

REGIONAL WATER AUTHORITY EXECUTIVE COMMITTEE AGENDA

April 22, 2020; 8:30 a.m.

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. The Executive Committee may consider any agenda item at any time during the meeting.

Note: Pursuant to the Governor's Executive Order N-29-20, and given the state of emergency regarding the threat of COVID-19, the meeting will be held via teleconference.

We encourage Board members and participants to join the meeting 10 minutes early. Note that we will use GoToMeeting to share slides and other information during the meeting. Use the link below to join GoToMeeting. If you have a microphone that you can use with your computer, it should be possible to both listen to, and participate in, the meeting through GoToMeeting. If you do not have a microphone, or a headset with a microphone, that plugs into your computer via USB port, you will need to call into the conference line to listen and comment, although you still should be able to view the meeting materials on GoToMeeting. Please do not simultaneously use a microphone through GoToMeeting and the telephone conference line. That combination results in audio problems for all participants.

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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**
 - a. Minutes of the March 25, 2020 Executive Committee meetings
Action: Approve the March 25, 2020 Executive Committee meeting minutes
4. **FISCAL YEAR 2020 – 2021 BUDGET**

Presentation and Discussion: Josette Reina-Luken, Financial and Administrative Services Manager
Action: Recommend RWA Board adoption of the Fiscal Year 2020-2021 Budget
5. **2020 GROUNDWATER SUBSTITUTION TRANSFER**

Discussion: Rob Swartz, Manager of Technical Services
Action: Approve 2020 Regional Groundwater Substitution Transfer Program Staffing Support Agreement
6. **SACRAMENTO CENTRAL GROUNDWATER AUTHORITY**

Discussion: Jim Peifer, Executive Director
7. **FEDERAL AFFAIRS AD HOC COMMITTEE REPORT**

Information and Discussion: Sean Bigley, Federal Affairs Ad Hoc Committee Chair
8. **LEGISLATIVE/REGULATORY UPDATE**

Information Presentation: Ryan Ojakian, Legislative and Regulatory Affairs Manager
Action: Adopt Positions on Legislation
9. **POLICY PRINCIPLES - COVID-19 RELIEF AND RECOVERY: GUIDING PRINCIPLES TO SECURE OUR WATER FUTURE – US WATER ALLIANCE**

Discussion: Ryan Ojakian, Legislative and Regulatory Affairs Manager
Action: Provide direction to the Executive Director to the sign onto the US Water Alliance Guiding Principles
10. **EXECUTIVE DIRECTOR’S REPORT**
11. **DIRECTORS’ COMMENTS**

ADJOURNMENT

Upcoming meetings:

Upcoming Executive Committee Meetings – May 27, 2020 at 8:30 a.m. at the RWA office, the location is subject to change depending on the COVID-19 emergency

Next RWA Board of Directors' Meeting – Thursday, May 14, 2020, at 9:00 a.m. in the RWA conference room, 5620 Birdcage Street, Ste. 110, Citrus Heights, CA 95610, the location is subject to change depending on the COVID-19 emergency

The RWA Executive Committee 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.

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AGENDA ITEM 3: CONSENT CALENDAR

Approval of the minutes from the March 25, 2020 Executive Committee meeting

Action: Approve the March 25, 2020 Executive Committee meeting minutes

1. CALL TO ORDER

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

Executive Committee Members

Ron Greenwood, Carmichael Water District
Sean Bigley, City of Roseville
Michelle Carrey, City of Sacramento
Paul Schubert, Golden State Water Company
Brent Smith, Placer County Water Agency
Kerry Schmitz, Sacramento County Water Agency
Dan York, Sacramento Suburban Water District
Marty Hanneman, San Juan Water District

Staff Members

Jim Peifer, Rob Swartz, Ryan Ojikian, Josette Reina-Luken, Amy Talbot, Cecilia Partridge, Monica Garcia and Ryan Bezerra, legal counsel

Others in Attendance

John Woodling, GEI Consultants, Brian Sanders, City of Sacramento, Todd Eising, SCGA Chair, Peggy Vande Voreen and Sarah Trondsen, Gilbert Associates, Inc.

2. PUBLIC COMMENT

None.

3. CONSENT CALENDAR

Minutes of the January 22, 2020 and February 19, 2020 Executive Committee meetings

Motion/Second Carried (M/S/C) Mr. Hanneman moved, with a second by Mr. Bigley, to approve the January 22, 2020 and February 19, 2020 Executive Committee meeting minutes. Ron Greenwood, Carmichael Water District, Sean Bigley, City of Roseville, Paul Schubert, Golden State Water Company, Brent Smith, Placer County Water Agency, Kerry Schmitz, Sacramento County, Dan York, Sacramento Suburban Water District and Marty Hanneman, San Juan Water District voted yes. The motion carried by the unanimous voice vote of all directors present.

