
<th>Employee &amp; 2+ Dependents</th>
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1 Dental and Vision coverage is an additional $38.00 per member per month premium. You will be billed directly for this amount.
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# CalPERS 2019 Monthly Premiums for Contracting Agencies

## Sacramento Area Region

**El Dorado, Placer, Sacramento, Yolo**

## Actives and Annuitants

**Effective Date:** 1/1/2019 - 12/31/2019

### Combination Monthly Rate

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<tr>
<th>PLAN</th>
<th>Employee in M 1 Dependent in B</th>
<th>Plan Code</th>
<th>Party Rate</th>
<th>Employee in M 2+ Dependents in B</th>
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<th>Party Rate</th>
<th>Employee in M &amp; 1 Dependent in M 1+ Dependents in B</th>
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REGIONAL WATER AUTHORITY
CAFETERIA PLAN

The REGIONAL WATER AUTHORITY ("Employer") hereby establishes the REGIONAL WATER AUTHORITY CAFETERIA PLAN ("Plan"), effective July 1, 2019.

ARTICLE I
TITLE AND PURPOSE

This plan shall be known as the REGIONAL WATER AUTHORITY CAFETERIA PLAN. The purpose of the Plan is to furnish to eligible employees choices among certain Benefits provided by the Employer, so that employees may receive Benefits that best meet their individual needs. The Plan is intended to provide benefits in accordance with Sections 125 and 105 of the Internal Revenue Code, as amended, and the regulations issued thereunder, so that the Benefits that an Employee elects to receive under the Plan are eligible for exclusion from the Employee’s income for federal income and employment tax purposes. The Employer shall offer at least one permitted taxable benefit and at least one nontaxable qualified benefit.

ARTICLE II
COMPONENT PLANS

The Benefits offered under this Plan are provided through separate Component Plans which are set forth in separate plan documents, group insurance policies or administrative service contracts and are incorporated herein and identified in Schedule “A” attached hereto. Schedule “A” shall be updated or revised as required after such time as the Board of Directors has approved any changes to the Benefits or Group Health Coverage Allowance pursuant to any resolution.

ARTICLE III
DEFINITIONS

The following words and phrases, when used herein, shall have the following meanings, unless a different meaning is clearly required by the context:

3.1 Administrator. “Administrator” means the Employer or any person or entity appointed by the Employer to administer this Plan on its behalf, as provided in Article X.

3.2 Benefit. “Benefit” means any of the qualified benefits and permitted taxable benefits which may be purchased under this Plan.

3.3 CalPERS. “CalPERS” shall refer to the California Public Employees’ Retirement System created under the authority of the Public Employees’ Retirement Law as provided under Section 20000 et. seq. of the California Government Code, as may be amended from time to time, and as administered by the CalPERS Board of Administration.
3.4 Code. “Code” means the Internal Revenue Code of 1986, as amended and regulations issued thereunder. References to any section of the Code include references to any comparable or succeeding provision of any legislation which amends, supplements or replaces such section.

3.5 Component Plan. “Component Plan” means any plan offering Benefits available under this Plan, as set forth in the separate plan documents.

3.6 Dependent. “Dependent” means the Spouse or Dependent of a Participant who is eligible to receive benefits under a Component Plan. Dependent shall also mean, as to health benefits offered under the Plan, a dependent eligible under Code Section 152, determined without regard to Code Section 152(b)(1), (b)(2) or (d)(1)(B) and any child (as defined in Code Section 152(f)(1)) of the Participant who as of the end of the taxable year has not attained 27 years of age.

Notwithstanding the preceding, if a Component Plan permits a Participant to cover an individual other than the Participant’s Spouse or Dependent (including a Participant’s registered domestic partner as recognized by the State of California), the term Dependent as used throughout the Plan document shall also include such individual provided the benefit is treated as a taxable benefit in accordance with Section 7.5.

3.7 Effective Date. “Effective Date” means the date this Plan first becomes effective, which is July 1, 2019.

3.8 Employee. “Employee” shall mean all regular employees of the Employer who customarily work an average of thirty (30) hours per week or that must be enrolled in CalPERS although working less than thirty (30) hours per week. Hours worked on behalf of Sacramento Groundwater Authority shall be deemed as hours worked for the Employer for purposes of this Plan. Temporary or part-time employees who are normally scheduled to work less than thirty (30) hours per week are not eligible to participate, unless they must be enrolled in CalPERS.

3.9 Employer. “Employer” means the Regional Water Authority.

3.10 Entry Date. “Entry Date” means, for all newly hired Employees, the first day of the month following date of hire. In all other cases, the “Entry Date” shall mean the first day of each Plan Year.

3.11 ERISA. “ERISA” means the Employee Retirement Income Security Act of 1974, as amended, including all regulations issued thereunder.

3.12 FMLA. “FMLA” means the Family Medical Leave Act of 1993, as amended and including all regulations issued thereunder.

3.13 Group Health Coverage Allowance. “Group Health Coverage Allowance” shall mean an amount that is the lesser of: (i) the monthly premium for the Health Benefit Plan in which a Participant has enrolled in for the Plan Year; or (ii) the monthly maximum Employer contribution set forth in Schedule “A” that is provided solely for the purchase of health coverage under the Employer’s group health plans offered through CalPERS.
3.14 **Health Benefit Plan.** “Health Benefit Plan” shall refer to the health benefit plan approved or maintained by the CalPERS Board of Administration, which is available to CalPERS members working within the State of California.

3.15 **Leave of Absence.** “Leave of Absence” means any absence of an Employee that is authorized by the Employer under the Employer’s personnel policies, including any leave designated as FMLA Leave. Additionally, an Employee shall be subject to such rights and benefits for family or medical leave, as defined in the Family and Medical Leave Act of 1993 (“FMLA”) and the California Family Rights Act of 1991 (“CFRA”).

3.16 **Open Enrollment Period.** “Open Enrollment Period” means the period beginning at least thirty (30) days before the beginning of the next Plan Year and ending on any date preceding the commencement of the Plan Year, as determined by the Administrator. For a new Employee, “Open Enrollment Period” shall mean the period between the Employee’s effective date of employment and the first day on which an Employee may become a Participant.

3.17 **Participant.** “Participant” means an Employee who becomes enrolled in the Plan pursuant to Article IV and Article V. “Participant” shall also mean a former Employee who elects to continue health coverage under the Plan. However, a former Employee shall not be eligible for the Group Health Coverage Allowance.

3.18 **Period of Coverage.** “Period of Coverage” generally means the Plan Year beginning on January 1 and ending on December 31. A Participant’s Period of Coverage may be less than 12 months if a new Participant enters the Plan during the year or a Participant completes a permitted election change in accordance with Article V. A Participant’s Period of Coverage shall also include continuation coverage elected by a terminated Participant or Qualified Beneficiary.

3.19 **Plan.** “Plan” means the REGIONAL WATER AUTHORITY CAFETERIA PLAN, set forth herein, including all subsequent amendments and modifications hereto.

3.20 **Plan Year.** “Plan Year” means the twelve (12) consecutive month period commencing January 1 and ending on December 31.

3.21 **Salary Reduction.** “Salary Reduction” means the amounts paid into the Plan pursuant to elections made by the Participant to reduce his or her compensation for the purchase of Benefits elected by the Participant.

3.22 **Short Plan Year.** “Short Plan Year” shall mean a Plan Year that is less than twelve (12) months and that ends on the last day of the Plan Year. This Short Plan Year shall arise only in the following circumstances: (i) the initial Plan Year did not begin on January 1; or (ii) the Employer changes the Plan Year for a valid business purpose resulting in a Short Plan Year. In the event that a Short Plan Year is in effect, all references to “Plan Year” shall be replaced by “Short Plan Year” in all instances where it is appropriate.

3.23 **Spouse.** “Spouse” means the person to whom the Participant is legally married. “Spouse” shall not include an individual legally separated from a Participant under a decree of legal separation unless it is court ordered. Notwithstanding, a Participant’s registered
domestic partner shall be entitled to and receive the same rights and coverage attributable to medical and health benefits offered under the Plan pursuant to the California Domestic Partner Rights and Responsibilities Act of 2003, provided that such benefits are treated as taxable benefits in accordance with Section 7.5.

3.24 Uniformed Services. “Uniformed Services” means the Armed Forces, the Army National Guard, and the Air National Guard when engaged in active duty for training, inactive duty training, or full-time National Guard duty, the commissioned corps of the Public Health Service, and any other category of persons designated by the President of the United States in time of war or emergency.

ARTICLE IV
ELIGIBILITY AND PARTICIPATION

4.1 Eligibility. Each Employee shall be eligible to participate in the Plan as of his or her Entry Date.

4.2 Participation. An Employee may become a Participant by completing and executing an election form and Salary Reduction Agreement, and by providing such other information as is reasonably required by the Employer as a condition of such participation. A Participant’s election to participate in the Plan shall continue to be valid until expressly revoked or altered, as set forth in Article V. The Administrator shall continue to make Salary Reductions and the Participant shall be deemed to have selected the Benefits previously elected by Participant in subsequent Plan Years consistent with the Participant’s most recent election form.

4.3 Recommencement of Participation. A former Participant may recommence participation in the Plan on his or her date of reemployment as an eligible Employee. If a former Participant is rehired by the Employer within thirty (30) days of his or her date of termination, such Participant shall not be permitted to submit a new election and his or her prior election shall be reinstated for the remainder of the Plan Year.

Any employee who returns to active employment within ninety (90) days of completing a period of absence from employment for duty in the Uniformed Services shall reenter the Plan upon reemployment. A Participant whose health coverage under the Plan is terminated on account of his or her being in Uniformed Service, and is later reinstated, shall not be subject to a new exclusion or waiting period requirement imposed by such group health plan, provided that such requirements would not have been imposed if coverage had not been terminated as a result of the Uniformed Service.

4.4 Leave of Absence. A Participant shall not be disqualified from participating in the Plan with respect to health, dental and/or vision insurance (“Health Benefits”) during the period in which the Participant is on an authorized protected Leave of Absence; provided that the Participant continues to have an employment relationship with the Employer and arranges to continue to pay his or her required costs, if any, for coverage for the Health Benefits elected for the Plan Year.

The Employer shall continue to provide the Group Health Coverage Allowance during the Participant’s protected Leave of Absence irrespective of whether such
leave is paid or unpaid. For purposes of this Section 4.4, the term “protected” refers to leave taken pursuant to FMLA, CFRA or as a result of Uniformed Service.

A Participant who takes a paid Leave of Absence, shall have his or her share of the cost of Health Benefits deducted from his or her salary in the same manner as before the paid Leave of Absence was taken. However, a Participant who takes an unpaid Leave of Absence shall pay his or her required costs of coverage, if any, in the form provided in Section 7.2. Notwithstanding the preceding, a Participant taking an unpaid Leave of Absence may revoke his or her election to participate under any Health Benefits offered under this Plan, for the remainder of the Plan Year in which such unpaid Leave of Absence commences. Such revocation shall take effect in accordance with such procedures as prescribed by the Administrator. If the Participant makes such an election, the Employer’s provision of any allowances towards such Health Benefits, with respect to any protected Leave of Absence, shall also cease. Upon such Participant’s return from his or her unpaid Leave of Absence, the Participant may then elect to be immediately reinstated in the Plan, on the same terms that applied to the Participant prior to the unpaid Leave of Absence taking into account any voluntary revocation with respect to the allocation of any allowances, and with such other rights to revoke or change elections as are provided to the Participants under the Plan.

Notwithstanding the foregoing, a Participant on either protected or unprotected Leave of Absence shall have no greater rights to benefits for the remainder of the Plan Year in which the Leave of Absence commences as other Participants.

4.5 Cessation of Participation. An Employee shall cease to be a Participant under this Plan and therefore, under each Component Plan, as of the earliest of:

(a) the date on which the Participant separates from service with the Employer; or

(b) the date on which the Administrator, on a consistent and uniform basis, deems the Participant has failed to make the required premium payments, including the Salary Reduction, for the elected benefits, as provided in Section 4.6; or

(c) the date on which the Participant is not eligible to participate in any of the Component Plans for which he or she wishes to make an election; or

(d) the date on which the Participant dies; or

(e) the date on which the Plan terminates.

4.6 Cessation of Required Contributions. A Participant’s election to participate in the Plan may be terminated in accordance with Section 4.5(b) if the Participant fails to make the required premium payments with respect to the Benefit. In such case, that individual may not make a new benefit election for the remaining portion of the Plan Year.

4.7 Eligibility Under Component Plans. The eligibility of a Participant under a Component Plan shall be the same as set forth in this Article, unless otherwise specified in the
Component Plan under which a Participant has elected to receive benefits. Each Component Plan may provide more rigorous eligibility requirements which may cause a Participant to be ineligible to participate in a particular Component Plan, but continue to be eligible to participate in this Plan.

ARTICLE V
ELECTIONS AND PROCEDURES

5.1 Election. Prior to the annual Entry Date (or mid-year Entry Date for newly hired Employees), there shall be an Open Enrollment Period during which the Employee may elect to participate in this Plan. The Administrator shall provide each Employee during each Open Enrollment Period with an election form and Salary Reduction Agreement which shall include, at a minimum, the following information:

(a) that the election form shall be completed and returned to the Administrator during the Open Enrollment Period; and

(b) that the election shall be effective on the Entry Date and continue in effect until the last day of the Plan Year for which the election is made, or until the Participant provides the Administrator with a new election form modifying or terminating his or her existing election; and

(c) that the election shall be irrevocable unless the Participant is entitled to change his or her election as provided in this Article V; and

(d) that the Participant’s Salary Reductions shall be considered as Employer contributions used to pay for Benefits under the Plan.

5.2 Salary Reduction. Each Participant shall authorize the Employer to reduce his or her compensation by the amount needed for the purchase of Benefits, as elected by the Participant. The Administrator, may, in its discretion, establish a limit on the amount of Salary Reductions which a Participant may elect for the Plan Year or adjust any Salary Reduction election made under the Plan, to ensure that the Plan complies with the nondiscrimination provisions of Article IX. Salary Reductions shall be contributed to the Plan by the Employer on behalf of a Participant on a level and pro rata basis for each payroll period. In the event that an Employee ceases to be a Participant in this Plan, a Participant shall have no obligation to continue to make payments equal to the Salary Reduction.

5.3 Election of Benefits. Each Participant shall submit to the Employer on the election form provided by the Administrator his or her election as to the Benefits to be provided by the Employer and the portion of his or her Salary Reduction, if any, and Group Health Coverage Allowance which is to be applied to provide the Benefits selected, subject to the limitations on use set forth in this Plan. Notwithstanding the preceding, the Group Health Coverage Allowance may only be used to purchase group health coverage through CalPERS.

5.4 Failure to Make Initial Election. If an Employee who is first eligible to participate in the Plan fails to return the election form prior to the end of the Open Enrollment Period, the Employee shall be deemed to have elected not to participate in the Plan.
5.5 Opt Out: Waiver of Coverage. An employee may waive Health Benefit Plan coverage by providing the Administrator with evidence substantiating that he or she (and his or her Dependents, if applicable) is currently enrolled in an employer-sponsored group health plan or equivalent plan that, as determined by the Administrator will not: (i) adversely affect the Plan’s affordable minimum value calculation, or (ii) run afoul of other applicable law. Evidence of other coverage must be provided each Plan Year.

(a) Waiver of Coverage. An Employee may waive Health Benefit Plan coverage upon completion of the following:

(1) The Employee shall provide the Administrator with reasonable evidence substantiating that the Employee, and all other individuals for whom he or she reasonably expects to claim a personal exemption deduction for the tax year to which the opt out payment applies (the “tax family”), is enrolled in an employer-sponsored group health plan that constitutes minimum essential coverage, and that such coverage will be effective during the applicable Period of Coverage.

(2) The Employee declines coverage and agrees in writing to hold the Employer harmless for any consequences resulting in the waiver of such coverage.

(3) The Employee acknowledges in writing that the Employee shall not be permitted to enroll in the declined benefit option under the Plan until the next Open Enrollment Period, subject to the terms and restrictions of the insurance provider.

(4) An Employee shall be required to submit a new election and proof of alternate group health plan coverage for each Plan Year.

(b) Health Opt-Out Amount. In the event an Employee satisfies the requirements for waiving Health Benefit Plan coverage pursuant to Section 5.5(a), he or she shall receive a monthly amount as set forth in the Schedule of Benefits at Schedule “A” (“Health Opt-Out Amount”) in cash. The cash payment shall be considered taxable compensation and shall be paid as set forth in Section 6.1(b). The Health Opt-Out Amount will not be provided if the Employer knows or has reason to know that the Employee or individual in the Employee’s tax family will not have alternate group health plan coverage as required by Section 5.5(a). In the event of the Employee’s termination of employment, he or she shall have no further right to receive any additional monthly payments for the portion of the Plan Year after his or her date of termination of employment. An Employee receiving a Health Opt-Out Amount will not receive the Group Health Coverage Allowance from the Employer.

5.6 Elections for Subsequent Plan Years.

(a) Open Enrollment Period. An Open Enrollment Period shall occur prior to the beginning of each Plan Year. During the Open Enrollment Period, a Participant who wishes to change his or her existing election shall have
the opportunity to elect new or different coverage under the Plan effective for the subsequent Plan Year subject to the terms and conditions of the Component Plans.