4. RWA 2019 AUDIT REPORT

Gilbert Associates, Inc. has completed the financial audit for the fiscal year that ended June 30, 2019. The full audit report was included in the packet. Sarah Trondsen, Gilbert Associates, Inc. presented information on the audit. The reports in the audit report included the Executive Committee meeting summary, the Audit Report, the Communication Summary and the Required Supplemental Information. She gave an overview of the audit stating that it was a clean audit with no adjustments or recommended changes to accounting practices. She highlighted line items in the financial statements, schedule of revenues, expenses, changes in net position, operating revenues and cash flows. She gave a summary from the required supplemental information document on the net pension liability and schedule of contributions to the pension plan, schedule of changes in the net OPEB liability and contributions and the program schedule of revenues, expenses and changes in the net position.

Michelle Carrey joined the meeting.

M/S/C Mr. Schubert moved, with a second by Mr. Greenwood, to recommend RWA Board acceptance of the 2019 RWA financial audit report. Ron Greenwood, Carmichael Water District, Sean Bigley, City of Roseville, Michelle Carrey, City of Sacramento, Paul Schubert, Golden State Water Company, Brent Smith, Placer County Water Agency, Kerry Schmitz, Sacramento County, Dan York, Sacramento Suburban Water District, Marty Hanneman and San Juan Water District voted yes. The motion carried by the unanimous voice vote of all directors present.

5. OTHER POST-EMPLOYMENT BENEFITS (OPEB) FUNDING REPORT

Josette Reina-Luken, Financial and Administrative Services Manager gave a report from the February 19, 2020 Executive Committee meeting. The Executive Committee requested that staff direct the RWA actuary to provide funding illustrations using CalPERS Strategy 2 funding option at various discount rates ranging from 6.35% to 6.50% as well as a funding option within these parameters that excludes funding implicit liability. A summary of the requested actuarial illustrations was included in the packet. She gave an overview of Funding Strategy 1, Funding Strategy 2, their discount rates and how each strategy affects expenses, trust balances, ratios, implicit and explicit liabilities. She asked for a funding recommendation from the Executive Committee to present to the full RWA Board.

Ms. Reina-Luken said that implicit liability is used to project excess health claims over premiums charged with the idea that individuals who are older have higher claims than those that are younger. Currently CalPERS has everyone paying the same for their health care plans. The implicit liability provides a conservative measure so that if something were to change with CalPERS calculations or if something were to happen to RWA financially, this would be our first fund defense that has a balance that has been contributed to over time. The implicit liability

naturally decreases when employees reach 65 when they naturally move on to Medicare and the CalPERS health plan becomes a supplement and is no longer the primary health plan.

Ms. Reina-Luken said that she will direct the actuary to perform a calculation and have additional information to include in the May budget presentation.

After discussion it was decided to remain with the current strategy and revisit the issue at a future date when the current financial downturn recovers. This topic is normally presented annually with the budget however, it can be revisited at any time for consideration. It was suggested that a status report with the trust fund balance be presented periodically as an update.

M/S/C Mr. Hanneman moved, with a second by Mr. Bigley, to recommend to the RWA Board that the current OPEB Funding Strategy remain the same. Ron Greenwood, Carmichael Water District, Sean Bigley, City of Roseville, Michelle Carrey, City of Sacramento, Paul Schubert, Golden State Water Company, Brent Smith, Placer County Water Agency, Kerry Schmitz, Sacramento County, Dan York, Sacramento Suburban Water District and Marty Hanneman, San Juan Water District and voted yes. The motion carried by the unanimous voice vote of all directors present.

6. DEVELOPMENT OF FISCAL YEAR 2020 – 2021 BUDGET

Ms. Reina-Luken, Financial and Administrative Services Manager, gave information on this item to further examine the FY2021 budget information that was presented during the RWA Board Meeting on March 19, 2020 in light of the FY2019 Financial Audit Report and current year budget projections. She gave an overview of the budget projections, membership and dues, revised budget projections, budget savings and the budget outlook. The FY20 core budget deficit was offset by depletion of the Strategic Plan fund and non-designated cash. The RWA membership dues are proposed to increase by 5% for FY20, the Associate member dues will increase by 3% and the Affiliate member dues will remain at \$750. Potential budget savings for FY21 include staffing cost savings and advancement of strategic plan expense for a total savings of \$90,000. Additional FY21 expenditures are the unfunded PERS liability, the shift in WEP to 50%, server replacement and an increase in professional services. There are FY21 budget benefits from FY19 and FY20 years, future expenditures have been adjusted as of FY21, FY22 and going forward will depend upon an increase in revenues to balance the budget. Delayed increases in dues may result in higher increases in future years.

Mr. Peifer said that the information presented is for discussion to obtain initial feedback from the Executive Committee. He said that there is a possibility that the WEP budget shifting to 50% may be deferred until after the strategic plan is completed. A draft budget will be presented at the April Executive Committee meeting with a recommendation to the Executive Committee for increasing legal fees. Over the past year legal fees have increased due to requests from the

Executive Director with questions related to complying with the Brown Act, for clarification on agreements, the expansion of programs, coordination of meetings, the strategic planning process, issues with COVID-19 and the office flooding. The increased legal fees do not represent a trend but are for the short term. One part of the strategic plan that needs additional attention is increased funds for better communication.

It was suggested that when increasing dues that RWA be conscious of agencies experiencing financial difficulties due to COVID-19.

7. CHECK SIGNING AUTHORITY POLICY UNDER THE COVID-19 STATE OF EMERGENCY (RWA POLICY 500.6)

Mr. Peifer said that RWA Policy 500.6 defines who may sign checks for the RWA. The policy requires that under certain circumstances, a check must be signed by two individuals depending on the amount, which would include the Board Chair or Vice Chair, in addition to the Executive Director (ED), Manager of Technical Services (MTS), or the Finance and Administrative Services Manager (FASM). For example, for amounts over \$10,000 paid from the General Fund Account, two signatures are required. A copy of policy 500.6 was included in the packet.

While the policy allows for either the ED, MTS, or FASM to sign checks, in practice, the ED signs checks unless he is out of the office for an extended period. The RWA banks with the Bank of America. The Bank of America does not require two signatures on a check and will process a check with one signature.

The various State and Local orders to shelter in place and social distancing will make the acquisition of two signatures impractical for the near future. RWA staff proposes that checks that require two signatures be authorized by the Board Chair or Vice Chair via email approval for the duration of the emergency. The emails will be archived and made available to auditors or others as necessary. Checks will be signed by the FASM for the duration of the emergency with the approval of the ED.

Ryan Bezerra said that on the legality of this issue he did not see a binding requirement for two signatures. The Chair signature is for financial control but may not be viable under the current stay at home order. The suggested solution maintains the financial control for RWA. The Executive Director's legal authority with the JPA to administer for RWA supersedes the policy that is in practice considering the current circumstances. The Executive Director has the power to authorize expenditures and the ability under the direction of the board to manage RWA.

Ms. Reina-Luken said that this was presented to the auditor and there was no objection as long as there was documentation from the Chair approving the check.

It was suggested that for transparency a notification be sent to the RWA Board with the policy and what action will be taken for future check signing noting that this matter was discussed at the Executive Committee and the Executive Director was

directed to proceed pursuant to the JPA in order to implement the necessary changes.

There was acceptance of this policy by all directors in attendance. There was no action item.

Mr. Peifer said that this is the type of guidance that we have needed from legal counsel and this is an example of the many challenges that we are experiencing. We had a similar situation when the office flooded and we needed assistance from legal counsel dealing with the landlord. Both Mr. Peifer and Ms. Reina-Luken are new to the organization and frequently will come across RWA policy where there might be an unusual circumstance and legal counsel is contacted to better understand how to proceed. All of this is in the category of what we are experiencing and the value that Bartkiewicz, Kronick and Shanahan provides RWA.

8. SACRAMENTO CENTRAL GROUNDWATER AUTHORITY

Mr. Peifer thanked Todd Eising, Paul Selsky and John Woodling for joining the teleconference for this meeting. He said that at the March 11, 2020, Sacramento Central Groundwater Authority (SCGA) Board meeting, the SCGA Board directed the Chair and Vice Chair to “bring a roadmap for getting from A to B” with regard to the potential for the RWA to provide staffing services for the SCGA. There was a request during the SCGA Board meeting to establish a joint committee of the RWA, SGA and SCGA chairs and vice chairs for the purpose of facilitating discussions between the three boards. The joint committee would be known as a “2x2x2 committee.” At the March 19, 2020 RWA Board Meeting, Chair Schmitz appointed herself and Vice Chair Sean Bigley to an ad hoc committee which would be part of the 2x2x2 committee.

A meeting with the Chairs and Vice Chairs is to be scheduled to facilitate discussion. Prior to the next meeting Mr. Eising will be working to provide more resolution and definition on what the proposals are. He said that the direction he received from his board is to look at different options for governance and structure and how the options could work. The next steps are to look at meetings with SCGA, RWA and SGA Chairs and Vice Chairs and put the pieces together to see how the road map could fit for all parties. RWA is not being asked to provide staffing sources, staff would need to be added if this does become feasible.

Mr. Peifer recommended we begin thinking about an outreach and communication strategy to our membership to provide complete understanding of the proposal.

Updates will be presented to the Executive Committee and the RWA and SGA Boards as the conversations continue.

9. LEGISLATIVE/REGULATORY UPDATE

Ryan Ojakian, Legislative and Regulatory Affairs Manager said that the Legislature is on recess until April 13th. That recess will likely mirror public health guidelines and

potentially may be extended. Legislation is not being considered an essential service. There are larger questions about how to conduct legislation and maintain necessary public access to the process during this time.

With all of that in mind, the typical legislative deadlines are made by the Legislature and can be changed by the Legislature. That means that with the exception of Constitutional deadlines to pass a budget by June 15th and pass legislation that has been in print for 72 hours by August 31st most all other rules can be waived. Given the uncertainty of this situation it makes sense for RWA to be prepared for the legislative process to move quickly if and when the Legislature resumes. The following are several bills that staff is asking the Executive Committee to take positions on. Mr. Ojakian summarized each bill with the recommend position.