(b) Failure to Reelect. If a Participant fails to reelect coverage but remains eligible to participate, the Participant shall be deemed to have elected the Benefits selected on the election for the preceding Plan Year and a Salary Reduction amount necessary to provide the same coverage.

(c) Continuation Coverage. During an Open Enrollment Period, any Participant, or a Qualified Beneficiary thereof, that has elected continuation of health coverage under the Plan, shall have the opportunity to elect new or different coverage under the Plan effective for the subsequent Plan Year. However, any such election shall be limited to health care options under the Plan.

5.7 Special Enrollment Period. In accordance with the Code Section 9801(f) and the regulations issued by the Department of Health and Human Services, an eligible Employee or Dependent who either incurs a loss of health coverage or becomes otherwise eligible for health coverage under this Plan shall be permitted to enroll for health coverage under the Plan in accordance with one of the special enrollment periods described in paragraphs (a) and (b) below.

(a) Loss of Health Coverage. An Employee who is otherwise eligible to enroll in the Plan but has not elected to participate in the Plan, or a Dependent of an Employee that is not enrolled but otherwise eligible under the Plan, shall be permitted to enroll for coverage under the Plan provided all of the following conditions are met:

(1) The Employee or Dependent was covered under another group health plan or had alternate health insurance coverage (“Prior Health Coverage”) at the time coverage under this Plan was previously offered to the Employee.

(2) The Employee stated in writing at such time that Prior Health Coverage was the reason for declining enrollment.

(3) The Employee’s or Dependent’s Prior Health Coverage was either:

   (i) under a continuation coverage provision and the coverage period was exhausted; or

   (ii) was terminated as a result of loss of eligibility (including a result from a change in family status) or employer contributions toward such coverage were terminated.

(4) Under the terms of the Plan, the Employee requests such enrollment not later than thirty (30) days after the date of a special enrollment event or the date a certificate of group health coverage is provided following a termination of health coverage.
(b) **Dependent Special Enrollment Period.** Any Employee, regardless of whether said Employee is currently enrolled for health coverage under the Plan, who experiences an increase in the number of Dependents whether through marriage, birth, or adoption, shall be permitted to enroll for health coverage under the Plan. During the “dependent special enrollment period,” Employee shall have the opportunity to enroll all other Dependents who are otherwise eligible for coverage, including the Employee if not enrolled, provided the Employee elects enrollment within thirty (30) days commencing on the later of: (i) the date dependent coverage is made available; or (ii) the date of the marriage, birth, adoption, or other event which results in the change of Dependents of Employee.

(c) **State Premium Subsidy.** Notwithstanding the thirty (30) day election period prescribed by subparagraphs (a) and (b) above, if an Employee or his or her Dependent becomes eligible to receive a state premium subsidy for a group health plan sponsored by the Employer, such Employee shall have the opportunity to enroll himself or herself or his or her affected Dependent for coverage in the Employer’s health plan, provided the Employee elects enrollment within sixty (60) days of the date of the notice of qualification from Medicaid or the Children’s Health Insurance Program (“CHIP”).

5.8 **Revocability of Elections.** The Administrator shall permit a Participant to revoke an existing election or make a new election outside of the Open Enrollment Period for the remainder of a Plan Year only if the new election is for one of the following reasons:

(a) both the revocation and new election are made on account of and are consistent with a change in the Participant’s family status, as set forth in Section 5.9;

(b) there is a significant change in the cost of coverage of the benefits previously elected by the Participant, as set forth in Section 5.11;

(c) both the revocation and new election are made on account of and pursuant to the terms of a “qualified medical child support order” as defined in ERISA Section 609, as set forth in Section 5.12; or

(d) the Participant, spouse or dependent becomes eligible for continuation coverage under Article VIII and the Participant desires to elect to increase the amount of his or her Salary Reduction in order to pay for the continuation coverage.

5.9 **Participant Makes Incorrect Election.** If a Participant does not elect the correct amount from his or her Salary Reduction to pay for coverage of the Benefits elected under the Plan, the Administrator is authorized to increase or decrease a Participant’s election by the amount necessary to provide the Participant’s elected coverage under the Plan.

5.10 **Change in Family Status.** A Participant may make a change in coverage during a Plan Year due to a change in family status, as set forth in this Section. A Participant must notify the Administrator and must complete a new election form to change coverage. The
Participant’s election shall only be deemed valid if the requested change in coverage is necessitated by and corresponds with the change in family status and is consistent with the terms and conditions of the affected Component Plan. This election shall be effective as of the first day of the month following the date the Participant provides the Administrator with a new election form reflecting the change in coverage due to a change in family status.

A change in family status shall include the following:

(a) a change in the Participant’s marital status, including marriage, death of spouse, divorce, legal separation, or annulment;

(b) a change in the number of dependents of a Participant (as defined in Section 3.17), including a birth of a child, adoption, placement for adoption, or death of a dependent;

(c) any change in the employment status of the Participant, spouse or dependent which results in that individual becoming or ceasing to be eligible under this Plan or other employee benefit plan maintained by the employer of the Participant, spouse or dependent, including a termination or commencement of employment; a strike or lockout; a commencement or return from an unpaid leave of absence (including leave taken under FMLA); a change in work site; or a reduction or increase in hours of employment (including a switch between part-time and full-time);

(d) a dependent satisfies or ceases to satisfy the eligibility requirements for coverage due to attainment of age, student status, or any similar circumstances as provided under the Component Plan under which the employee receives coverage;

(e) a change in the place of residence of the Participant, spouse, or dependent; and

(f) a Participant, spouse, or dependent becoming or ceasing to be entitled to coverage under Medicare or Medicaid.

To the extent the Code, and regulations issued thereunder, alters this definition of change in family status, this Section 5.10 is intended to be interpreted in accordance with any revised definition or interpretation.

5.11 Change in Cost of Benefit.

(a) Insignificant Change. If the cost of any Benefit offered under the Component Plans increases or decreases during the Plan Year, the Administrator may, on a reasonable and consistent basis, automatically increase or decrease a Participant’s election by a corresponding amount of Salary Reductions to ensure that the Participant continues to receive the elected coverage under the Component Plans; provided, however, that if the increase or decrease is a significant change in cost, that the Participant shall be given the option to elect to change his or her Benefits.
(b) **Significant Increase in Cost of Benefit.** If the cost of a Benefit option (other than a Component Plan which provides for the reimbursement of expenses) significantly increases during a coverage period, all affected Participants may make a corresponding change in their benefit election under the Plan. Changes that may be made include the following:

1. In the case of a Benefit option which has experienced a significant decrease in cost, a Participant may make a prospective change to an election to commence participation in that Benefit option.

2. In the case of a Benefit option that has experienced a significant increase in cost, a Participant may change an election to terminate such coverage and either, elect prospective coverage under another Benefit option providing similar coverage or drop coverage if no other Benefit option providing similar coverage is available.

For purposes of this Section 5.11(b), a “cost of increase or decrease” refers to an increase or decrease in the amount of the Salary Reductions contributed by a Participant under the Plan, whether that increase or decrease results from an action taken by the Employee (such as switching between full-time and part-time status) or from an action taken by the Employer (such as reducing the amount of Employer contributions for a class of Employees).

5.12 **Significant Change in Coverage of Component Plan Benefit.**

(a) **Significant Curtailment Without Loss of Coverage.** If a Participant or a Participant’s Spouse or Dependent experiences a “significant curtailment of coverage” under a Benefit option that is not a loss of coverage, including a significant increase in the deductible, co-payment, or the out-of-pocket cost sharing limit under a group health plan; the Participant may revoke his or her election for such coverage and prospectively elect to receive coverage under another Benefit option providing similar coverage. For this purpose, coverage under a Component Plan is “significantly curtailed” only if there is an overall reduction in coverage provided under the Component Plan so as to constitute reduced coverage generally. In this regard, the loss of one particular physician in a health care provider network in most cases will not qualify for a significant curtailment of coverage under this Section.

(b) **Significant Curtailment With Loss of Coverage.** If a Participant or a Participant’s Spouse or Dependent experiences a significant curtailment of coverage that is a “loss of coverage” under a Benefit option, the Participant may revoke his or her election for such coverage and elect either to receive coverage under another Benefit option providing similar coverage or to drop coverage if no other Benefit option providing similar coverage is available under the Plan. For this purpose, a “loss of coverage” means a complete loss of coverage under a benefit package option or other coverage option, including the elimination of a benefits package option, an HMO ceasing to be available in the area where the individual resides, or the individual losing all coverage under the option by reason of an overall lifetime or annual limitation under a group health
plan. In this regard, each of the following is considered to be a “loss of coverage” under this Section:

1. a substantial decrease in the medical care providers available under the Benefit option (such as a major hospital ceasing to be a member of a preferred provider network or a substantial decrease in the physicians participating in a preferred provider network or an HMO);

2. a reduction in the benefits for a specific type of medical condition or treatment with respect to which a Participant or the Participant’s Spouse or Dependent is currently in a course of treatment; or

3. any other similar fundamental loss of coverage.

(c) Addition or Improvement of Benefit Option. If during the Plan Year, a Component Plan adds a new benefit package option or other coverage option, or if coverage under an existing option is significantly improved, any Participant or Employee, who is otherwise eligible to participate in the Plan, may revoke their election under the Plan for the Plan Year and make an election on a prospective basis for coverage under the new or improved benefit option.

(d) Change In Coverage Under Another Employer Plan. A Participant, or an Employee who is otherwise eligible to participate in the Plan but has elected not to participate, may make a prospective election change that is on account of, and consistent with, a change made under another employer plan (including a plan of the Employer or another employer) by the Employee or the Employee’s Spouse or Dependent, provided the other employer plan allows participants to make an election change that would be permitted under the rules of Treas. Reg. §1.125-4(c) and as provided in this Plan.

5.13 Qualified Medical Child Support Order. A Participant may make a change in coverage during a Plan Year to provide health coverage under the Plan for Participant’s child or legal dependent pursuant to the terms of a judgment, decree, or order resulting from a family law proceeding, including a “qualified child support order” as defined under ERISA Section 609, requiring Participant to provide health coverage for the child. The Participant may also make a change which cancels health coverage for the Participant’s child or dependent provided the order requires the spouse, former spouse, or other individual to provide health coverage for the child.

5.14 Use of Electronic Medium for Participant Notices and Elections.

(a) Definition of Electronic Medium. “Electronic Medium” means an electronic method of communication between the Administrator (or its designated representative) and Employee thereby allowing each party to send and receive notices and elections through the same medium. The only form of electronic communication permitted by the Plan shall be via electronic mail on the Employer’s network or intranet, through an interactive website, or to a private e-mail address supplied to the Employer by the Employee for communication purposes. The electronic medium must be designed so that the information provided is no less understandable to the receiving party than a written paper
document. The electronic medium shall be designed to alert the Employee, at the
time a notice is provided, to the significance of the information in the notice
(including identification of the subject matter of the notice), and provide any
instructions needed to access the notice, in a manner that is readily
understandable. The electronic medium shall be designed to preclude any person,
other than the appropriate individual, from making a Participant election, such as
Salary Reduction Agreement, or accessing individual participant account
information.

(b) Disclosure and Consent Requirements.

(1) Disclosure Statement. Prior to electronically transmitting any consent or notice to the Employee, the Administrator shall provide a statement which contains the following: (i) informs the Employee of the right to receive a paper document of the notice or other Plan-related material either prior to or after giving consent to electronic transmission; (ii) informs the Employee of the right to withdraw his or her consent at any time and the procedures for withdrawal, including any conditions or consequences arising from such withdrawal; (iii) describes the scope and duration of the consent as it relates to various plan transactions; (iv) describes the procedures for updating Employee contact information; and (v) describes the hardware or software requirements needed to access and retain the notice.

(2) Consent. The Administrator shall be exempt from the consent requirements of Section 101(c) of the Electronic Signatures in Global and National Commerce Act (“E-SIGN”) provided the Electronic Medium used to provide notices and Plan-related material is a medium that the Employee has the effective ability to access and the Employee is advised, each time a notice is transmitted, that he or she can request to receive the notice in paper form at no charge. The form of Electronic Medium utilized by this Plan shall be through an interactive website requiring the Employee to register an e-mail address for communication purposes.

(3) Changes in Hardware or Software Requirements. In the event of any changes in the hardware or software requirements needed to access the Electronic Medium, the Administrator, or its designated representative, shall provide a statement to each Employee of the revised requirements and the right to withdraw consent to receive electronic delivery of Plan-related materials without consequence.

(c) Participant Elections. The Administrator, or its designated representative, shall be permitted to electronically distribute participant elections by Electronic Medium. Each Employee who is provided with enrollment or election information via Electronic Medium will also be informed by the Administrator that he or she may receive a paper copy of the relevant documents upon request. A participant election will not be treated as being made available to an individual if such individual cannot effectively access the Electronic Medium for purposes of making the election. An election completed by an Employee via
Electronic Medium shall be deemed as being provided in written form so long as the following requirements are satisfied:

(1) The Employee has a reasonable opportunity to review, confirm, modify or rescind the terms of the election before the election becomes effective;

(2) The Employee receives, within a reasonable time, a confirmation of the election either through written paper form or by electronic mail (e-mail); and

(3) Any permissible change to an Employee’s election shall only be effective if made directly through the Employer.

(d) Timing and Content of Elections and Notices. The provisions of this Section 5.14 shall in no way affect or alter the timing or content requirements applicable to each individual notice or document.

ARTICLE VI
EMPLOYER’S ALLOWANCE

6.1 Group Health Coverage Allowance. The Employer shall contribute the Group Health Coverage Allowance to the Plan on behalf of each Participant. The Group Health Coverage Allowance shall be credited to each Participant as of the first day of each month in each Plan Year during which he or she is a Participant under the Plan and can only be used to purchase group health coverage through CalPERS. The Employer shall inform the Participant of the amount of the Group Health Coverage Allowance available for each Plan Year during the Open Enrollment Period. A Participant that does not enroll in a group health plan through CalPERS shall not receive the Group Health Coverage Allowance. However, a Participant that satisfies the requirements for waiving coverage pursuant to Section 5.5 shall receive the Health Opt-Out Amount as set forth in Schedule “A” in lieu of the Group Health Coverage Allowance.

(a) Designated Employer Contribution. A portion of the Group Health Coverage Allowance shall be designated as the Employer’s contribution towards health coverage under the Public Employees’ Medical and Hospital Care Act. The amount shall be determined pursuant to Section 22892(b) of the California Government Code in accordance with the Employer’s resolution on file with CalPERS.

(b) Special Rule Regarding Opt-Out Amounts. In the event a Participant elects to waive coverage in accordance with Section 5.5, he or she shall receive the Health Opt-Out Amount, if applicable, in the amount set forth on Schedule “A”. The Participant shall receive this amount as taxable cash compensation. The taxable cash compensation shall be pro-rated by the Employer and paid each payroll period.

6.2 Nature of Salary Reduction and Group Health Coverage Allowance. No money shall actually be allocated to any account(s) on behalf of Participants. Salary Reduction amounts and the Group Health Coverage Allowance credited to a Participant shall be of a
memorandum nature, the amount of which is maintained by the Administrator for accounting purposes and shall not be representative of any identifiable trust assets.

ARTICLE VII
FUNDING AND AVAILABLE BENEFITS

7.1 Funding. The Benefits provided herein shall be paid by the Employer; provided, however, that the Employer’s payments under the Plan shall be limited to such amounts of compensation as a Participant elects to forego pursuant to his or her Salary Reduction election and the amount contributed by the Employer as the Group Health Coverage Allowance.

7.2 Payment of Contributions While on an Unpaid Leave of Absence. Upon a Participant taking an unpaid Leave of Absence, either protected or unprotected, each Health Benefit elected by the Participant shall continue during the Leave of Absence for a period not longer than the authorized Leave of Absence period as determined by the Administrator, unless otherwise revoked by the Participant. During the unpaid Leave of Absence, the Participant shall be responsible for making the Participant’s required contributions, if any, for such Health Benefits during the period of the Leave of Absence on an after-tax basis as due (“Pay-As-You-Go”). Contributions under the Pay-As-You-Go Option may also be paid on a pre-tax basis from taxable compensation such as vacation pay or sick pay provided such payment will not defer compensation to a subsequent Plan Year. Payments shall be made on the same schedule as payments would have been due if the Participant had not been on Leave of Absence. Failure to pay the Participant’s required contribution in the timeline prescribed will result in cancellation of the Health Benefit.

7.3 Uniformed Service Under USERRA. In accordance with the Uniformed Services Employment and Reemployment Rights Act of 1994 (“USERRA”), a Participant who is absent from employment with the Employer on account of being in the Uniformed Services as defined in Section 3.24, may elect to continue participation in the Plan. The coverage period shall extend for the lesser of eighteen (18) months or until the Participant fails to apply for reinstatement or to return to employment with the Employer. The Participant shall be responsible for making the required contributions to pay for benefits elected during the period during which he or she is in Uniformed Service. The manner in which such payments are made shall be determined by the Administrator, in a manner similar to the payment of contributions with respect to a Leave of Absence.

7.4 Provision of Benefits. The Employer shall provide those Benefits elected by a Participant on his or her election for any Period of Coverage in accordance with such election. The Benefits shall be provided pursuant to the terms and conditions of the Component Plans, where applicable, as shall be set forth from time to time in the individual Component Plan documents; provided, however, that the terms and conditions of the Component Plans are not inconsistent with the terms and conditions of this Plan. No Benefit under the Plan shall be paid in any manner that defers the receipt of compensation beyond the last day of the Plan Year.