[AB 2095 \(Cooper\)](#), sponsored by Elk Grove Water District. Would authorize the legislative body of a local agency to make, by ordinance, any violation of an ordinance regarding water theft, subject to an administrative fine or penalty of \$1,000 for a first offense, \$2,000 for a second offense, and \$3,000 for third and subsequent offenses. **Recommendation: Support**

[AB 2148 \(Quirk\)](#), requires the Strategic Growth Council (Council), by July 1, 2021, to establish guidelines for the formation of regional climate adaptation planning groups. Requires the Council, by July 1, 2022, to develop criteria for the development of regional climate adaptation plans. **Recommendation: Support and amend**

[AB 2296 \(Quirk\)](#), establishes a fund stabilization program for local primacy agencies. This bill is identical to the final version of AB 402 which RWA went neutral on. There is a request to support this fund through the State General Fund that RWA should support. ACWA took a neutral position on this bill. **Recommendation: Neutral on AB 2296; Support General Fund request to support the program**

[AB 2560 \(Quirk\)](#), establishes a process that the Water Board must follow for the creation or revision of Response Levels (RL) and Notification Levels (NL). **Recommendation: Support**

[AB 2840 \(Rubio\)](#), is a spot bill that may be amended to address MCL compliance periods. If this bill changes into anything different than a spot bill, the Board will be notified and the recommendation may change. **Recommendation: Watch**

[SB 996 \(Portantino\)](#), establishes a Constituents of Emerging Concern (CEC) program to research, develop information and, if necessary, provide recommendations to the state board on CEC's in drinking water. **Recommendation: Support**

[SB 1188 \(Stern\)](#), would require DWR to include in the Water Plan update a discussion of various strategies for increasing regional water resilience. **Recommendation: Support and amend**

[SB 1258 \(Stern\)](#), would enact the California Climate Technology and Infrastructure Financing Act to require the California Infrastructure and Economic Development Bank, in consultation with specified agencies, to administer the Climate Catalyst Revolving Fund, which the bill would establish to provide financial assistance to projects that may include enhanced water supply or improved water quality.

Recommendation: Watch

[SB 1280 \(Monning\)](#), expands the authority of the Water Board to force consolidations with systems with 500 connections or under. **Recommendation: Watch**

[SB 1320 \(Stern\)](#), requires the office of planning and development to create a California Climate Change Assessment, every 2 years. Additionally, the bill would require the assessment to assess and report the impacts and risks of climate change and identify potential solutions to inform legislative policy. Among the issues the climate assessment would look at are “impacts, risks and solutions to” water supply and water quality from climate change. **Recommendation: Support and amend**

[SB 1329 \(Wilk\)](#), would establish the Climate Innovation Grant Program, to be funded with voluntary “tax check offs” and administered by the Strategic Growth Council or another entity identified by the council. The bill would establish the Climate Innovation Fund, a special fund, in the State Treasury and would continuously appropriate the moneys in the fund to the council for purposes of the program. The Climate Innovation Fund can be used to address water supply reliability and quality. **Recommendation: Support and amend**

[SB 1362 \(Stern\)](#), would require the state air resources control board, no later than July 1, 2021, to adopt a comprehensive strategy to achieve carbon neutrality in the state by no later than December 31, 2045. Among other things the strategy is required prioritize the development of co-benefits, water quality is listed among co-benefits. **Recommendation: Watch**

[SB 1386 \(Moorlach\)](#), is a spot bill intended to address legal action on the ability of water agencies to charge property related fees for fire hydrants. Sponsors have shared language and several RWA members have had an opportunity to weigh in on that language. **Recommendation: Support and amended**

M/S/C Mr. Smith moved, with a second by Mr. Bigley, to adopt the proposed positions on legislation. Ron Greenwood, Carmichael Water District, Sean Bigley, City of Roseville, Michelle Carrey, City of Sacramento, Paul Schubert, Golden State Water Company, Brent Smith, Placer County Water Agency, Kerry Schmitz, Sacramento County and Dan York, Sacramento Suburban Water District voted yes. The motion carried by the unanimous voice vote of all directors present.

10. EXECUTIVE DIRECTOR'S REPORT

Policy 400.4, Executive Director Performance Evaluation Procedure states a time frame to complete the evaluation process. Chair Schmitz appointed an evaluation committee including herself, Caryl Sheehan, Marcus Yasutake and Brent Smith. Chair Schmitz will act as chair of the committee.

An Operations Continuity conference call with the water distribution staff of one of the RWA member agencies is scheduled for later today. The call is to make sure that the member agencies are able to meet the needs of staffing and resources. Mr. York is allowing collaboration with the operations manager for Sacramento Suburban Water District in preparing the agenda for the conference call today. Mr. Peifer thanked Greg Zlotnick for initiating the idea that has generated a lot of interest.

There is interest in a federal infrastructure stimulus package where the Federal Affairs Ad Hoc Committee, in accordance with the Brown Act could participate. The objective is to present ideas and projects that would be helpful to our DC delegation and to the advocates who work for our member agencies and for the RWA. Mr. Peifer talked with David Reynolds, ACWA staff, asking him to observe our process and receive guidance from him. Part of this is to build deeper ties with ACWA and DC staff. Mr. Bigley said that it is important for us and the region and this is an opportunity for us to participate in the recovery of the economy and getting people back to work.

Ms. Talbot said that she will be on a conference call with agencies throughout the state. She reached out to the State Water Board staff who will be posting an agenda for a scheduled conference call on April 7th with a revised regulatory item to be discussed.