7.5 Taxable Benefits. If offered by the Employer, Employees shall be permitted to elect to receive certain permitted taxable benefits. An Employee receiving such benefits shall be treated as having received, at the time that the benefit is received, cash compensation equal to the full value of the benefits and then subsequently purchasing the
benefits with after-tax Employee contributions. For example, the Employer may allow Participants to elect health coverage under the Employer’s group health plan for an individual who is not the Spouse or Dependent of the Participant; provided, however, that the fair market value of such health coverage is included in the Participant’s W-2 income.

ARTICLE VIII
CONTINUATION COVERAGE

8.1 In General. The following provisions shall apply to Benefits provided to eligible Employees and to their eligible dependents under the Plan, but only to the extent that the Benefits selected pertain to health care coverage providing medical, surgical or hospital benefits and to plans providing ancillary medical coverage such as dental, vision or prescription drug benefits. This coverage shall be continued pursuant to the federal continuation coverage provisions of the Public Health and Safety Act (“PHSA”), pursuant to 42 U.S.C. § 300bb.

8.2 Definitions. For purposes of this Article VIII, the following words and phrases are intended to supplement, and in some instances replace, the defined terms listed generally in Article III and to the extent of any conflict between the terms set forth herein and those of Article III, the defined terms set forth herein shall control:

(a) “Dependent” means an individual who meets the definition of dependent under the participating Employer provided health plan covering the eligible Employee. No person shall be considered a dependent of more than one Employee. If both an Employee and an Employee’s spouse are employed by the Employer, dependent children may be covered by either spouse, but not by both.

(b) “Election Period” means the sixty (60) day period during which a Qualified Beneficiary who would lose coverage as a result of a Qualifying Event may elect continuation coverage. This sixty (60) day period begins not later than the date of termination of coverage as a result of a Qualifying Event and ends not earlier than the sixty (60) days after the later of such date of termination of coverage or the receipt of notice of the right to elect continuation coverage under this Plan.

(c) “Medicare” means the Health Insurance for the Aged and Disabled Act, Title XVIII of Public Law 89-97, Social Security, as amended.

(d) “Qualified Beneficiary” means an individual who, on the day before the Qualifying Event, is covered under this Plan as the covered Employee, Spouse or Dependent. Qualified Beneficiary shall include a child who is born to (or placed for adoption with) a covered Employee during the coverage period. The term Qualified Beneficiary does not include an individual whose status as a covered Employee is attributable to a period in which such individual is a nonresident alien who received no earned income from the employer which constituted income from sources within the United States (within the meaning of Code Section 911(d)(2) and Section 861(a)(3)). The term Qualified Beneficiary also does not include a covered Employee’s domestic partner regardless of whether such person was a covered dependent under the Plan prior to the
Qualifying Event. If an individual is not a Qualified Beneficiary pursuant to this paragraph, a spouse or dependent child of such individual shall not be considered a Qualified Beneficiary by virtue of the relationship to such individual.

(e) “Qualifying Event” means with respect to a covered Employee, any of the following events which, but for the continuation coverage under this provision, would result in the loss of coverage for a Qualified Beneficiary:

1. the death of the covered Employee;

2. the termination (except by reason of such covered Employee’s gross misconduct) or reduction in hours of the covered Employee’s employment;

3. the divorce or legal separation of the covered Employee from such covered Employee’s spouse;

4. the covered Employee becoming entitled to benefits under Title XVIII of the Social Security Act (“Medicare”); or

5. a dependent child who ceases to be a dependent child under the terms of this Plan.

8.3 Continuation Coverage. To the extent required by Section 8.1 above, a Qualified Beneficiary who would lose health coverage under this Plan as a result of a Qualifying Event is entitled to elect continuation coverage within the election period under this Plan. Coverage provided under this provision is on a contributory basis. No evidence of good health will be required.

Except as otherwise specified in an election, any election by a Qualified Beneficiary who is a covered Employee or spouse of the covered Employee will be deemed to include an election for continuation coverage under this provision on behalf of any other Qualified Beneficiary who would lose coverage by reason of a Qualifying Event.

If this Plan provides a choice among the types of coverage under this Plan, each Qualified Beneficiary is entitled to make a separate selection among such types of coverage (i.e., single, family, etc.).

8.4 Type of Coverage. Continuation coverage under this provision is coverage which is identical to the coverage provided under this Plan to similarly situated beneficiaries under this Plan with respect to whom a Qualifying Event has not occurred as of the time coverage is being provided. If coverage under this Plan is modified for any group of similarly situated beneficiaries, the coverage shall also be modified in the same manner for all qualified beneficiaries under this Plan in connection with such group.

Continuation coverage available to a Qualified Beneficiary under this provision shall apply only to the type and level of health coverage under the Plan that a Qualified Beneficiary was actually receiving on the day before the Qualifying Event. The Qualified
Beneficiary may not change his or her election except as otherwise provided under Sections 5.6(c) and 5.8(d).

8.5 Coverage Period. The coverage under this provision will extend for at least the period beginning on the date of a Qualifying Event and ending not earlier than the earliest of the following:

(a) Initial 18-Month Coverage Period. If the Qualifying Event is a termination of employment (other than for gross misconduct) or a reduction in employment hours of a covered Employee, the coverage period for the Employee and his or her dependents shall extend for eighteen (18) months after the date of the Qualifying Event;

(b) Disability Extension. The initial eighteen (18) month coverage period described in (a) above may be extended to twenty-nine (29) months after the date of the Qualifying Event in the event the Qualified Beneficiary was disabled upon termination of employment or during the first sixty (60) days of continuation coverage. The Qualified Beneficiary must provide the Administrator with notice of a disability determination made by CalPERS within sixty (60) days of the disability determination and prior to the expiration of the initial eighteen (18) month continuation period provided in (a) above to become eligible for this extension of continuation coverage.

(c) Extension of Coverage Period. The initial eighteen (18) month coverage period described in (a) above may be extended to thirty-six (36) months after the date of the Qualifying Event upon the occurrence of a second Qualifying Event prior to the expiration of the initial eighteen (18) month coverage period. The Qualified Beneficiary must notify the Administrator of the second Qualifying Event within sixty (60) days of the date of the second Qualifying Event and prior to the expiration of the initial eighteen (18) month period. In no event shall continuation coverage extend for a period greater than thirty-six (36) months.

(d) 36-Month Coverage Period. In the case of any Qualifying Event causing the loss of coverage, except those Qualifying Events identified in (a) above, the coverage period for the Employee and his or her dependents shall extend for thirty-six (36) months after the date of the Qualifying Event.

8.6 Notification Requirements.

(a) Notification by Qualified Beneficiary. Each covered Employee or Qualified Beneficiary must notify the Employer of the occurrence of a divorce or legal separation of the covered Employee from such covered Employee’s spouse and/or the covered Employee’s dependent child ceasing to be a dependent child under the terms of this Plan within sixty (60) days after the date of such occurrence. This sixty (60) day time limit shall only apply to those occurrences as described in this paragraph which occur after the date of the enactment of the Tax Reform Act of 1986.
(b) **Notification by Employer.** The Employer shall notify the Administrator within thirty (30) days of a Qualifying Event, as required by federal law.

(c) **Notification to Qualified Beneficiary.**

1. The Administrator shall provide written notice to each covered Employee and spouse of such covered Employee of his or her right to continuation coverage under this provision upon commencement of coverage under a Component Plan providing health coverage, as required by federal law.

2. The Administrator shall notify any Qualified Beneficiary of the right to elect continuation coverage under this provision within fourteen (14) days of receiving notice of the occurrence of a Qualifying Event, as required by federal law. If the Qualifying Event is the divorce or legal separation of the covered Employee from the covered Employee’s spouse or a dependent child ceasing to be a dependent child under the terms of this Plan, the Employer shall only be required to notify a Qualified Beneficiary of his or her right to elect continuation coverage if the covered Employee or the Qualified Beneficiary notifies the Employer of such Qualifying Event within sixty (60) days after the date of such Qualifying Event.

Notification of the requirements of this provision to the spouse of a covered Employee shall be treated as notification to all other qualified beneficiaries residing with such spouse at the time notification is made.

8.7 **Termination of Continuation Coverage.** The continuation coverage provided hereunder shall be terminated prior to the expiration of the coverage periods provided in Section 8.5 above upon the earlier of the following:

(a) with respect to continuation coverage under a medical spending account, the last day of the Plan Year in which the Qualified Beneficiary experiences the Qualifying Event;

(b) the date on which the Employer ceases to provide any group health plan to any Employee;

(c) the date on which the Qualified Beneficiary fails to make timely payment of the required contribution pursuant to this provision provided the deficiency is not an “insignificant amount” as described in Section 8.8(d);

(d) the date on which the Qualified Beneficiary first becomes, after the date of the election, covered under any other group health plan as an employee or dependent. However, if the other group health plan has a preexisting condition limitation, continuation coverage under the Plan will not cease while such preexisting condition limitation under the group plan remains in effect (taking into account prior creditable coverage under the portability rules of the Health Insurance Portability and Accountability Act of 1996 (“HIPAA”)); or
(e) the date on which the Qualified Beneficiary becomes entitled Medicare benefits.

8.8 Contribution.

(a) A Qualified Beneficiary shall only be entitled to continuation coverage provided such Qualified Beneficiary pays the applicable premium required by the Employer in full and in advance, except as provided in (b) below. Such premium shall not exceed the requirements of applicable federal law. A Qualified Beneficiary may elect to pay such premium in installments as indicated by the Employer.

(b) Except as provided in (c) below, the payment of any premium shall be considered to be timely if made within thirty (30) days after the date due, or within such longer period of time as applies to or under this Plan.

(c) Notwithstanding (a) or (b) above, if an election is made after a Qualifying Event during the election period, this Plan will permit payment of the required premium for continuation coverage during the period preceding the election to be made within forty-five (45) days of the date of the election.

(d) A premium payment received by the Employer which is deficient by an insignificant amount shall be treated as full payment of the premium amount. For purposes of this Section, an insignificant amount is an amount not greater than the lesser of (i) ten percent (10%) of the required amount; or (ii) fifty dollars ($50.00). Alternatively, in the event an Employer receives an insufficient payment premium, the Employer retains the option of taking steps to collect the deficient insignificant amount by notifying the Qualified Beneficiary of the deficiency and allowing thirty (30) days after date of the notice for payment of the deficiency.

8.9 Coordination with State Continuation Coverage. In the event a Qualified Beneficiary is entitled to less than thirty-six (36) months of federal continuation coverage as a result of a Qualifying Event, the Qualified Beneficiary will be notified prior to the expiration of federal continuation coverage if he or she is eligible to elect an extension of continuation coverage under the Plan for an additional period of up to thirty-six (36) months from the date of the Qualifying Event pursuant to the Section 1366.20 et. seq. of the California Health and Safety Code (the “California Continuation Benefits Replacement Act” or “Cal-COBRA Program”).

A covered employee’s dependent who, (1) on the day before the Qualifying Event, is covered under this Plan as the registered domestic partner of the covered Employee and (2) loses health coverage under this Plan as a result of a Qualifying Event shall be entitled to state continuation coverage subject to the eligibility, election and contribution requirements set forth under the Cal-COBRA Program.
ARTICLE IX
DISCRIMINATION

9.1 Nondiscrimination Requirements. The Employer shall not discriminate in favor of Highly Compensated Individuals as to eligibility to participate in the Plan or as to contributions and Benefits provided under the Plan pursuant to Section 125 of the Code and the regulations. In addition, the Employer shall not discriminate in favor of Highly Compensated Individuals as to the actual operation of this Plan.

(a) Eligibility to Participate. The Plan shall not be considered discriminatory if the Plan benefits a group of employees who qualify under a reasonable classification established by the employer and the group of employees included in the classification satisfies the safe harbor percentage test or unsafe harbor percentage component of the facts and circumstances test in Treas. Reg. §1.410(b)-4(c) of the Code. The Employer is permitted to exclude the following employees in making this determination:

(1) Employees covered by a collectively bargained plan;

(2) Employees who are nonresident aliens and receive no earned income in the United States from the Employer; and

(3) former employees who have elected to extend health coverage under the Plan pursuant to Article VIII.

Notwithstanding, the Plan will not be considered discriminatory if all employees are permitted to participate.

(b) Benefit Availability and Participation. The Plan shall not be considered discriminatory if the Plan provides Benefits, including Employer contributions allocable to Benefits, which do not discriminate in favor of Highly Compensated Participants. Benefits shall be made available to all Employees on a uniform basis and each eligible Employee will be given an equal opportunity to make an election for Benefits. The Plan shall be considered discriminatory if the actual election or participation in the Plan by Highly Compensated Participants, including types of Benefits provided and utilization of Employer contributions for the selection of qualified Benefits, is disproportionate to the total number of non-Highly Compensated Participants for a Plan Year.

(1) Election of Benefits by Highly Compensated Participants. Qualified Benefits are disproportionately elected by Highly Compensated Participants if the aggregate qualified Benefits elected by Highly Compensated Participants, measured as a percentage of the aggregate compensation of Highly Compensated Participants, exceed the aggregate qualified benefits elected by non-Highly Compensated Participants measured as a percentage of the aggregate compensation of non-highly Compensated Participants.
(2) **Utilization of Employer Contributions by Highly Compensated Participants.** Employer contributions are disproportionately utilized by Highly Compensated Participants if the aggregate contributions utilized by Highly Compensated Participants, measured as a percentage of the aggregate compensation of Highly Compensated Participants, exceed the aggregate contributions utilized by Non-Highly Compensated Participants measured as a percentage of the aggregate compensation of Non-Highly Compensated Participants.

(3) **Safe Harbor for Health Benefits.** If health benefits are provided under the Plan, excluding dental coverage and medical spending accounts, the Plan shall not be considered discriminatory as to the availability of Benefits and utilization of Employer contributions if –

   (i) Employer contributions made on behalf of each Participant include an amount which equals one hundred percent (100%) of the cost of the health Benefit coverage of the majority of the Highly Compensated Participants similarly situated, or equals or exceeds seventy-five percent (75%) percent of the cost of the health Benefit coverage of the Participants (similarly situated) having the highest cost health benefit coverage under the Plan; and

   (ii) Contributions or Benefits under the Plan in excess of those described in subparagraph (i) above bear a uniform relationship to compensation.

(c) **Safe Harbor for Premium-Only-Plans.** A premium-only plan is deemed to satisfy the nondiscrimination rules described in Section 9.2(b), as to the availability of benefits and contributions, for a Plan Year upon satisfaction of the nondiscrimination requirements for eligibility to participate described in Section 9.2(a).

(d) **Definitions.**

   (1) **Highly Compensated Individual.** For purposes of this Section 9.1, “Highly Compensated Individual” shall mean (i) an officer of the Employer who is regularly and continuously involved in the business operations of the Employer; (ii) an individual that is “highly compensated;” or (iii) a spouse or dependent of a Highly Compensated Individual.

   An individual is “highly compensated” if for the preceding Plan Year (or the current Plan Year in the case of the first year of employment) he or she received compensation from the Employer in excess of the amount specified in Section 414(q)(1)(B) of the Code ($125,000 for 2019). The Employer may also elect to identify a top-paid group for any Plan Year consisting of the top twenty percent (20%) of the Employees when ranked on the basis of compensation pursuant to Section 414(q)(3)) of the Code.
A Highly Compensated Individual who elects to participate in the Plan may be referred to as a Highly Compensated Participant for purposes of this Article IX.

9.2 Annual Testing. The Employer shall perform nondiscrimination testing as of the last day of the Plan Year, taking into account all non-excludable Employees or former Employees who were employed during the Plan Year.

9.3 Avoiding Discrimination.

(a) Ability to Reject Election. If the Administrator deems it necessary to avoid discrimination or possible taxation to Highly Compensated Participants, the Administrator may, but shall not be required to, reject any Salary Reduction Agreement or reduce contributions or non-taxable benefits to assure compliance with the nondiscrimination requirements of Code Section 125. Any act taken by the Administrator pursuant to this Section shall be in a nondiscriminatory and uniform manner.

(b) Manner of Rejecting Election to Avoid Discrimination. In the event the Administrator determines that it is necessary to reject a Salary Reduction Agreement or reduce contributions or nontaxable benefits, the rejection shall be carried out as set forth in this paragraph. Nontaxable benefits of the affected Highly Compensated Participant who has elected the highest amount of nontaxable benefits shall be reduced until the discrimination tests set forth in Section 9.2 are satisfied or until the amount of his or her nontaxable benefit equals the nontaxable benefit of the affected Participant who has elected the second highest amount of nontaxable benefits. This process shall continue until the discrimination tests are satisfied. Any reduction made pursuant to this paragraph shall be made proportionately among noninsured benefits and once all noninsured benefits are expended, proportionately among insured benefits. Contributions which are not utilized to provide benefits to any Participant by virtue of any administrative act under this paragraph shall be forfeited and deposited into the general account.

ARTICLE X
ADMINISTRATION

10.1 Allocation of Responsibility for Administration.

(a) Designated Representatives. The Employer may appoint an individual or an administrative committee to serve at its discretion as Administrator. The Administrator shall have only those powers, duties, responsibilities and obligations as are specifically given to the Administrator under the Plan.