A letter from Governor Newsom to the Department of Interior was included in the packet. The letter requested federal funding support for the Sacramento Regional Water Bank expanding the conjunctive water use capabilities of local water providers.

11. DIRECTORS' COMMENTS

Mr. Greenwood announced that Cathy Lee will be the new General Manager for Carmichael Water District.

Mr. Smith said that the COVID-10 response is ongoing with Placer County Water Agency staff working from home. The agency is reaching out to small agencies with public outreach and connecting them with updated information.

Ms. Carrey said counsel for the City of Sacramento approved the RWA funding agreement and ASR program.

ADJOURNMENT

Chair Schmitz adjourned the meeting at 11:05 a.m.

By:

Chairperson

Attest:

Josette Reina-Luken, Board Secretary / Treasurer

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AGENDA ITEM 4: FISCAL YEAR 2020 – 2021 BUDGET

BACKGROUND:

Each year the Executive Committee (EC) reviews and makes a recommendation for adoption of the budget by the RWA board. The EC discussed some strategic drivers of the proposed Fiscal Year 2020-2021 budget (“FY21 Budget”) at the March 25, 2020 EC meeting. The EC was presented with a list of the significant topics that impacted the development of the budget objectives and outcomes which drive fees and expenses.

The following subjects were discussed:

- 1) In light of the current economic situation and many agencies preparing for budget reductions, the Executive Committee stressed the need to keep membership dues as low as possible. The potential of associate members being increased to 5% instead of 3% as decided last year was also mentioned. It was agreed that affiliate members not receive any increase as part of RWA’s mission to continue to foster regional communication and education regarding water issues.
- 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 FY20, 40% of the costs are supported by RWA core dues. The proposed FY21 budget also assumed an increase of shifting the last 10% of WEP staffing (capping at 50% in FY21). At this time, the decision to shift an additional 10% in WEP staffing costs has been deferred pending the outcome of the Strategic Plan Workshop sessions which will help define where RWA resources should be focused on in the future. This decision will result in a decrease in planned RWA membership dues but an increase in WEP Program subscription fees in order to help balance expenses. Current projection for WEP increase in FY21 is approximately 3% subject to the WEP budget committee approval.
- 3) In keeping with RWA’s Policy 500.15 Defined Benefit Pension Plan Funding policy, the FY21 budget will reflect an additional payment above the required annual payment to the pension plan unfunded liability. The EC was provided a higher than anticipated estimated unfunded liability balance of approximately \$110,000 due to changes in PERS calculation methodology, mortality table updates, and a reduction in PERS discount rate. Because RWA is paying off this unfunded liability over four years, the amount to pay can create volatility from year to year, both increases and decreases to payments. For FY21, RWA’s budgeted payment is \$36,667 versus the \$15,000 expected payment based upon the previous estimated unfunded liability balances. The amount to pay in FY22 will be recalibrated based upon updated balance data and

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could be higher or lower than \$36,667. These payments reflect RWA's liabilities. SGA pays its own contributions direct to CalPERS since SGA became a CalPERS member in FY17.

- 4) Additionally, a one-time expense of \$20,00 for the computer server replacement has been budgeted for FY21 to be split on a 50/50 cost-share with SGA per the Administrative and Management Services Agreement. All other office expenses are to be adjusted by 3% for inflation increase or 5% for Professional Fees (example: legal and consulting fees), unless otherwise indicated by a contractual fee schedule (i.e. rental agreement).

Based upon the discussions above as well as historical financial information, the FY21 proposed budget is attached for your review.

Summary Budget Overview

Revenues

- 1) A total 7% increase on general membership and 3% increase on associate membership fees is proposed. An 18% increase was forecast in the previous year for FY21. The lower fee partially reflects that RWA FY19 audit results were better than previously expected by approximately \$290,700 mostly due to savings in administrative (staffing) expenses and interest income. FY20 projected budget reflects a small deficit of approximately \$31,000 as opposed to the planned \$156,000 deficit. There was a four-month vacancy of the Executive Director position in FY19 and it is these savings that has resulted in an improved cash position as well as budget savings in the following year. This positive cash balance will carry forward in future years and will aide in balancing the budget in the short-term. These savings will also assist towards the unfunded pension liability payments, acceleration of RWA's Strategic Plan update, and increased communication in FY20 and beyond. Additionally, core revenues will remain at 40% of the WEP manager costs and related office expenses as opposed to the planned 50% in FY21.
- 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. SGA does pay for 20% of the Project Research Assistant position. Beginning in FY21 budget, SGA will also pay for 10% of the Legislative and Regulatory Program Manager position and a half-time retired annuitant to assist with the Groundwater Sustainability Plan (GSP) development. As RWA is the employer of all staff, SGA positions, even those that are dedicated solely to SGA, are budgeted within RWA but then reimbursed in the SGA service fees.

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- 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. These revenues are not always known at the time when the budget is being developed and can have a positive impact on RWA's net income. Such is the case in FY20, when staff was able to offset their staffing costs by charging billable time the Aquifer Storage and Recovery Study (ASR) and the Proposition 1 IRWM grant application.
- 6) Other revenues represent interest income and holiday social revenues.

Expenses

- 1) The core program budgets for all staffing positions.
- 2) Shared staffing costs are allocated 50/50 to SGA and RWA. Beginning in FY21, the Legislative and Regulatory Program Manager is 90% 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, and a half-time retired annuitant for SGA (estimated at \$60,000 in salary). These allocations result in 4.7 FTEs for RWA and 2.8 FTEs for SGA; total of 7.5 FTE.
- 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. As mentioned above, there were savings in salary and benefit projections for FY 19 and FY 20 due to staffing retirements. However, salaries have been adjusted to reflect actual salary costs starting in FY 21.
- 4) Benefit costs also include projected increases for retiree health care and PERS retirement benefits. Benefits also include estimates for future Other Post Employment Benefit (OPEB) costs for new employees.
- 5) RWA continues to plan for additional CalPERS pension payments for the unfunded liability. The planned additional payment in FY21 is \$36,667.
- 6) 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.
- 7) Professional fees include 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, IRWM consulting costs, and 100% of the state's water advocacy consulting fees.
- 8) Other includes office equipment purchases including replacing the computer server.

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- 9) Core project expenses include costs associated with the Powerhouse Science Center partnership at approximately \$25,000 per year through FY 2030.

Revenues net of Expenses

- 1) Core expenses in excess of core revenues project a net cash outflow of approximately \$176,779 for the core program. The subscription-based programs pay for use of staff time as well as some allocated office costs to run these programs.
- 2) Subscription expenses in excess of subscription revenues projected a deficit by approximately \$13,267. 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 \$190,046.

Designations

- 1) The operating fund is targeted greater than six months for FYE 20-21 (using the new method of netting SGA reimbursements), which is above the policy guideline of four to six months. Funds in excess of the Operating Fund Designation revert to undesignated cash which will can later be applied towards future year expenses in order to keep membership dues consistent.
- 2) The Powerhouse Science Center (“PSC”) designation represents the difference in collection of fees for this project versus the payments made per the PSC contract.
- 3) The designations are detailed by type. The total change in cash from Projected FY20 to Proposed FY21 by subtotal for the core program reflects the overall net cash outflow of approximately \$176,779 and the effect on each type of designation. Most of the cash outflow is being funded by the Powerhouse Science Center and the non-designated funds.
- 4) The designations for the subscription program, including WEP, reflect a decrease in approximately \$13,267 over subscription-based expenses. These programs typically collect revenues in advance of expenses. The projected deficit will be offset by prior year cash balance.

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

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towards the Core program for staffing and office costs, which is budgeted at 10% for FY21. Adopting the fiscal year 2020-2021 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) For the FY21 budget, a total of 40% of expenses, or approximately \$82,000, 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 FY21 is reflected in the changes in the individual restrictions.

Outlook for FY 2022

In looking out to the future, RWA can anticipate a consistent increase in dues at 7% in the out years in order to meet increased expenses and maintain compliance with all budget policies. It is expected that all non-designated cash will be depleted by the end of FY22. Although RWA will still Operating Fund designation for unplanned expenditures, RWA will not have the same cash fluidity as in prior years. Future projections assume RWA and SGA share staffing and administrative costs will remain the same, subscription-based programs will contribute approximately 10% of revenues to pay for Core staffing and office costs, and the WEP Manager costs to be funded 40% by core dues.

April 22, 2020

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 and Discussion: Josette Reina-Luken, Financial and Administrative Services Manager

Action: Recommend RWA Board adoption of the Fiscal Year 2020-2021 budget



2020 - 2021 FYE Budget Summary

Projected Fee Increase **7.00%**

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. **7.00%**
- 2) SGA Service Fees represents 50% cost sharing excluding staffing allocated to WEP, 90% of legislative program manager 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) Other represents interest income and holiday social revenues.
- 5) Subscription Program represents revenues for subscription services from the Water Efficiency Program, Prop 84, Regional Reliability, Prop 1, Drought grant, Aquifer Storage and Recovery, and Landscape Imagery. These subscription based programs are subject to approval by the by the individual participants. The revenues are included for total cash flow estimate purposes.
Adopting the fiscal year 2020-2021 budget does not approve the subscription based programs.

Expenses

- 1) Staffing costs include the WEP program staff.
- 2) Staff is allocated 50/50 to SGA and RWA, excluding the WEP position, the project assistant and the water advocacy staff. The project assistant splits time between SGA, WEP and RWA subscription projects. With the addition of a retired annuitant for SGA and SGA's 10% contribution to RWA's Legislative Manager position, RWA has 4.7 FTEs (WEP represents 1.3 FTE) and SGA has 2.8 FTE. Staffing costs are projected within salary ranges and includes a 4% increase for merit and a 2% COLA. Since FY19, employees pay their entire share of employee PERS.
- 3) Staffing expenses include additional annual payments to pay the unfunded PERS pension liability over a four year period beginning FY19. 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 WEP project manager is projected to be funded 60% by WEP dues and 40% by RWA core dues.
- 5) Office costs generally assume 3% increases unless specific increases have been identified, such as the office lease.
- 6) Professional fees include audit, actuarial, PR, accounting, legal, human resources, regional water issues and includes \$10,000 in consulting fees for IRWM related activities and \$23,000 in general consulting in FY21.
- 7) Other includes office and computer equipment purchases including the replacement of the server in FY21.
- 8) Core Project Expenses includes Powerhouse Science Center expense of \$25,000.
- 9) Subscription Program represents the direct consulting and expenses for these subscription programs as well as the staff and office costs for the programs. These costs have been included in the program budget to show the cash flow effect on these programs. However, on a consolidated basis (see Summary Table), the staffing and office costs are not included in both budgets in order to avoid double counting costs.