(b) Employer Responsibilities. The Employer shall have the sole responsibility for making the contributions provided for under Article VI and shall have the sole authority to amend or terminate, in whole or in part, the Plan at any time.

(c) Administrator’s Responsibilities. The Administrator shall have the sole responsibility for the administration of the Plan, as set forth herein.
The Administrator warrants that any directions given, information furnished, or action taken by it shall be in accordance with the provisions of the Plan authorizing or providing for such direction, information or action. The Administrator shall be responsible for the proper exercise of its own powers, duties, responsibilities and obligations under this Plan and shall not be responsible for any act or failure to act of another Employee. Neither the Administrator, nor the Employer makes any guarantee to any Participant in any manner for any loss or other event because of the Participant’s participation in the Plan.

(d) Transfer of Duties. The Employer may, at any time, assign all or any portion of the Administrator’s duties to a contracting third party.

10.2 Powers and Duties of Administrator.

(a) Powers and Duties Delegated to Administrator. The Administrator shall supervise the administration of the Plan. The Administrator shall be responsible for ensuring that the terms and conditions of the Plan are carried out for the exclusive benefit of persons entitled to participate in the Plan without discrimination. The Administrator shall have full power to administer the Plan, subject to the applicable requirements of the law and any Administration Agreement executed by and between the Employer and the Administrator. For this purpose, the Administrator’s powers shall include the following:

1. to construe and interpret the Plan, decide all questions of eligibility and determine the amount, manner and time of payment of any benefits hereunder;

2. to prescribe the procedures for the Participants to follow in filing applications for benefits and to prepare forms to be used by the Participants;

3. to prepare and distribute, in such manner as the Administrator determines appropriate, information explaining the Plan;

4. to receive from the Employer, Participants, Participant’s spouses and Dependents, and other persons such information as shall be necessary for the proper administration of the Plan;

5. to furnish to the Employer and the Participants, upon request, annual reports detailing the administration of the Plan;

6. to receive, review and keep on file records pertaining to the Plan, as the Administrator deems convenient and proper;

7. to allocate its administrative responsibilities;

8. to appoint or employ individuals and any other agents the Administrator deems advisable, including legal and actuarial counsel, to assist in the administration of the Plan;
(9) to adopt such rules as the Administrator deems necessary, desirable or appropriate, subject to applicable law. All rules and decisions of the Administrator shall be uniformly and consistently applied to all Participants in similar circumstances; and

(10) to take all other steps necessary to properly administer the Plan in accordance with its terms and conditions and the requirements of the applicable law.

(b) Powers and Duties Not Delegated to Administrator. The Administrator shall have no power to add to, subtract from or modify any of the terms of the Plan, or to change or add to any benefits provided by the Plan, or to waive or fail to apply any requirements of eligibility for a benefit under the Plan, except as may be expressly provided herein. Interpretations of the provisions of the Plan shall not be deemed to be additions, subtractions, or modifications of the Plan.

10.3 Nondiscriminatory Exercise of Authority. Whenever in the administration of the Plan any discretionary action by the Administrator is required, the Administrator shall exercise its authority in a nondiscriminatory manner so that all persons similarly situated shall receive substantially the same treatment.

10.4 Incapacity of Participant. Whenever, in the Administrator’s opinion, a person entitled to receive any payment of a benefit hereunder or an installment thereof is under a legal disability or is incapacitated in any way so as to be unable to manage the person’s financial affairs, the Administrator may direct the Employer to make payments to such Participant or to such person or to the person’s legal representative or to a relative or friend of such person on such person’s behalf, or the Administrator may apply the payment for the benefit of such Participant in such manner as the Administrator considers advisable. Any payment of a benefit or installment in accordance with the provisions of this Section shall be a complete discharge of any liability for the making of such payment under the provisions of the Plan.

10.5 Indemnification of Administrator. The Employer agrees to indemnify any Employee serving as Administrator (including any Employee or former Employee who formerly served as Administrator), against any and all liabilities, damages, costs and expenses (including attorneys’ fees and amounts paid in settlement of any claims approved by the Employer) occasioned by any act or omission to act in connection with the Plan, if such act or omission is made in good faith pursuant to the provisions of the Plan and not as a result of the Administrator’s gross negligence or willful misconduct.
ARTICLE XI
CLAIMS PROCEDURE

All claims for benefits that are provided through insurance contracts, whether such contracts are between the insurer and the Employer or the insurer and the Participant, shall be made by filing a claim for benefits in accordance with the claims procedure set forth under the insurance contract. The Employer does not have the authority or responsibility for processing, reviewing or paying such claims. All disputes regarding those claims shall be resolved in accordance with the procedure set forth in the separate Component Plan document concerning those benefits.

ARTICLE XII
AMENDMENTS, TERMINATION AND ACTION BY EMPLOYER

12.1 Action by Employer. Any action by the Employer under this Plan, including but not limited to, termination of this Plan, shall be by action of the Employer, or by any person or persons duly authorized by action of the Employer to act on its behalf.

12.2 Amendments. Subject to any applicable meet and confer laws, the Employer reserves the right to make, from time to time, any amendment or amendments to this Plan as it deems necessary or desirable, without retroactive effect, unless specifically permitted to comply with the law.

12.3 Right to Terminate. The Employer may terminate this Plan at any time subject to any meet and confer obligations. In the event of the dissolution, merger, consolidation or reorganization of the Employer, the Plan shall terminate unless the Plan is continued by a successor to the Employer in accordance with the Employer’s procedures.

12.4 Plan Termination. Upon the termination of the Plan, the Administrator may determine the best method to make payments to the affected Participants.

ARTICLE XIII
HIPAA PRIVACY STANDARDS

13.1 Protection of Individually Identifiable Health Information. The Employer and the Plan have adopted policies and procedures (“Privacy Policy”) for the sole and limited purpose of complying with the Standards for Privacy of Individually Identifiable Health Information, 45 CFR § 164.102 et seq., as amended (the “Privacy Rule”). The manner in which these provisions will be administered shall in no way affect, or be taken into account in determining, the benefits under the Plan with respect to any individual.

13.2 Definitions. The defined terms and phrases used in this Article shall carry the same meaning and intent set forth under the Privacy Rule, and in some instances may replace the defined terms listed generally in Article III and to the extent of any conflict between the terms set forth herein and those of Article III, the defined terms shall carry the meaning prescribed under the Privacy Rule.
13.3 **Protected Health Information.** For purposes of this Article XIII, Protected Health Information (or “PHI”) means information that (a) relates to the past, present or future physical or mental health or condition of an individual; the provision of health care to an individual, or the past, present or future payment for the provision of health care to an individual; (b) identifies the individual (or for which there is a reasonable basis for believing that the information can be used to identify the individual); and (c) is limited to the information created or received by Business Associate, or is made accessible to Business Associate. Further, PHI means individually identifiable information transmitted by electronic media, maintained in electronic media, or transmitted or maintained in any form or medium. PHI excludes education records covered by the Family Educational Rights and Privacy Act, as amended, 20 U.S.C. § 1232g, records described at 20 U.S.C. § 1232g(a)(4)(B)(iv), and employment records held by a covered entity in its role as employer.

13.4 **Identity of Plan Sponsor.** The Employer shall be the Plan Sponsor for purposes of the Privacy Rule when performing Plan administration functions or Plan Sponsor functions, when acting on behalf of the Plan with respect to its obligations under the Privacy Rule, and when acting on behalf of the Plan’s participants and beneficiaries with respect to Participation and Enrollment Information. The Privacy Official shall act for the Plan Sponsor and shall be entitled to delegate its powers and responsibilities in accordance with its usual practices.

13.5 **Responsibilities and Undertakings.** The Plan Sponsor shall be responsible for making any necessary certifications to the Plan. Such certifications shall be delivered to the Plan’s Privacy Official. The Plan Sponsor also undertakes and agrees that it:

(a) Shall not use or disclose any PHI except as to those uses specifically permitted under the Privacy Rule.

(b) Shall require any agents or subcontractors to whom it discloses PHI to agree to the same restrictions on the use and disclosure of PHI as apply to the Plan Sponsor;

(c) Shall not use or disclose PHI for any employment-related actions of Employer;

(d) Shall not use or disclose PHI in connection with any other benefits or benefit plan, program, or arrangement of Employer.

(e) Shall report to the Privacy Official any uses or disclosures of PHI inconsistent with the Privacy Policy of which it becomes aware.

(f) Shall make PHI available in accordance with an individual's right of access in accordance with the Privacy Policy.

(g) Shall make PHI available for amendment and shall incorporate amendments in accordance with the Privacy Policy.

(h) Shall make information available to provide any required accounting of disclosures of PHI in accordance with the Plan’s Privacy Policy.
(i) Shall make available to the Secretary of Health and Human Services its internal practices, books, and records relating to the use and disclosure of PHI from the Plan for purposes of determining the Plan's compliance with the Privacy Rule.

(j) Shall, if feasible, return to the Plan or destroy any PHI from the Plan that it maintains in any form, and shall retain no copies of the PHI when the PHI is no longer needed for the purpose for which disclosure was originally made. If it is not feasible to return or destroy the PHI, the Plan Sponsor agrees that it shall further limit any uses and disclosures to those purposes that make the return or the destruction of the information not feasible.

(k) Shall ensure that adequate separation between the Plan Sponsor and the Plan is established.

13.6 Uses and Disclosures of Protected Health Information.

(a) Certification. The Plan, and any Health Insurance Issuer or Health Maintenance Organization with respect to the Plan, may disclose PHI to the Plan Sponsor only following receipt of the Plan Sponsor's certification that the Plan has been amended in accordance with the requirements of the Privacy Rule.

(b) Plan Administration. The Plan Sponsor shall be permitted to the limited use and disclosure of PHI for purposes of plan administration, including all Payment Activities and health care operations, as permitted under the Privacy Policy.

(c) Compliance with Privacy Rule. The Plan Sponsor shall be entitled to those uses and disclosures of PHI as permitted by the Privacy Rule to the extent necessary for compliance, including but not limited to any uses and disclosures permitted (1) without permission from an individual; (2) only with explicit or implicit authorization; or (3) because the PHI has been cleansed.

(d) Participation and Enrollment Information. Participation and Enrollment Information may be disclosed as necessary to the Plan Sponsor.

(e) Summary Health Information. Summary Health Information may be disclosed to the Plan Sponsor for the limited purpose of performing Plan Sponsor functions.

(f) Individuals With Access to PHI. The Privacy Official and his or her delegates, if any, are permitted to have access to PHI disclosed to or by the Plan. In addition, the Plan Sponsor shall designate the individual(s) or group(s) of individuals under the direct control of the Plan Sponsor who are permitted to have access to PHI disclosed by or to the Plan.

(g) Limitations on Disclosures of, Access to, and Uses of PHI. PHI may be disclosed from the Plan only for Plan Administration Functions
performed on behalf of the Plan, and the other purposes identified in the Plan’s Privacy Policy.

ARTICLE XIV
GENERAL PROVISIONS

14.1 Written Plan. The Administrator shall, upon request, provide each Participant with a copy of the written Plan(s) detailing the benefits available to the Participant.

14.2 No Trust Fund Required. The Employer shall have no obligation, but shall have the right, to insure any benefits under the Plan or to establish any fund or trust for the payment of benefits under the Plan.

14.3 Insured Benefits. The Employer shall have no responsibility for the payment of any benefits covered under the Component Plans provided by policies of insurance.

14.4 Rights to Employer’s Assets. No Employee or beneficiary shall have any right to, or interest in, any assets of the Employer upon termination of employment or otherwise, except as provided from time to time under this Plan, and then only to the extent of the benefits payable under the Plan to such Employee or beneficiary. All payments of benefits as provided for in this Plan shall be made solely out of the assets of the Employer and the Administrator shall not be liable therefore in any manner.

14.5 Nonalienation of Benefits. Benefits payable under this Plan shall not be subject in any manner to anticipation, alienation, sale, transfer, assignment, pledge, encumbrance, charge, garnishment, execution, or levy of any kind, either voluntary or involuntary, including any such liability which is for alimony or other payments for the support of a spouse or former spouse, or for any other relative of the Employee, prior to actually being received by the person entitled to the benefit under the terms of the Plan; and any attempt to anticipate, alienate, sell, transfer, assign, pledge, encumber, charge or otherwise dispose of any right to benefits payable hereunder shall not be recognized, except to the extent required by law. The Employer shall not in any manner be liable for, or subject to, the debts, contracts, liabilities, engagements or torts of any person entitled to benefits hereunder.

14.6 Divestment of Benefits. Subject only to the specific provisions of this Plan, nothing shall be deemed to divest a Participant of a right to the benefit to which the Participant becomes entitled in accordance with the provisions of this Plan.

14.7 Discontinuance of Contributions. In the event of a permanent discontinuance of contributions to the Plan, all Participants shall receive any and all benefits to which they were entitled as of the date the discontinuance of contributions occurred.

14.8 Plan Interpretation. This Plan and the various Component Plans are intended to be read in conjunction with one another. However, to the extent of any conflict, the provisions of the Plan shall control, unless otherwise provided by Sections 125 or 105(b) of the Code or the regulations issued thereunder.
14.9 **Governing Law.** The Plan shall be administered in the State of California and its validity, construction, and all rights hereunder shall be governed by the laws of the State of California.

14.10 **Severability.** If any provision of the Plan shall be held invalid or unenforceable, the remaining provisions shall continue to be fully effective.

14.11 **Gender and Number.** Words used in the masculine, feminine, or neuter gender shall each be deemed to refer to the other whenever the context so requires. Words used in the singular or plural number shall each be deemed to refer to the other whenever the context so requires.

14.12 **Headings.** Headings used in the Plan are intended solely for reference and are not intended to explain, modify or place any construction on any of the provisions of the Plan. Any conflict between such headings and the text shall be resolved in favor of the text.

14.13 **Successors and Assigns.** The Plan shall inure to the benefit of and be binding upon the parties hereto, their successors and assigns.

14.14 **Discharge of Employee.** The adoption and maintenance of the Plan shall not be deemed to be a contract between the Employer and the Employee. Nothing herein contained shall be deemed to give any Employee the right to be retained in the employ of the Employer or to interfere with the right of the Employer to discharge any Employee at any time.

14.15 **Consolidation With Other Plan Documents.** In the event the Plan merges or consolidates with, or transfers the assets and liabilities to, any other plan, no Participant herein shall, solely on account of such consolidation or transfer, be entitled to a benefit on the day following such event which is less than the benefit to which he or she was entitled on the day preceding such event. For the purpose of this Section, the benefit to which a Participant is entitled shall be calculated and based upon the assumption that a Plan termination and distribution of assets occurred on the day as of which the amount of the Participant’s entitlement is being determined.

14.16 **Counterparts.** The Plan may be executed in an original and any number of counterparts by the Employer, each of which shall be deemed an original of one and the same instrument.

[Signatures appear on the following page.]
IN WITNESS WHEREOF, the Employer has caused this Regional Water Authority Cafeteria Plan to be executed on __________________, 2019.

**EMPLOYER:**

**REGIONAL WATER AUTHORITY**

By: ____________________________
Name: __________________________
Its: ____________________________

**ATTEST:**

By: ____________________________
Name: __________________________
Its: ____________________________

**APPROVED AS TO FORM AND CONTENT:**

**BEST BEST & KRIEGER LLP**

By: ____________________________
Attorneys for Employer
**SCHEDULE “A”**  
**SCHEDULE OF BENEFITS**  
*as of July 1, 2019*

The following Schedule of Benefits, which may be amended from time to time by the Employer, specifies the Benefits and the Component Plans which set forth the terms, conditions and limitations of the Benefits offered to Participants. The periods of coverage for the Component Plans shall be the same as the Plan Year of the Plan, unless specified otherwise.