2020 - 2021 FYE Budget Summary

Projected Fee Increase 7.00%

Combined Core & Subscription Program Budget

Major Assumptions - See Budget notes for other Budget assumptions

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

- 1) On a combined basis, expenses are expected to exceed revenues by \$190,046, mainly due to core expenses exceeding core revenues.
- 2) Core expenses are expected to exceed revenues by approximately \$176,779. The difference will be paid from the Powerhouse Science Fund at \$25,000 with the remainder being paid from undesignated funds.
- 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 FY21, approximately 60% 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. Approximately 40% of the WEP project manager position and related office costs are paid by RWA core dues.

Designations/Restrictions

- 1) The Operating fund is projected to be in excess of seven months at the end of FY21 with a 7% fee increase.
- 2) The designations and restrictions are broken out by type and subtotaled by core and subscription services. The total change in cash from Projected FY20 to Proposed FY21 by subtotal reflect the departmental effect on each designation and restriction group.
- 3) Since RWA's budget anticipates making annual additional lump sum payments to pay down the unfunded liability, these payments are coming from current dues on an annual basis.

FY22 and beyond

- 1) 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.
- 2) RWA can expect to incur additional integrated water management costs which are forecasted to be approximately \$10K per year.
- 3) The budget assumes that the current membership remains stable.



2020 - 2021 FYE Budget Summary

Projected Fee Increase

7.00%

Summary Core only program - includes WEP staffing

See Budget Notes for Budget assumptions

	Actual FY19	Budget FY20	Projected FY20	Proposed FY21	Comments
Revenues					
Dues	\$ 958,631	\$ 1,006,100	\$ 1,005,700	\$ 1,074,400	See Fee Schedule for breakout
SGA Service Fee	\$ 479,653	\$ 622,300	\$ 592,300	\$ 661,850	Based upon shared costs
Subscription Programs					
WEP	(C) \$ 170,346	\$ 136,400	\$ 147,000	\$ 150,100	Cost reimbursement fees from WEP subscription program
Other	(C) \$ 72,277	\$ 57,500	\$ 68,800	\$ 22,400	Cost reimbursement fees from other subscription programs
Other	\$ 63,704	\$ 38,700	\$ 65,700	\$ 50,000	Interest and holiday social revenues
Total Revenues	\$ 1,744,611	\$ 1,861,000	\$ 1,879,500	\$ 1,958,750	
Expenses					
Staff	\$ 1,077,690	\$ 1,446,600	\$ 1,292,081	\$ 1,511,629	Includes 7.5 FTEs and CalPERS payment for unfunded liability in out years
Office	\$ 122,980	\$ 147,400	\$ 147,400	\$ 162,300	General 3% cost increases assumed unless specifically identified increase
Professional Fees	\$ 234,418	\$ 370,300	\$ 422,325	\$ 403,600	Audit, actuarial, PR, accounting, legal, IRWM, human resources, water advocacy
Core Project Expenses	\$ 33,899	\$ 38,500	\$ 38,500	\$ 35,000	Powerhouse payment
Other	\$ 1,910	\$ 15,000	\$ 10,536	\$ 23,000	Computer server and equipment replacement
Total Expenses	\$ 1,470,897	\$ 2,017,800	\$ 1,910,842	\$ 2,135,529	
Core Revenue less Expenses	(A) \$ 273,714	\$ (156,800)	\$ (31,342)	\$ (176,779)	Excludes Subscription programs. Positive result = core revenues < expenses; negative amount = expenses > revenues
Transfer to Regional Reliability	\$ -	\$ -	\$ -	\$ -	
Total Source (Use) of Funds	\$ 273,714	\$ (156,800)	\$ (31,342)	\$ (176,779)	
Cash, beginning	\$ 1,239,497	\$ 1,513,211	\$ 1,513,211	\$ 1,481,869	
Source (Use) of Funds	(A) \$ 273,714	\$ (156,800)	\$ (31,342)	\$ (176,779)	
Net change	\$ 273,714	\$ (156,800)	\$ (31,342)	\$ (176,779)	
Cash, ending	\$ 1,513,211	\$ 1,356,411	\$ 1,481,869	\$ 1,305,090	
DESIGNATIONS					Increase (decrease)
					in Cash
Designations					
Operating Fund	\$ 672,700	\$ 708,100	\$ 708,100	\$ 752,400	\$ 44,300
Membership Dues Fund	\$ 142,700	\$ 149,700	\$ 149,700	\$ 160,000	\$ 10,300
Subscription Program Stabilization	\$ 19,700	\$ 19,400	\$ 19,400	\$ 19,400	\$ -
Pension Plan Unfunded Liability	\$ -	\$ -	\$ -	\$ -	\$ -
Powerhouse Science Center	\$ 200,387	\$ 161,053	\$ 161,053	\$ 136,053	\$ (25,000)
Strategic Plan Fund	\$ 49,748	\$ -	\$ -	\$ -	\$ -
Office Move	\$ 12,100	\$ -	\$ -	\$ -	\$ -
Non-designated cash	\$ 415,876	\$ 318,158	\$ 443,616	\$ 237,237	\$ (206,379)
Subtotal core cash	\$ 1,513,211	\$ 1,356,411	\$ 1,481,869	\$ 1,305,090	\$ (176,779)