### ALL PERSONNEL  
*as of July 1, 2019*

**GROUP HEALTH COVERAGE** - May use the Group Health Coverage Allowance plus any Salary Reduction

<table>
<thead>
<tr>
<th>BENEFIT</th>
<th>EMPLOYEE GROUP</th>
<th>MAXIMUM EMPLOYER CONTRIBUTION</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td>The Group Health Coverage Allowance is determined pursuant to Section 3.13 of the Plan</td>
</tr>
<tr>
<td></td>
<td></td>
<td><strong>Employee Only</strong></td>
</tr>
<tr>
<td>Any Health Benefit Plan as defined in Section 3.14 of the Plan</td>
<td>All Employees</td>
<td>Median of premium amounts of the Health Benefit Plans for which Authority Employees are eligible and are available in Sacramento and/or Placer Counties for Employee Only Coverage ($881.01 per month for 2019)</td>
</tr>
</tbody>
</table>

**OTHER AVAILABLE BENEFITS**

<p>| | |</p>
<table>
<thead>
<tr>
<th></th>
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</thead>
<tbody>
<tr>
<td>Health Opt-Out Amount</td>
<td>Employees opting out of Health Benefit Plan coverage pursuant to Section 5.5 of the Plan are eligible to receive one-half (1/2) of the Maximum Employer Contribution for Employee Only per month. Employees receiving the Health Opt-Out Contribution are not entitled to the Group Health Coverage Allowance.</td>
</tr>
<tr>
<td></td>
<td>($440.51 per month for 2019)</td>
</tr>
</tbody>
</table>
CERTIFICATION OF REGIONAL WATER AUTHORITY TO REGIONAL WATER AUTHORITY CAFETERIA PLAN

The REGIONAL WATER AUTHORITY is the sponsor of the REGIONAL WATER AUTHORITY CAFETERIA PLAN. The Cafeteria Plan is a hybrid entity within the meaning of the Health Insurance Portability and Accountability Act of 1996 (“HIPAA”) which includes non-health care and health care components. The health care components of the Cafeteria Plan include the following separate group health plans:

- All group health plans offered by CalPERS and in accordance with PEMHCA

The Cafeteria Plan and the health care components included in the Cafeteria Plan (collectively, the “Plan”) are group health plans within the meaning of HIPAA. The Plan and the Regional Water Authority desire to exchange health information protected under HIPAA for purposes related to administration of the Plan. The Regional Water Authority, acting in its capacity as plan sponsor of the Plan (“Plan Sponsor”) makes the following certifications for purposes of administering the Plan as required by the “Standards for Privacy of Individually Identifiable Health Information,” 45 CFR §164.102 et seq. (the “Privacy Rule”):

The plan document of the Plan incorporates the following provisions and Plan Sponsor agrees to:

- not use or further disclose any PHI received from the Plan (including any health insurance issuer or HMO with respect to the group health plan) except as permitted or required by the plan documents or required by law;

- ensure that any agents or subcontractors to whom it discloses any PHI agree to the same restrictions and conditions that apply to the Plan Sponsor with respect to such information;

- not use or disclose PHI for employment-related actions and decisions;

- not use or disclose PHI in connection with any other benefit plan, program, or arrangement of the Regional Water Authority except to the extent such other benefit plan, program or arrangement is part of an organized health care arrangement of which the Plan also is a part;

- report to the Plan any use or disclosure of PHI that is inconsistent with the uses and disclosures specified in the Plan of which it becomes aware;

- give individuals access rights to PHI in its possession in accordance with the policies and procedures of the Plan;

- permit individuals to request amendment of their PHI in the Plan Sponsor’s possession, and to make any necessary amendments, in accordance with the policies and procedures of the Plan;

- make information available to provide any necessary accounting of disclosures of PHI in accordance with the policies and procedures of the Plan;

- make its internal practices, books, and records relating to the use and disclosure of PHI from the Plan available to the Secretary of the Department of Health and Human Services for purposes of determining the Plan’s compliance with the Privacy Rule;
• if feasible, to return to the Plan or destroy any PHI from the Plan that it maintains in any form, and shall retain no copies of the PHI when the PHI is no longer needed for the purpose for which disclosure was originally made. If it is not feasible to return or destroy the PHI, the Plan Sponsor agrees that it shall further limit any uses and disclosures to those purposes that make the return or the destruction of the information not feasible; and

• agrees to ensure that adequate separation between the Plan Sponsor and the Plan is established.

PLAN SPONSOR

REGIONAL WATER AUTHORITY

By: ____________________________
Name: ____________________________
Title: ____________________________
Dated: ____________________________

PLAN

REGIONAL WATER AUTHORITY
CAFETERIA PLAN

By: ____________________________
Name: ____________________________
Title: ____________________________
Dated: ____________________________
REGIONAL WATER AUTHORITY
HEALTH PREMIUM REIMBURSEMENT PLAN

The REGIONAL WATER AUTHORITY ("Authority") established the REGIONAL WATER AUTHORITY HEALTH PREMIUM REIMBURSEMENT PLAN ("Plan") for the benefit of certain retirees described herein effective July 1, 2019.

ARTICLE I
PURPOSE

This Plan shall be known as the REGIONAL WATER AUTHORITY HEALTH PREMIUM REIMBURSEMENT PLAN. This Plan is created under the authority of Section 53201 of the California Government Code and is an “employee welfare benefit plan,” established to provide health and welfare benefits to certain retirees of the Authority. These benefits are to be provided through group contracts with third party insurers. The Plan is intended as an uninsured health reimbursement arrangement to provide reimbursement of health insurance premiums. The Plan is intended to qualify as an accident and health plan and a group health plan under applicable provisions of the Code, and as a health reimbursement arrangement. It is further intended that the benefits paid to eligible retirees be excluded from their gross income pursuant to Section 105(b) of the Code.

ARTICLE II
DEFINITIONS

The following words and phrases as used in this Plan shall have the following meanings, unless a different meaning is plainly required by the context:

2.1 Authority. “Authority” shall refer to the REGIONAL WATER AUTHORITY.

2.2 Allowance. “Allowance” shall refer to the amount set forth at Schedule “A”.

2.3 Base Contribution Rate. “Base Contribution Rate” shall refer to the rate of contribution applicable to the Authority as determined under the provisions of Section 22892(b) of the California Government Code which is paid directly by the Authority to CalPERS on behalf of a Participant.

2.4 Benefits. “Benefits” shall refer to benefits available to Participants in accordance with Section 4.1 of this Plan.

2.5 Board. “Board” shall refer to the Board of Administration of CalPERS.

2.6 Board of Directors. “Board of Directors” shall refer collectively to the members of the board of directors of the Authority.
2.7 **CalPERS.** “CalPERS” shall refer to the California Public Employees’ Retirement System created under the authority of the Public Employees’ Retirement Law as provided under Section 20000 et. seq. of the California Government Code and as administered by the Board.

2.8 **Code.** “Code” shall mean the Internal Revenue Code of 1986, as may be amended from time to time.

2.9 **Dependent Child.** “Dependent Child” shall refer to a dependent child, as defined under the terms of the health benefit plan in which the Participant is enrolled in during the Plan Year.

2.10 **Dependent Domestic Partner.** “Dependent Domestic Partner” shall mean a Domestic Partner who meets the following five requirements: (1) Domestic Partner has the home of Participant as his or her principal abode and is a member of Participant’s household during the entire taxable year of Participant; (2) Domestic Partner’s gross income for the calendar year in which such taxable year begins is less than the exemption amount, as defined in Section 151(d) of the Code; (3) Domestic Partner receives more than half of his or her support from Participant for the year; (4) Domestic Partner is not a qualifying child, as defined in Section 152(c) of the Code, of any taxpayer for any taxable year beginning in the calendar year in which such taxable year begins; and (5) the relationship between Domestic Partner and Participant is not in violation of local law.

2.11 **Domestic Partner.** “Domestic Partner” shall mean a registered domestic partner of a Participant who has fulfilled the requirements provided in Section 297 of the California Family Code.

2.12 **Effective Date.** “Effective Date” shall mean July 1, 2019.

2.13 **ERISA.** “ERISA” shall mean the Employee Retirement Income Security Act of 1974, as may be amended from time to time.

2.14 **Health Benefit Plan.** “Health Benefit Plan” shall refer to a health benefit plan approved or maintained by the Board, which is available to CalPERS members.

2.15 **Participant.** “Participant” shall refer to a Retired Employee that has satisfied the eligibility requirements of Section 3.1, has submitted an election form to the Plan Administrator in accordance with Section 3.2, and participates in a Health Benefit Plan.

2.16 **Plan.** “Plan” shall mean the REGIONAL WATER AUTHORITY HEALTH PREMIUM REIMBURSEMENT PLAN, as may be amended from time to time.

2.17 **Plan Administrator.** “Plan Administrator” means the Authority or any person or entity appointed by the Authority to administer this Plan on its behalf.

2.18 **Plan Year.** “Plan Year” means the twelve (12) consecutive month period commencing January 1 and ending on December 31.
2.19 **Retired Employee.** “Retired Employee” shall refer to an Employee of the Authority that has retired from service with the Authority through CalPERS. An employee is deemed to be “retired from service with the Authority” if his or her effective retirement date is within 120 days of separation from employment with the Authority and he or she is receiving a service or disability retirement allowance from CalPERS resulting from the individual’s service to the Authority. The Allowance for a Retired Employee shall be determined on the basis of the tier applicable to the Retired Employee as set forth in Schedule “A”.

2.20 **Reimbursement Amount.** “Reimbursement Amount” shall refer to the reimbursement by the Authority to a Participant for health insurance premiums actually paid by the Participant in an amount not to exceed the difference between the Allowance and the Base Contribution Rate. Such Reimbursement Amount is intended for the purpose of reimbursing a Participant for health insurance premiums paid by the Participant and shall only be paid upon the Authority receiving satisfactory substantiation of the Participant’s payment of such premiums.

2.21 **Spouse.** “Spouse” means a spouse by legal marriage of the Participant. “Spouse” shall not include an individual from whom a Former Employee is legally separated.

### ARTICLE III

**ELIGIBILITY**

3.1 **Eligibility.** This Plan shall cover all Retired Employees eligible under Tier I, Tier II or Tier III as defined in Schedule “A”. A Retired Employee who is eligible to participate in this Plan pursuant to this Section 3.1 shall be eligible to receive Benefits as of the later of the Effective Date or the date that he or she submits the election form required under Section 3.2. A Retired Employee who has met the foregoing eligibility requirements shall be referred to as Participant.

3.2 **Participation.** All eligible Retired Employees shall submit a duly completed election form to the Plan Administrator, in the form provided by the Plan Administrator, to commence participation in the Plan. Participants shall not be required to submit a subsequent election form prior to each Plan Year unless a Participant chooses to make a change in election in accordance with Section 3.3. A Participant’s election to participate in the Plan shall continue to be valid until expressly revoked or altered.

3.3 **Change In Election.** A Participant shall be permitted to revoke or modify his or her election of benefits upon the occurrence of a Qualifying Event (as defined in Section 6.2(d)) by submitting a completed election form to the Plan Administrator. All other election changes shall be accepted only during the annual open enrollment period as prescribed by the Plan Administrator.

3.4 **Survivor’s Death Benefit Coverage.**

(a) **In General.** The surviving Dependent Child, and Spouse or Domestic Partner of a Participant (“Survivor”) shall be eligible to continue receiving Benefits under this Plan following the Participant’s death if the Survivor was participating in the Plan as of the Participant’s date of death and the Survivor is eligible to enroll in a Health Benefit Plan. The Benefits available to a Survivor shall be based on the Benefits for which such Participant was
eligible prior to his or her death.

(b) **Effect on Other Coverage.** This survivor’s benefit shall neither replace nor supplement any rights to continuation coverage available to the Survivor under a separate group health plan sponsored by the Authority.

(c) **Effect of Remarriage or Subsequent Domestic Partnership.** Upon the remarriage of a Survivor or upon the creation of a subsequent domestic partnership under Section 297 of the California Family Code between a Survivor and another individual, such Survivor receiving Benefits under this Section prior to such event may continue to be eligible for continued Benefits if such individual meets the eligibility requirements of CalPERS. Notwithstanding the preceding, the subsequent spouse or Domestic Partner of the Survivor, or any dependent child of the subsequent spouse or Domestic Partner, shall not be eligible to participate in this Plan or receive any benefits under this Plan.

(d) **Effect of Employee’s Death Prior to Eligibility.** In the event of the death of an employee that would otherwise be eligible to participate in this Plan as a Retired Employee but for his or her death prior to his or her eligibility under this Plan, a Survivor shall be eligible to receive benefits under this Plan but only if he or she is eligible to enroll in a Health Benefit Plan.

**ARTICLE IV**

**BENEFITS AND CONTRIBUTIONS**

4.1 **Benefits.** Each Participant shall be entitled to an Allowance from the Authority to be credited against the premium for the Health Benefit Plan in which the Participant enrolls in for the Plan Year, in the following amounts and payable in the following forms: (1) Base Contribution Rate payable by the Authority directly to CalPERS, and (2) Reimbursement Amount payable to the Participant. The combined Base Contribution Rate and Reimbursement Amount shall not exceed the Allowance. If a Participant enrolls in a Health Benefit Plan with a premium in excess of the Allowance, he or she will be responsible for the payment of any excess. Conversely, if a Participant enrolls in a Health Benefit Plan with a premium that is less than the Allowance, the Participant’s Benefit shall be limited to the payment of such premium.

(a) **Substantiation.** The Reimbursement Amount is intended for the purpose of reimbursing a Participant for health insurance premiums actually paid by the Participant and shall only be paid upon the Agency receiving satisfactory substantiation of the Participant’s payment of the premiums. The Agency shall obtain such substantiation by reviewing the monthly invoice that it receives from CalPERS. The Agency, or its designee, shall use this information to determine the Reimbursement Amount.

4.2 **Authority and Participant Contributions.**

(a) **Authority Contributions.** The Authority shall bear the entire cost of providing the Benefits available under this Plan.

(b) **Participant Contributions.** There are no Participant contributions permitted to the Plan for Benefits provided under the Plan.
(c) **No Funding Under Cafeteria Plan.** Under no circumstances will the Benefits be funded with salary reduction contributions, employer contributions (e.g., flex credits) or otherwise under a cafeteria plan, nor will salary reduction contributions or employer contributions under a cafeteria plan be treated as Authority contributions to the Plan.

4.3 **Taxable Benefits.** Any Benefits provided to a Domestic Partner, other than a Dependent Domestic Partner, shall constitute wages of the Participant and shall be subject to inclusion in the gross income of the Participant.

**ARTICLE V**

**ADMINISTRATION**

5.1 **Allocation of Responsibility for Administration.**

(a) **Plan Administrator.** The Plan Administrator shall have only those powers, duties, responsibilities and obligations as are specifically given to the Plan Administrator under the Plan or under any administration agreement between the Plan Administrator and the Authority.

(b) **Authority Responsibilities.** The Authority shall have the sole responsibility for making the contributions provided for under Article IV and shall have the sole authority to amend or terminate, in whole or in part, the Plan at any time.

(c) **Administrator’s Responsibilities.** The Plan Administrator shall have the sole responsibility for the administration of the Plan, as set forth herein. The Plan Administrator warrants that any directions given, information furnished, or action taken by him or her shall be in accordance with the provisions of the Plan authorizing or providing for such direction, information or action. The Plan Administrator shall be responsible for the proper exercise of his, her or its own powers, duties, responsibilities and obligations under this Plan and shall not be responsible for any act or failure to act of another employee. Neither the Plan Administrator nor the Authority makes any guarantee to any Participant for any loss or other event because of Participant’s participation in the Plan.

(d) **Transfer of Duties.** The Authority may, at any time, assign all or any portion of the Plan Administrator’s duties to a third party.

5.2 **Powers and Duties of Plan Administrator.**

(a) **Powers and Duties Delegated to Plan Administrator.** The Plan Administrator shall supervise the administration of the Plan. The Plan Administrator shall be responsible for ensuring that the terms and conditions of the Plan are carried out for the exclusive benefit of persons entitled to participate in the Plan without discrimination. The Plan Administrator shall have full power to administer the Plan, subject to the applicable requirements of the law and any administration agreement executed by and between the Authority and Plan Administrator. For this purpose, the Plan Administrator’s powers shall include the following:

   (1) to construe and interpret the Plan, decide all questions of eligibility and determine the amount, manner and time of payment of any Benefits hereunder;
(2) to prescribe the procedures for Participants to follow in filing applications for Benefits and to prepare forms to be used by Participants;

(3) to prepare and distribute, in such manner as the Plan Administrator determines appropriate, information explaining the Plan;

(4) to receive from the Authority, Participants and other persons, such information as shall be necessary for the proper administration of the Plan;

(5) to furnish to the Authority and Participants, upon request, annual reports detailing the administration of the Plan;

(6) to receive, review and keep on file such records pertaining to the Plan as the Plan Administrator deems convenient and proper;

(7) to allocate his, her or its administrative responsibilities;

(8) to appoint or employ individuals and any other agents the Plan Administrator deems advisable, including legal and actuarial counsel, to assist in the administration of the Plan;

(9) to adopt such rules as the Plan Administrator deems necessary, desirable or appropriate, subject to applicable laws. All rules and decisions of the Plan Administrator shall be uniformly and consistently applied to all Participants in similar circumstances; and

(10) to take all other steps necessary to properly administer the Plan in accordance with its terms and conditions and the requirements of applicable laws.

(b) Powers and Duties Not Delegated to Plan Administrator. The Plan Administrator shall have no power to add to, subtract from or modify any of the terms of the Plan, or to change or add to any Benefits provided by the Plan, or to waive or fail to apply any requirements of eligibility for Benefits under the Plan, except as may be expressly provided herein. Interpretations of the provisions of the Plan shall not be deemed to be additions, subtractions or modifications of the Plan.

5.3 Indemnification of Employee Administrator. The Authority agrees to indemnify any employee serving as Plan Administrator (including any employee or former employee who formerly served as Plan Administrator), against any and all liabilities, damages, costs and expenses (including attorneys’ fees and amounts paid in settlement of any claims approved by Board of Directors) occasioned by any act or omission to act in connection with the Plan, if such act or omission is made in good faith pursuant to the provisions of the Plan and not as a result of the Plan Administrator’s gross negligence or willful misconduct.

5.4 Claims Procedure. All claims for benefits that are provided through insurance contracts, whether such contracts are between an insurer and the Authority or an insurer and Participant, shall be made by filing a claim for benefits in accordance with the claims procedure set forth under the insurance contract. The Authority does not have the authority or
responsibility for processing, reviewing or paying such claims. All disputes regarding those
claims shall be resolved in accordance with the procedures set forth in the separate document
concerning those benefits.

ARTICLE VI
COBRA CONTINUATION COVERAGE

6.1 In General. This Article VI shall apply to Benefits provided to Participants under
the Plan, but only to the extent that the Benefits selected pertain to health care coverage
providing medical, surgical or hospital benefits and to plans providing ancillary medical
coverage such as dental or prescription drug benefits. This coverage shall be continued
pursuant to the continuation coverage provisions of the Public Health Service Act, as set forth in
42 U.S.C. §300bb-1 et seq. (“PHSA”), and any amendments thereto with respect to Participant
and his or her Dependent Child, his or her Spouse or Dependent Domestic Partner. And with
respect to Domestic Partners covered under this Plan and to the extent that it offers greater
protection than PHSA for all other eligible individuals, continuation coverage shall be pursuant
to the California Continuation Benefits Replacement Act, as set forth in the California Health
and Safety Code §1366.20 et seq.

6.2 Definitions. For purposes of this Article VI, the following words and phrases are
intended to supplement, and in some instances replace, the defined terms listed generally in
Article II and to the extent of any conflict between the terms set forth in this Section and those of
Article II, the defined terms set forth in this Section shall control:

(a) Covered Individual. “Covered Individual” shall mean any individual who
receives (or received) Benefits under the Plan as a Participant.

(b) Election Period. “Election Period” shall mean the sixty (60) day period
during which a Qualified Beneficiary who would lose coverage as a result of a Qualifying
Event may elect continuation coverage. This sixty (60) day period begins not later than the date
of termination of coverage as a result of a Qualifying Event and ends not earlier than the sixty
(60) days after the later of such date of termination of coverage or the receipt of notice of the
right to elect continuation coverage under this Plan.

(c) Qualified Beneficiary. “Qualified Beneficiary” shall mean any
individual who, on the day before a Qualifying Event is a beneficiary under the Plan as a (i)
Participant, (ii) Spouse; (iii) Dependent Child, or (iv) Domestic Partner. Qualified Beneficiary
shall also include a child who is born to (or placed for adoption with) a Covered Individual
during the coverage period. The term Qualified Beneficiary does not include an individual
whose status as a Covered Individual is attributable to a period in which such individual is a
nonresident alien who received no earned income from the Authority which constituted income
from sources within the United States (within the meaning of Code Sections 911(d)(2) and
861(a)(3)). If an individual is not a Qualified Beneficiary pursuant to this paragraph, a spouse or
dependent child of such individual shall not be considered a Qualified Beneficiary by virtue of
the relationship to such individual.
(d) **Qualifying Event.** “Qualifying Event” shall mean any of the following events which, but for the continuation coverage under this provision, would result in the loss of coverage to a Qualified Beneficiary:

1. the death of the Participant; or
2. the divorce or legal separation of the Participant from his or her Spouse, or Domestic Partner with respect to state coverage.

6.3 **Continuation Coverage.** To the extent required by Section 6.1, a Qualified Beneficiary who would lose health coverage under this Plan as a result of a Qualifying Event is entitled to elect continuation coverage within the Election Period under this Plan. Coverage provided under this provision is on a contributory basis. No evidence of good health will be required. Except as otherwise specified in an election, any election by a Qualified Beneficiary who is a Covered Individual will be deemed to include an election for continuation coverage under this provision on behalf of any other Qualified Beneficiary who would lose coverage by reason of a Qualifying Event. If this Plan provides a choice among the types of coverage under this Plan, each Qualified Beneficiary is entitled to make a separate selection among such types of coverage (e.g., single, family, etc.).

6.4 **Type of Coverage.** Continuation coverage under this provision is coverage which is identical to the coverage provided under this Plan to similarly situated beneficiaries under this Plan with respect to whom a Qualifying Event has not occurred as of the time coverage is being provided. If coverage under this Plan is modified for any group of similarly situated beneficiaries, the coverage shall also be modified in the same manner for all Qualified Beneficiaries under this Plan in connection with such group. Continuation coverage available to a Qualified Beneficiary under this provision shall apply only to the type and level of health coverage under the Plan that a Qualified Beneficiary was actually receiving on the day before the Qualifying Event. The Qualified Beneficiary may change his or her election in accordance with Section 3.3.

6.5 **Coverage Period.** For most Qualifying Events, the coverage under this provision will extend for a maximum period of thirty-six (36) months after the date of the Qualifying Event.

6.6 **Notification Requirements.**

(a) **Notification by Qualified Beneficiary.** Each Covered Individual or Qualified Beneficiary must notify the Plan Administrator of the occurrence of a divorce or legal separation of the Covered Individual from his or her Spouse or Domestic Partner within sixty (60) days after the date of such occurrence.

(b) **Notification by Authority.** The Authority shall notify the Plan Administrator within thirty (30) days of a Qualifying Event, as required by federal law.

(c) **Notification to Qualified Beneficiary.**
(1) The Plan Administrator shall provide written notice to each Covered Individual of his or her right to continuation coverage under this Section upon commencement of coverage under a component plan providing health coverage, as required by federal law, or state law if applicable.

(2) The Plan Administrator shall notify any Qualified Beneficiary of the right to elect continuation coverage under this provision within fourteen (14) days of receiving notice of the occurrence of a Qualifying Event, as required by law. If the Qualifying Event is the divorce or legal separation of the Covered Individual from his or her Spouse or Domestic Partner, the Plan Administrator shall only be required to notify a Qualified Beneficiary of his or her right to elect continuation coverage if the Participant, or his or her Spouse or Domestic Partner, notifies the Plan Administrator of such Qualifying Event within sixty (60) days after the date of such Qualifying Event.

Notification of the requirements of this provision to the Spouse or Domestic Partner of a Participant shall be treated as notification to all other Qualified Beneficiaries residing with such Spouse or Domestic Partner at the time notification is made.

6.7 Termination of Continuation Coverage. The continuation coverage provided in this Article VI shall be terminated prior to the expiration of the coverage period provided in Section 6.5 upon the earlier of the following:

(a) the date on which the Authority ceases to provide any group health plan to any employee;

(b) the date on which Qualified Beneficiary fails to make timely payment, as set forth in Section 6.8(b), of the required contribution pursuant to this Article;

(c) the date on which Qualified Beneficiary first becomes, after the date of the election, covered under any other group health plan as an employee or dependent. However, if the other group health plan has a preexisting condition limitation, continuation coverage under the Plan will not cease while such preexisting condition limitation under the group plan remains in effect (taking into account prior creditable coverage under the portability rules of the Health Insurance Portability and Accountability Act of 1996); or

(d) the date on which Qualified Beneficiary becomes entitled to benefits under Medicare.

6.8 Contribution.

(a) A Qualified Beneficiary shall only be entitled to continuation coverage provided such Qualified Beneficiary pays the applicable premium required by the Authority to the Plan Administrator in full and in advance, except as provided in (b) below. Such premium shall not exceed the requirements of applicable federal law. A Qualified Beneficiary may elect to pay such premium in installments if permitted by the Plan Administrator.
(b) Except as provided in (c) below, the payment of any premium shall be considered to be timely if made within thirty (30) days after the date due, or within such longer period of time as applies to or under this Plan.

(c) Notwithstanding (a) or (b) above, if an election is made after a Qualifying Event during the election period, this Plan will permit payment of the required initial premium for continuation coverage during the period preceding the election to be made within forty-five (45) days of the date of the election.

(d) A premium payment received by the Plan Administrator which is deficient by an insignificant amount shall be treated as full payment of the premium amount. For purposes of this Section, an insignificant amount is an amount not greater than the lesser of (i) ten percent (10%) of the required amount; or (ii) fifty dollars ($50). Alternatively, in the event the Plan Administrator receives an insufficient premium payment, the Authority and/or the Plan Administrator retain the option of taking steps to collect the deficient insignificant amount by notifying the Qualified Beneficiary of the deficiency and allowing thirty (30) days after the date of the notice for payment of the deficiency.

ARTICLE VII
HIPAA PRIVACY STANDARDS

7.1 Protection of Individually Identifiable Health Information. The Authority and the Plan have adopted policies and procedures (“Privacy Policy”) for the sole and limited purpose of complying with the Standards for Privacy of Individually Identifiable Health Information, 45 CFR § 164.102 et seq., as amended (the “Privacy Rule”). The manner in which these provisions will be administered shall in no way affect, or be taken into account in determining, the benefits under the Plan with respect to any individual.

7.2 Definitions. The defined terms and phrases used in this Article shall carry the same meaning and intent set forth under the Privacy Rule, and in some instances may replace the defined terms listed generally in Article II and to the extent of any conflict between the terms set forth herein and those of Article II, the defined terms shall carry the meaning prescribed under the Privacy Rule.

7.3 Protected Health Information. For purposes of this Article VII, Protected Health Information (or “PHI”) means information that (a) relates to the past, present or future physical or mental health or condition of an individual; the provision of health care to an individual, or the past, present or future payment for the provision of health care to an individual; (b) identifies the individual (or for which there is a reasonable basis for believing that the information can be used to identify the individual); and (c) is limited to the information created or received by Business Associate, or is made accessible to Business Associate. Further, PHI means individually identifiable information transmitted by electronic media, maintained in electronic media, or transmitted or maintained in any form or medium. PHI excludes education records covered by the Family Educational Rights and Privacy Act, as amended, 20 U.S.C. § 1232g, records described at 20 U.S.C. § 1232g(a)(4)(B)(iv), and employment records held by a covered entity in its role as employer.
7.4 **Identity of Plan Sponsor.** The Authority shall be the Plan Sponsor for purposes of the Privacy Rule when performing Plan administration functions or Plan Sponsor functions, when acting on behalf of the Plan with respect to its obligations under the Privacy Rule, and when acting on behalf of the Plan’s participants and beneficiaries with respect to Participation and Enrollment Information. The Privacy Official shall act for the Plan Sponsor and shall be entitled to delegate its powers and responsibilities in accordance with its usual practices.

7.5 **Responsibilities and Undertakings.** The Plan Sponsor shall be responsible for making any necessary certifications to the Plan. Such certifications shall be delivered to the Plan’s Privacy Official. The Plan Sponsor also undertakes and agrees that it:

(a) Shall not use or disclose any PHI except as to those uses specifically permitted under the Privacy Rule.

(b) Shall require any agents or subcontractors to whom it discloses PHI to agree to the same restrictions on the use and disclosure of PHI as apply to the Plan Sponsor.

(c) Shall not use or disclose PHI for any employment-related actions of the Authority.

(d) Shall not use or disclose PHI in connection with any other benefits or benefit plan, program, or arrangement of the Authority.

(e) Shall report to the Privacy Official any uses or disclosures of PHI inconsistent with the Privacy Policy of which it becomes aware.

(f) Shall make PHI available in accordance with an individual’s right of access in accordance with the Privacy Policy.

(g) Shall make PHI available for amendment and shall incorporate amendments in accordance with the Privacy Policy.

(h) Shall make information available to provide any required accounting of disclosures of PHI in accordance with the Privacy Policy.

(i) Shall make available to the Secretary of Health and Human Services its internal practices, books, and records relating to the use and disclosure of PHI from the Plan for purposes of determining the Plan’s compliance with the Privacy Rule.

(j) Shall, if feasible, return to the Plan or destroy any PHI from the Plan that it maintains in any form, and shall retain no copies of the PHI when the PHI is no longer needed for the purpose for which disclosure was originally made. If it is not feasible to return or destroy the PHI, the Plan Sponsor agrees that it shall further limit any uses and disclosures to those purposes that make the return or
the destruction of the information not feasible.

(f) Shall ensure that adequate separation between the Plan Sponsor and the Plan is established.

7.6 Uses and Disclosures of Protected Health Information.

(a) Certification. The Plan, and any Health Insurance Issuer or Health Maintenance Organization with respect to the Plan, may disclose PHI to the Plan Sponsor only following receipt of the Plan Sponsor’s certification that the Plan has been amended in accordance with the requirements of the Privacy Rule.

(b) Plan Administration. The Plan Sponsor shall be permitted to the limited use and disclosure of PHI for purposes of plan administration, including all Payment Activities and health care operations, as permitted under the Plan’s Privacy Policy.

(c) Compliance with Privacy Rule. The Plan Sponsor shall be entitled to those uses and disclosures of PHI as permitted by the Privacy Rule to the extent necessary for compliance, including but not limited to any uses and disclosures permitted (1) without permission from an individual; (2) only with explicit or implicit authorization, or (3) because the PHI has been cleansed.

(d) Participation and Enrollment Information. Participation and Enrollment Information may be disclosed as necessary to the Plan Sponsor.

(e) Summary Health Information. Summary Health Information may be disclosed to the Plan Sponsor for the limited purpose of performing Plan Sponsor functions.

(f) Individuals With Access to PHI. The Privacy Official and his or her delegates, if any, are permitted to have access to PHI disclosed to or by the Plan. In addition, the Plan Sponsor shall designate the individual(s) or group(s) of individuals under the direct control of the Plan Sponsor who are permitted to have access to PHI disclosed by or to the Plan.

(g) Limitations on Disclosures of, Access to, and Uses of PHI. PHI may be disclosed from the Plan only for Plan Administration Functions performed on behalf of the Plan, and the other purposes identified in the Plan’s Privacy Policy.

ARTICLE VIII
AMENDMENT; TERMINATION

8.1 Amendment. The Plan may be amended by the Board of Directors at any time and from time to time. This Plan may be amended by a written resolution adopted by a majority of the Board of Directors.

8.2 Termination. The Plan may be terminated at any time by the Authority. Termination of the Plan shall be effected by a written resolution adopted by a majority of the Board of Directors.
ARTICLE IX
MISCELLANEOUS

9.1 Non-Assignability and Facility of Payment. Benefits payable under the Plan are not in any way subject to the debts or other obligations of the persons entitled thereto and may not be voluntarily or involuntarily sold, transferred or assigned to any person or persons other than the provider or providers of such Benefits. When any person entitled to Benefits under the Plan is under a legal disability or, in the Plan Administrator’s opinion, is unable to manage his or her affairs, then, to the extent permitted under the applicable group contract, the Plan Administrator may cause his or her Benefit to be paid to his or her legal representative for his or her benefit, or to be applied for his or her benefit in any other manner that the Plan Administrator may determine.

9.2 Mistake of Fact. Any misstatement or any other mistake of fact in any notice or other document filed with the Authority or Plan Administrator shall be corrected when it becomes known and proper adjustment made by reason thereof. Neither the Authority nor the Plan Administrator shall be liable in any manner for any determination of fact made in good faith.

9.3 Source of Payments. The Authority shall be the sole source of Benefits under the Plan. No Participant shall have any right to, or interest in, any assets of the Authority except as provided from time to time under the Plan, and then only to the extent of the Benefits which are payable under the Plan to such Participant.

9.4 Status of Benefits. The Authority believes that this Plan is written in accordance with Section 105 of the Code and that it provides certain benefits to Participants which are free from Federal income tax under the Code. This Plan has not been submitted to the Internal Revenue Service for approval and thus there can be and is no assurance that intended tax benefits will be available. Any Participant, by accepting a benefit under this Plan, agrees to be liable for any tax plus interest that may be imposed with respect to those Benefits.

9.5 Applicable Law. Subject to the provisions of ERISA, which may be applicable and which provide to the contrary, this Plan, as amended from time to time, shall be administered, construed and enforced according to the laws of the State of California.

9.6 Employment Rights. Employment rights of an employee shall not be deemed to be enlarged or diminished by reason of the establishment of this Plan, nor shall any provisions of this Plan be deemed to confer any right upon any employee to be retained in the service of the Authority.

9.7 Construction. The masculine gender, where appearing in the Plan, shall be deemed to include the feminine or neuter gender, and the singular shall be deemed to include the plural, and vice-versa, unless the context clearly indicates to the contrary. The words “hereof,” “herein,” “hereunder” and other similar compounds of the word “here” shall mean and refer to the entire Plan and not to any particular provision or Section.
IN WITNESS WHEREOF, the Authority has caused this REGIONAL WATER AUTHORITY HEALTH REIMBURSEMENT PLAN to be executed on _____________, 2019.

REGIONAL WATER AUTHORITY:

By: __________________________
Name: __________________________
Title: __________________________

ATTEST

By: __________________________

APPROVED AS TO FORM AND CONTENT:

BEST BEST & KRIEGER LLP

By: __________________________

Attorneys for Regional Water Authority
The following Schedule of Benefits, which may be updated or revised as required after such time as the Board of Directors of the Employer has approved any changes to the Allowance, specifies the Benefits offered to Participants.

The following definitions shall apply for purposes of this Schedule of Benefits. Capitalized terms not otherwise defined in this Schedule of Benefits shall be as defined in Article II of the Plan.

1. **Medicare-Eligible.** “Medicare-Eligible” means a Retired Employee meeting the requirements of a Tier I Retiree, Tier II Retiree or Tier III Retiree or covered Dependent that is eligible for Part A of Medicare without cost. A Retired Employee or covered Dependent will be deemed to be Medicare-Eligible upon attaining age 65 unless the Retired Employee provides proof of ineligibility for Part A of Medicare without cost.

2. **State Contribution 100/90 Formula.** “State Contribution 100/90 Formula” means 100% of the weighted average of the health benefits plan premiums for employees and annuitants enrolled for self alone plus 90% of the weighted average of the additional premiums required for enrollment of family members in the four health benefits plans that have the largest number of enrollments plus administrative fees and contingency reserve fund assessments as determined annually by CalPERS. The State Contribution 100/90 Formula is the formula used by CalPERS to determine the contribution base amount. This amount is published annually on the CalPERS website.

3. **Tier I Retiree.** “Tier I Retiree” means a Retired Employee who retired prior to September 1, 2007.

4. **Tier II Retiree.** “Tier II Retiree” means a Retired Employee who: (a) was hired prior to July 1, 2019, (b) retired on or after September 1, 2007, and (c) has at least five (5) years of CalPERS service credit accrued from service with the Authority and/or Sacramento Groundwater Authority plus at least five (5) years of additional CalPERS service credit, which may be accrued from service with other CalPERS employers.

5. **Tier III Retiree.** “Tier III Retiree” means a Retired Employee who: (a) is hired on or after July 1, 2019 and (b) has at least ten (10) years of CalPERS service credit accrued from service with the Authority and/or Sacramento Groundwater Authority.
<table>
<thead>
<tr>
<th>Retiree Group</th>
<th>Allowance as of July 1, 2019</th>
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<tr>
<td>Tier I Retiree</td>
<td>The Allowance is $400 per month</td>
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<tr>
<td>Tier II Retiree</td>
<td>The Allowance is equal to an amount equal to the Applicable Percentage of the contributions determined under the State Contribution 100/90 Formula. Additionally, the allowance shall not exceed the premium of the selected Health Plan if it is lower than the calculated allowance.</td>
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<td><strong>Years of CalPERS Service</strong></td>
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<td>20 or more</td>
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<tr>
<td>Tier III Retiree</td>
<td>The Allowance is equal to an amount equal to the Applicable Percentage of the contributions determined under the State Contribution 100/90 Formula for Employee Only or Employee &amp; 1 Dependent coverage levels. Additionally, the</td>
</tr>
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</table>

Illustration: In 2019 the State Contribution 100/90 Formula is equal to:

- Employee Only: $734
- Employee & 1 Dependent: $1,398
- Employee & 2+ Dependents: $1,788

Assume that a Tier II Retiree retired with 15 eligible years of CalPERS service credit, and the retiree is enrolled in Employee & 1 Dependent coverage. In 2019, the retiree’s Allowance would be $1,048.50 ($1,398 x 0.75).
allowance shall not exceed the premium of the selected Health Plan if it is lower than the calculated allowance.

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<th>Applicable Percentage</th>
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*Up to 5 years of CalPERS service credit accrued from service with other CalPERS employers may be counted for purposes of determining the Applicable Percentage.

*Illustration: In 2019 the State Contribution 100/90 Formula is equal to:

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</tbody>
</table>

Assume that a Tier III Retiree retired with 15 eligible years of CalPERS service credit, and the retiree is enrolled in Employee only coverage. In 2019, the retiree’s Allowance would be $550.50 ($734 x 0.75).

Assume that a Medicare-Eligible Tier II Retiree retired with 15 eligible years of CalPERS service credit, and the retiree is enrolled in Employee & 1 Dependent coverage in the Sacramento region in which the highest Supplemental/Managed Medicare premium for the coverage level is $1,022. Although a non-Medicare-Eligible Tier III Retiree would be eligible for an Allowance of $1,048.50 ($1,398 x 0.75) in 2019, the Allowance for a Medicare-Eligible Tier II Retiree would be capped at $1,022.
<table>
<thead>
<tr>
<th>Agency</th>
<th>Agency Contribution</th>
<th>Retiree Contribution</th>
<th>Vesting</th>
</tr>
</thead>
</table>
| Regional Water Authority                   | Based upon years of service- 10 years = 50%  
Each additional year = 5% increase  
20 years = 100%                         | Excess               | 10 years |
| Association of California Water Agencies   | 50% with 10 years and age 55; additional 5% for each additional year                | Excess               | 10 years |
| Association of California Water Agencies- Joint Powers Insurance Association | Age + years of service = 65 = 50% of premium, plus additional 5% for each year      | Excess               | 10 years |
| Bay Area Water Supply & Conservation Agency| 100% of active rate with 5 years                                                    | NA                   | 5 years |
| California Municipal Utilities Association | Declined to Participate                                                             | NA                   |         |
| California Special District Association    | None                                                                                | NA                   | NA      |
| Chino Basin Watermaster                    | 50% of Employee only                                                                 | Excess               | DNA     |
| Citrus Heights Water District              | District contributes based upon years of service:  
20 years - $329  
25 years - $370  
30 years - $412                           | Excess               | 20 years |
| City of Folsom                             | $50/month during active employment (VEBA)                                          | Excess               | NA      |
| City of Roseville                         | $100/month (during active employment with 5 years)                                  | Excess               | 10 years |
| City of Sacramento                        | PEHMHCA Minimum                                                                    | NA                   | NA      |
| City of West Sacramento                   | Based upon years of service  
10-14 years- $50 plus 25%  
15-19 years- $75 plus 30%  
20 years plus- $100 plus 50%  
Benefits not to exceed 75% or $750       | Excess               | 10 years |
| El Dorado Irrigation District             | Based upon years of service- 10 years-50%  
Each additional year = 5% increase  
20 years-100%                          | Excess               | 10 years |
<table>
<thead>
<tr>
<th>Agency</th>
<th>Agency Contribution</th>
<th>Retiree Contribution</th>
<th>Vesting</th>
</tr>
</thead>
<tbody>
<tr>
<td>Fair Oaks Water District</td>
<td>None</td>
<td>NA</td>
<td>NA</td>
</tr>
<tr>
<td>Monterey Peninsula Water Management District</td>
<td>$540</td>
<td>Excess</td>
<td>5 years</td>
</tr>
<tr>
<td>Northern California Water Association</td>
<td>Did Not Respond</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
| Placer County Transportation Planning Agency | Contribution is equal to active employee rates.  
                                              $2,123-Maximum | Excess               | 5 years  |
| Placer County Water Agency            | Based upon years of service          | Excess               | 10 years |
|                                       | 10 years-50%                         |                      |          |
|                                       | Each additional year = 5% increase   |                      |          |
|                                       | 20 years-100%                        |                      |          |
| Sacramento Area Council of Governments| Based upon years of service          | Excess               | 10 years |
|                                       | 10 years-50%                         |                      |          |
|                                       | Each additional year = 5% increase   |                      |          |
|                                       | 20 years-100%                        |                      |          |
| Sacramento Area Flood Control Agency  | PEMHCA Minimum                       | Excess               | 10 years |
| Sacramento County                     | County contributes $25/pay period into a Retiree Health Savings Account | Excess       | NA       |
| Sacramento Suburban Water District    | Based upon years of service          | Excess               | 10 years |
|                                       | 10 years-50%                         |                      |          |
|                                       | Each additional year = 5% increase   |                      |          |
|                                       | 20 years-100%                        |                      |          |
| San Juan Water District               | Based upon years of service          | Excess               | 10 years |
|                                       | 10 years-50%                         |                      |          |
|                                       | Each additional year = 5% increase   |                      |          |
|                                       | 20 years-100%                        |                      |          |
| State and Federal Water Contractors Agency | Based upon years of service-      | Excess               | 10 years |
|                                       | 10 years-50%                         |                      |          |
|                                       | Each additional year = 5% increase   |                      |          |
|                                       | 20 years-100%                        |                      |          |
| State of California                   | $1,727                               | Excess               | 5 years  |
| State Water Contractors               | $5,774/year                          | Excess               | No vesting period |
AGENDA ITEM 8: LEGISLATIVE/REGULATORY UPDATE

BACKGROUND:

The bill introduction deadline was February 22\textsuperscript{nd}. There are a number of bills that have been introduced on the water tax, water conservation, water quality, groundwater, climate change, and forest health. Staff is in the process of going through all of the bills to identify which bills will have the greatest impacts on RWA members. The Advocacy program met last week, on February 20\textsuperscript{th}, to discuss bills that had been introduced as of February 13th. Staff is recommending support on 3 bills. A brief summary of those bills are here:

AB 533 (Holden) excludes from personal taxable income any benefit received from a local water agency to advance a program for water conservation, efficiency, or runoff management.

SB 19 (Dodd) would require the Department of Water Resources (DWR) and the State Water Resources Control Board (SWRCB) to, upon appropriation from the Legislature, develop a plan to modernize, reactivate, and deploy new stream gauges in priority locations across the state.

SB 134 (Hertzberg) would prohibit the Water Board from enforcing a water loss regulation except as part of water conservation regulations.

In the regulatory realm Governor Newsom removed Felica Marcus from the Water Board. Governor Newsom appointed Joaquin Esquivel as chair of the Water Board and replaced Mrs. Marcus with Laurel Firestone on the Board. Mrs. Firestone comes to the Water Board from the Community Water Center, which is an organization that is focused on the human right to water. It has been reported that these changes were driven by an effort to make the board more moderate.

RWA submitted comment letters on the Water Board AB 401 Low Income Water Rate Assistance Report and the Office of Environmental Health Hazard Assessment (OEHHA) Framework and Tool for Evaluating Progress in Achieving the Human Right to Water. Both of those comment letters are available on the RWA Advocacy webpage.

STAFF RECOMMENDATION:

Information Presentation: Ryan Ojakian, Legislative and Regulatory Affairs Manager

Action: Take positions on bills
AB 533 Support
SB 19 Support
SB 134 Support
AGENDA ITEM 9: REGIONAL WATER RELIABILITY PLAN UPDATE

BACKGROUND:

RWA is nearing completion of the Regional Water Reliability Plan (RWRP) project. A draft RWRP is being prepared for review by the project committee. The RWRP makes several recommendations (see enclosed draft recommendations), with the further development of a regional water bank being chief among them. Staff is currently developing a new subscription-based project agreement to complete the tasks to develop a water bank that would be consistent with United States Bureau of Reclamation’s groundwater banking guidelines and would also be consistent with the desired outcomes of the California Sustainable Groundwater Management Act. Staff will provide an overview of the proposed new project, and will seek input from the Executive Committee on information to update to the full Board at its March 14, 2019 meeting.

STAFF RECOMMENDATION:

Information Update and Discussion: Rob Swartz, Manager of Technical Services
1 Recommendations

The ultimate success of this RWRP relies on implementing many of the mitigation actions identified through the planning process. Recommendations for these mitigation actions can be separated into those that support establishment of a regional water bank and those that improve reliability through other venues.

Most of the RWRP mitigation actions centered around increasing interconnectivity between agencies and expanding conjunctive use operations to ensure reliable water supply through a variety of hydrologic conditions. A key barrier to implementing these actions has been cost. The concept of establishing a water bank to create financial incentives to overcome these barriers has emerged as a high priority for the region, and this is described below as the primary recommendation of this plan.

1.1 Recommendation 1: Continue planning activities to establish a regional water bank

The RWRP identified the current and near-term potential of expanding conjunctive use operations and that the region has a high interest in continuing to pursue establishing a water bank. To establish a water bank, two phases have been established.

- **Phase 1 – Visioning, Scoping & Foundational Analysis** includes: 1) developing the needed foundational technical tools for a comprehensive future environmental analysis; and 2) engaging with local, state, and federal stakeholders and potential customers of the water bank.

- **Phase 2 – Feasibility Determination and Project Approvals** will focus on: 1) completing a programmatic environmental analysis; 2) establishing a management structure for the bank; and 3) gaining required approvals for the bank.

The major direct and complementary activities are described below.
Recommendation 1.1 Establish a new subscription-based project under RWA to complete needed work to establish the water bank (*Phase 1 and 2*). This will enable RWA to coordinate and implement the two phases described above.

Recommendation 1.2 Complete an Integrated Water Flow Model application for the North American and South American subbasins (*Phase 1*). The model will be critical for simulating water banking operations to evaluate impacts for a programmatic level CEQA/NEPA analysis. Funding for the update is being collected through the water bank subscription program described above.

Recommendation 1.3 Establish a water bank project management sub-committee (*Phase 1*). A sub-committee should convene to consider issues related to the future management of a water bank. Issues explored by the sub-committee would include, but are not limited to: exploring options for governance of the water bank; potential staffing needs for operating a water bank; agreements for participants in the water bank; roles of groundwater sustainability agencies in a water bank; and potential fees assessed during water bank operations.

Recommendation 1.4 Establish a water bank communications working group (*Phase 1*). Effective outreach will require receiving input from the local agencies likely to participate in the water bank. The working group will consist of volunteers from the participating agencies, and will include a combination of communications and technical representatives. The working group will provide input on key messages and the development of outreach materials on a variety of topics related to the water bank.

Recommendation 1.5 Prepare outreach materials (*Phase 1*). Early in Phase 1 of the water bank project, materials should be developed to support educating all stakeholders on the benefits of the water bank. Materials that can be used as “leave-behinds” from meetings should be developed, including a water bank folder with a short bound introduction to the water bank. In addition to the folder, a series of inserts to address specific aspects of the water bank (examples include: relation to the Sustainable Groundwater Management Act; environmental benefits; adapting to a future climate) should be developed. A web page on the existing RWA web site should also be developed to host information on the water bank throughout development.

Recommendation 1.6 Engage with state and federal decision-makers (*Phase 1*). Successful operation of a water bank will require cooperation and conveyance from state and federal agencies. Engaging early will help ensure designing a program that is compliant with, and complimentary to, those agencies, which may create partnering opportunities for securing funds.

Recommendation 1.7 Engage with local stakeholders (*Phase 1*). While the water bank holds much promise for positive impacts in the region, there will be concern over potential negative impacts. Engaging with local stakeholders early in the process will help reveal these concerns and allow for addressing them during program development.

Recommendation 1.8 Engage with potential partners (*Phase 1*). As described in the conclusion section above, the region is currently reliable under most conditions. Some benefit from improved operations and facilities can be available to partners beyond the region. Early steps should be taken to engage with potential partners to confirm their level of interest. One potential benefit of this engagement could be to explore funding partnerships to complete the second phase of planning to establish the water bank. Another benefit could be potential funding for facilities to expand the water bank after it is operational.
Recommendation 1.9 Develop an operational framework of the water bank (Phase 2). It will be critical to identify the operations of agencies that are interested in participating in the Water Bank as input for the model used to conduct the environmental analysis.

Recommendation 1.10 Complete an environmental analysis (Phase 2). This will include both CEQA and NEPA to evaluate Water Bank operations using water under state rights and contract as well as federal contract water.

1.2 Recommendation 2: Continue to pursue early actions that support development of the water bank

Recommendation 2.1 Take early actions to expand conjunctive use operations and prove concepts of storage (bank deposits) and recovery (bank withdrawals) (Phase 1 and 2). In 2018, a successful regionally-coordinated pilot groundwater substitution transfer involving five local agencies made more than 10,000 acre-feet of water available to two agencies in the south San Joaquin Valley. This transfer was very helpful in gaining an understanding of the requirements on the recovery side of banking. Until a water bank is established, pilot actions should continue to reveal more aspects of these operations. If wet conditions occur, the region should look to coordinate a storage action whereby agencies that have historically relied on groundwater receive surface water to achieve in-lieu storage.

1.3 Recommendation 3: Continue coordination with other regional efforts that could contribute to reliability

Recommendation 3.1 Coordinate with Groundwater Sustainability Agencies (GSAs) in the North American and South American subbasins (Phase 1 and 2). Local GSAs are in the process of developing Groundwater Sustainability Plans (GSPs) on a similar schedule to the develop of a local water bank. There may be opportunities to incorporate water bank activities into GSP development. At any rate, it will be important to coordinate with GSAs to ensure that water bank activities are consistent with groundwater sustainability planning efforts.

Recommendation 3.2 Explore the feasibility of expanded ASR wells in the region (Phase 1). This was an emerging topic during the development of the RWRP. A few agencies expressed interest in ASR as a means of achieving direct recharge in the basin (the vast majority of current recharge is through in-lieu methods). However, there is not a good local understanding of ASR operations, because it is not widely used in the Central Valley. RWA staff is working with agencies on a separate subscription-based project to evaluate the costs of ASR that will be conducted concurrent with Phase 1 of the water bank project. The results of the study may result in expanded ASR that could improve storage and recovery capacity in a future water bank.

Recommendation 3.3 Continue coordination with longer-term planning efforts (Phase 1 and 2). Much of the current focus of storage and recovery operations under the proposed Water Bank has been around operations of existing and near-term facilities planned in the urban core of the greater Sacramento metropolitan area. Other projects outside the core area, such as Regional San’s South County Ag Program, SAFCA’s flood management efforts, the evaluation of Alder Creek reservoir in the
upper American watershed, and a new diversion off the Sacramento River represent opportunities to expand the water bank program. Continued coordination will help ensure that these assets have an opportunity to participate in the future.

1.4 Recommendation 4: Continue to identify opportunities to implement RWRP mitigation actions, including those not related to the water bank

While a regional water bank may serve as a key strategy and potential driver for implementing many of the mitigation actions in the greater Sacramento metropolitan area urban core, there are additional mitigation actions that can significantly contribute to water supply reliability. A systematic approach to implementing feasible mitigation actions should be followed through the recommendations below.

**Recommendation 4.1 Track and pursue grant funding opportunities.** The reliability planning process identified mitigation actions to improve reliability for agencies outside the greater Sacramento metropolitan area urban core (e.g., actions for Yuba City and Rancho Murieta Community Services District). The region should continue to identify and pursue opportunities to help implement those measures in addition to those associated with the water bank. These include state bond-funded grant programs and federal grant programs, such as the WaterSMART Program.

**Recommendation 4.2 Support development of new funding opportunities.** The RWA Legislative and Regulatory Affairs Program should track proposed future bond proposals with an intent towards aligning those programs with the mitigation actions identified in the region as funding priorities.

**Recommendation 4.3 Track progress on proposed mitigation actions.** Many of the proposed mitigation actions are in early stages of development or are still conceptual in nature. Additionally, many of the budgets are rough estimates. RWA should distribute the table annually to member agencies to add, delete, or update information on projects to track progress on implementation.
AGENDA ITEM 10: RWA MARCH 14, 2019 BOARD MEETING AGENDA

STAFF RECOMMENDATION:

Action: Approve March 14, 2019 Board Meeting Agenda
AGENDA

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

1. CALL TO ORDER AND ROLL CALL

2. PUBLIC COMMENT

3. CONSENT CALENDAR
   a. Minutes from the January 10, 2019 RWA regular board meeting
      Action: Approve January 10, 2019 RWA Board meeting minutes

4. EXECUTIVE COMMITTEE REPORT AND RECOMMENDATIONS
   a. Information: Final minutes of the January 23, 2019 Executive Committee meeting and the January 29, 2019 Special Executive Committee meeting and draft minutes from the February 27, 2019 Executive Committee meeting

5. UPDATE ON EXECUTIVE DIRECTOR RECRUITMENT

6. NOMINATION TO THE ACWA JPIA EXECUTIVE COMMITTEE
   Action: Recommend Board Approval of Support for the Nomination of Brent Hastey to the ACWA JPIA Executive Committee

7. FILL VACANCY ON THE EXECUTIVE COMMITTEE
   Action: Fill the Vacancy on the RWA Executive Committee pursuant to Policy 200.3, Procedures for Selection of the Executive Committee

8. FISCAL YEAR 2019 – 2020 BUDGET
   Presentation: Rob Swartz, Interim Executive Director
   Action: Adopt Budget for Fiscal Year 2019 - 2020

9. RESOLUTION REGARDING CalPERS HEALTH BENEFIT VESTING AND PAYMENTS
   Information Presentation: Rob Swartz, Interim Executive Director
   Action: Recommend Board Approval of Resolution 2019-02 to Rescind CalPERS Health Benefit Vesting
   Action: Recommend Board Adoption of Resolution 2019-03 CalPERS Minimum Payment Resolution
10. RWA HEALTH BENEFIT PLANS
   Presentation and Discussion: Rob Swartz, Interim Executive Director
   Action: Recommend Board Approval of Cafeteria Plan
   Action: Recommend Board Approval of Health Premium Reimbursement Plan

11. WATER RELIABILITY PLAN UPDATE
   Information Presentation: Rob Swartz, Interim Executive Director

12. EXECUTIVE DIRECTOR’S REPORT

13. DIRECTORS’ COMMENTS

ADJOURNMENT

Upcoming meetings:
Next Executive Committee Meetings – Wednesday, March 27, 2019 and April 24, 2019, 8:30 a.m. at the RWA office.

Next RWA Board of Directors’ Meeting – Thursday, May 2, 2019, 9:00 a.m., at the RWA Office.

The RWA Board Meeting electronic packet is available on the RWA website at https://rwah2o.org/meetings/board-meetings/ to access and print the RWA Board electronic packet.
AGENDA ITEM 11: DISPOSAL OF SURPLUS PROPERTY

BACKGROUND:

RWA Policy 300.3 defines procedures by which surplus property can be disposed. The policy gives authority to the Executive Committee and the Executive Director for disposing of surplus property. The policy precludes board members and employees from purchasing or receiving surplus property. The policy does not extend this limitation to former employees.

Mr. Woodling is seeking approval of the Executive Committee to purchase an RWA owned iPhone 7 (128 gb) for fair market value after his departure on March 1, 2019. Staff researched auction prices for a similar used phone on eBay and recommends a price of $210 based on the mean and median prices for more than 30 completed transactions. The alternative to this transaction will be to dispose of the phone as e-waste since there is no other employee who will use it.

STAFF RECOMMENDATION:

Action: Approval Sale of IPhone 7 to the outgoing Executive Director consistent with RWA Policy 300.3
POLICY FOR DISPOSAL OF SURPLUS PROPERTY

The Board of Directors of the Authority delegates to the Executive Committee the authority to dispose of surplus property of the Authority.

Surplus property of the Authority will be disposed of in the most economical and practical manner in the best interest of the Authority, as determined by the Executive Committee. Board members, the Executive Director, and employees (or the spouse or dependent of any of the above) of the Authority are not eligible to obtain surplus property at the time of disposition by the Authority.

Personal property with an estimated value of $4,000 or less may be disposed of as surplus with the approval of the Executive Director on terms that are in the best interest of the Authority, as determined by the Executive Director. Surplus property whose value is negligible due to age, obsolescence, deterioration or wear may be disposed of for no consideration, provided that, surplus property will not be disposed of for no consideration to other than a qualified government agency or non-discriminatory, tax exempt non-profit organization qualified under Internal Revenue Code section 501(c)(3), without the approval of the Executive Committee. If the Executive Director is unable to donate an item of surplus property to a qualified government agency or tax exempt organization (or other entity authorized by the Executive Committee), the Executive Director may recycle or dispose of such item at a legally-authorized disposal site.

Personal property with an estimated value of greater than $4,000 may be disposed of as surplus property with the approval of the Executive Committee on terms that are in the best interest of the Authority, as determined by the Executive Committee, or as determined by the Executive Director upon delegation of that authority by the Executive Committee.

If the Authority acquires any real property that is later determined to be surplus, any qualifying real property will be disposed of in accordance with the requirements and procedures provided in Government Code section 54220 and following.
The Executive Director will maintain written documentation of the disposal of all surplus property, including a description of the surplus property disposed of and the terms of disposition. All revenue received from the disposal of surplus property will be deposited in the Authority’s Operating Reserve Account, unless directed otherwise by the Executive Committee.
AGENDA ITEM 12: EXECUTIVE DIRECTOR’S REPORT

The Executive Director will give an oral report.
## Investments, Restricted Cash and Designated Funds, Undesignated Funds and Cash Report

For the month ending:

<table>
<thead>
<tr>
<th>Fund/Fund Management</th>
<th>Unaudited January 31, 2019</th>
<th>Audited June 30, 2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>Local Agency Investment Fund (LAIF)</td>
<td>$2,466,211</td>
<td>$1,877,936</td>
</tr>
<tr>
<td>General Checking Account</td>
<td>$201,576</td>
<td>$157,817</td>
</tr>
<tr>
<td><strong>Total Cash and Investments</strong></td>
<td><strong>$2,667,787</strong></td>
<td><strong>$2,035,753</strong></td>
</tr>
</tbody>
</table>

**Less: Restricted Cash and Designations**

<table>
<thead>
<tr>
<th>Designation</th>
<th>Unaudited January 31, 2019</th>
<th>Audited June 30, 2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>Water Efficiency Program (WEP)</td>
<td>$687,555</td>
<td>$443,603</td>
</tr>
<tr>
<td>Direct Install</td>
<td>$11,549</td>
<td>$200,000</td>
</tr>
<tr>
<td>Lobbying Subscription Program</td>
<td>$35,000</td>
<td>$86,806</td>
</tr>
<tr>
<td>Prop 84 Project Management</td>
<td>$58,653</td>
<td>$68,478</td>
</tr>
<tr>
<td>2014 Drought Program Management</td>
<td>$22,728</td>
<td>$29,482</td>
</tr>
<tr>
<td>Prop 84 3 Project Management</td>
<td>$14,219</td>
<td>$17,964</td>
</tr>
<tr>
<td>Proposition 50 Grant Management</td>
<td>$7,423</td>
<td>$8,593</td>
</tr>
<tr>
<td>WEP Prop 84 3 Program Management</td>
<td>$3,243</td>
<td>$6,272</td>
</tr>
<tr>
<td>ARB Study</td>
<td>$0</td>
<td>$376</td>
</tr>
<tr>
<td>SRCSD Water Suppliers</td>
<td>$1,899</td>
<td>$0</td>
</tr>
<tr>
<td>Membership Dues Stabilization</td>
<td>$142,700</td>
<td>$137,200</td>
</tr>
<tr>
<td>Subscription Program Stabilization</td>
<td>$25,100</td>
<td>$25,400</td>
</tr>
<tr>
<td>Pension Plan Accounting Change</td>
<td>$7,450</td>
<td>$45,000</td>
</tr>
<tr>
<td>Powerhouse Science Center</td>
<td>$190,759</td>
<td>$155,753</td>
</tr>
<tr>
<td>Strategic Plan Fund</td>
<td>$90,648</td>
<td>$109,748</td>
</tr>
<tr>
<td><strong>Total Designated Funds, excluding operating fund</strong></td>
<td><strong>$1,291,476</strong></td>
<td><strong>$1,334,675</strong></td>
</tr>
</tbody>
</table>

**Total Available Cash for Operating Funds**

<table>
<thead>
<tr>
<th>Fund Type</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Operating Fund</td>
<td>$671,000</td>
</tr>
<tr>
<td>Undesignated Funds</td>
<td>$705,311</td>
</tr>
</tbody>
</table>

**Total Designated and Undesignated Funds**

<table>
<thead>
<tr>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>$2,667,787</td>
</tr>
<tr>
<td>$2,035,753</td>
</tr>
</tbody>
</table>

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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.
7. Hiring of strategic planning staff occurred in December 2016. Adjusted to reflect projected available remaining funds at 06.30.19.
**REGIONAL WATER AUTHORITY**

**Income Statement**

**January 2019**  
**Department 10 to 20**

<table>
<thead>
<tr>
<th></th>
<th>7 Months Ended</th>
<th>Annual Budget</th>
<th>Unused</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>January 31, 2019</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>REVENUES</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<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>8,250.00</td>
<td>7,900.00</td>
<td>(350.00)</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>306,714.98</td>
<td>624,800.00</td>
<td>318,085.02</td>
</tr>
<tr>
<td>Holiday Social Revenue</td>
<td>6,020.00</td>
<td>8,000.00</td>
<td>1,980.00</td>
</tr>
<tr>
<td>Miscellaneous Revenue</td>
<td>13.18</td>
<td>0.00</td>
<td>(13.18)</td>
</tr>
<tr>
<td>Cash Discounts</td>
<td>345.73</td>
<td>0.00</td>
<td>(345.73)</td>
</tr>
<tr>
<td>Interest on S/T Investments</td>
<td>38,274.46</td>
<td>19,600.00</td>
<td>(18,674.46)</td>
</tr>
<tr>
<td><strong>TOTAL REVENUES</strong></td>
<td>1,379,513.35</td>
<td>1,671,400.00</td>
<td>291,886.65</td>
</tr>
<tr>
<td><strong>TOTAL REVENUE</strong></td>
<td>1,379,513.35</td>
<td>1,671,400.00</td>
<td>291,886.65</td>
</tr>
<tr>
<td><strong>GROSS PROFIT</strong></td>
<td>1,379,513.35</td>
<td>1,671,400.00</td>
<td>291,886.65</td>
</tr>
<tr>
<td><strong>OPERATING EXPENDITURES</strong></td>
<td></td>
<td></td>
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<tr>
<td>Staff Expenses</td>
<td></td>
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<tr>
<td>General Salaries</td>
<td>449,114.75</td>
<td>922,300.00</td>
<td>473,185.25</td>
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<td>Benefits/Taxes</td>
<td>254,701.31</td>
<td>469,900.00</td>
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<tr>
<td>Travel / Meals</td>
<td>8,817.37</td>
<td>30,000.00</td>
<td>21,182.63</td>
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<tr>
<td>Professional Development</td>
<td>261.00</td>
<td>7,000.00</td>
<td>6,739.00</td>
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<td><strong>TOTAL Staff Expenses</strong></td>
<td>712,894.43</td>
<td>1,429,200.00</td>
<td>716,305.57</td>
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<td>Office Expenses</td>
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<tr>
<td>Rent &amp; Utilities</td>
<td>18,250.62</td>
<td>32,300.00</td>
<td>14,049.38</td>
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<td>Insurance</td>
<td>27,887.73</td>
<td>26,500.00</td>
<td>(1,387.73)</td>
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<tr>
<td>Office Maintenance</td>
<td>0.00</td>
<td>500.00</td>
<td>500.00</td>
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<tr>
<td>Telephone</td>
<td>6,882.08</td>
<td>12,700.00</td>
<td>5,817.92</td>
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<td>Dues and Subscription</td>
<td>7,606.00</td>
<td>11,300.00</td>
<td>3,694.00</td>
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<td>Printing &amp; Supplies</td>
<td>7,268.69</td>
<td>20,600.00</td>
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<td>Postage</td>
<td>2,059.73</td>
<td>3,000.00</td>
<td>940.27</td>
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<td>Meetings</td>
<td>9,208.03</td>
<td>15,500.00</td>
<td>6,291.97</td>
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<tr>
<td>Computer Equipment/Support</td>
<td>6,408.83</td>
<td>16,900.00</td>
<td>10,491.17</td>
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<tr>
<td><strong>TOTAL Office Expenses</strong></td>
<td>85,571.71</td>
<td>139,300.00</td>
<td>53,728.29</td>
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<tr>
<td>Office Furniture &amp; Equipment</td>
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*Page 1*
<table>
<thead>
<tr>
<th>Description</th>
<th>7 Months Ended January 31, 2019</th>
<th>Annual Budget</th>
<th>Unused</th>
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<tr>
<td>Office Furniture</td>
<td>0.00</td>
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<td>Office Move</td>
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<td>TOTAL Office Furniture &amp; Equipment</td>
<td>1,910.00</td>
<td>2,800.00</td>
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<td>Professional Fees</td>
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<tr>
<td>ADP / Banking Charges</td>
<td>1,255.47</td>
<td>2,700.00</td>
<td>1,444.53</td>
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<td>Audit Fees</td>
<td>26,900.00</td>
<td>32,000.00</td>
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<td>Legal Fees</td>
<td>23,635.65</td>
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<td>44,664.35</td>
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<td>GASB 68 reporting fee</td>
<td>750.00</td>
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<tr>
<td>Consulting Expenses - General</td>
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<td>Powerhouse Science Center Payments</td>
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<td>TOTAL Professional Fees</td>
<td>122,005.97</td>
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<td>236,094.03</td>
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<td>Program Fees</td>
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<tr>
<td>Consulting Expenses</td>
<td>8,898.50</td>
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<td>TOTAL Program Fees</td>
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<td>TOTAL OPERATING EXPENDITURES</td>
<td>931,280.61</td>
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<td>OPERATING INCOME (LOSS)</td>
<td>448,232.74</td>
<td>(258,000.00)</td>
<td>(706,232.74)</td>
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<tr>
<td>NET OPERATING INCOME (LOSS)</td>
<td>448,232.74</td>
<td>(258,000.00)</td>
<td>(706,232.74)</td>
</tr>
<tr>
<td>NET INCOME (LOSS) NET OF PROGRAM</td>
<td>448,232.74</td>
<td>(258,000.00)</td>
<td>(706,232.74)</td>
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</tbody>
</table>
Per California Government Code 6505.5 (e), RWA reports the following unaudited information:

For the period ending January 2019
Cash in checking account: $ 390,999
LAIF Balance $ 2,466,211

For the period of November 1 to January 31, 2019
Total cash receipts for the period: $ 1,082,406
Total cash disbursements for the period: $ 1,016,958
CARMICHAEL WATER DISTRICT
RESOLUTION 01282019-2
A RESOLUTION OF APPRECIATION

WHEREAS, John Woodling faithfully served as the Executive Director of both the Regional Water Authority (RWA) and Sacramento Groundwater Authority (SGA) from June 30, 2008, to March 1, 2019;

WHEREAS, under John’s leadership RWA developed an award-winning Water Efficiency Program focused on public outreach and school education;

WHEREAS, John developed and led a proactive Regional Advocacy Program which built important partnerships with allied organization and raised RWA exposure in important water related legislative issues;

WHEREAS, John’s Integration Regional Water Management planning efforts helped member agencies secure over $80,000,000 in grant money for necessary projects;

WHEREAS, John led the SGA efforts to ensure an effective Groundwater Sustainability Agreement was formed covering the entire North American Subbasin; and

THEREFORE, BE IT RESOLVED that the Board of Directors of the Carmichael Water District hereby recognizes John Woodling’s valuable contributions and dedication to the water industry and to the people of California served by that industry.

PASSED AND ADOPTED by the Board of Directors by the following vote:

<table>
<thead>
<tr>
<th>Name</th>
<th>Aye</th>
<th>Nay</th>
<th>Absent</th>
<th>Abstain</th>
</tr>
</thead>
<tbody>
<tr>
<td>Mark Emmerson</td>
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<td></td>
<td></td>
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<tr>
<td>Paul Selsky</td>
<td></td>
<td></td>
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<tr>
<td>Roy Leidy</td>
<td>X</td>
<td>X</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Ron Greenwood</td>
<td>X</td>
<td>X</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Jeff Nelson</td>
<td></td>
<td></td>
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<td></td>
</tr>
</tbody>
</table>

Board Totals:
- Ayes: 5
- Nays: 0
- Absent: 0
- Abstain: 0

Passed Unanimously: Yes

Signed after its passage this 28th day of January 2019:

President
Board of Directors

ATTEST:  
Steve Nugent, Secretary
AGENDA ITEM 13: DIRECTORS’ COMMENTS