2020 - 2021 FYE Budget Summary
Summary Program only
See Program Notes for Budget Assumptions

Subscription Programs		Actual FY19	Budget FY20	Projected FY20	Proposed FY21	
Revenues		\$ 4,691,644	\$ 4,405,400	\$ 5,319,357	\$ 3,024,858	Water Efficiency Program, Prop 84, Regional Reliability, Drought grant, Aquifer Storage and Recovery, & Landscape Imagery
Expenses - Direct Program		\$ 4,454,958	\$ 4,121,600	\$ 4,872,551	\$ 2,865,625	Water Efficiency Program, Prop 84, Regional Reliability, Drought grant, Aquifer Storage and Recovery, & Landscape Imagery
WEP Expenses - Allocated Program	(C)	\$ 170,346	\$ 136,400	\$ 147,000	\$ 150,100	Staffing and office costs allocated to subscription programs - WEP
Other Expenses - Allocated Program	(C)	\$ 72,277	\$ 57,500	\$ 68,800	\$ 22,400	Staffing and office costs allocated to other subscription programs
		\$ 4,697,581	\$ 4,315,500	\$ 5,088,351	\$ 3,038,125	
Net subscription income (loss)	(B)	<u>\$ (5,937)</u>	<u>\$ 89,900</u>	<u>\$ 231,006</u>	<u>\$ (13,267)</u>	
Cash, beginning		\$ 1,239,173	\$ 708,072	\$ 1,021,922	\$ 1,252,928	
Source (Use) of Funds		\$ (5,937)	\$ 89,900	\$ 231,006	\$ (13,267)	
Advance adjustments		\$ (211,314)	\$ -	\$ -	\$ -	Adjusting for cash used versus accrual accounting of costs
Cash, ending		<u>\$ 1,021,922</u>	<u>\$ 797,972</u>	<u>\$ 1,252,928</u>	<u>\$ 1,239,661</u>	
						Increase (decrease) in Cash (FY20 to FY21)
Restrictions and advances						
2015 IRWM Grant (P84 Round 3)		\$ 18,412	\$ 33,504	\$ 14,512	\$ -	\$ (14,512)
2015 IRWM Grant (WEP R3)		\$ 1,661	\$ -	\$ 1,661	\$ -	\$ (1,661)
2018 Calfed Meter Mgmt Fees (WEP)		\$ 7,543	\$ -	\$ 7,543	\$ -	\$ (7,543)
Prop 50 Grant Management		\$ -	\$ 790	\$ -	\$ -	\$ -
Prop 84 Grant Management		\$ 49,553	\$ 40,848	\$ 49,553	\$ 2,400	\$ (47,153)
ARB Study		\$ -	\$ -	\$ -	\$ -	\$ -
2014 Drought Management		\$ 27,583	\$ 22,252	\$ 27,583	\$ -	\$ (27,583)
Direct Install		\$ 11,549	\$ 11,549	\$ 10,000	\$ -	\$ (10,000)
Regional Reliability		\$ 7,000	\$ 66	\$ 7,448	\$ 7,000	\$ (448)
Government Relations Contract Lobbyist		\$ 26,806	\$ 26,806	\$ -	\$ -	\$ (26,806)
SRCS D		\$ 1,082	\$ 2,200	\$ -	\$ -	\$ (2,200)
Landscape Imagery		\$ 31,198	\$ 3	\$ 30,969	\$ 30,969	\$ -
Water Efficiency Program - Cat 1		\$ 626,300	\$ 800,360	\$ 800,360	\$ 951,533	\$ 151,173
Water Efficiency Program - Cat 2		\$ (128,257)	\$ (128,857)	\$ (128,857)	\$ (128,857)	\$ -
		<u>\$ 680,430</u>	<u>\$ 809,521</u>	<u>\$ 820,772</u>	<u>\$ 863,045</u>	<u>\$ 13,267</u>
						\$ -
Reconcile Summary Split to Summary Table				Projected FY20	Proposed FY21	
Core Program Income (Loss)	(A)			\$ (31,342)	(A) \$ (176,779)	
Subscription Program Income (loss)	(B)			\$ 231,006	(B) \$ (13,267)	
RWA Total	(D)			<u>\$ 199,664</u>	(D) <u>\$ (190,046)</u>	See Summary Combined Table

% increase in fees:	7.00%	7.00%	7.00%	7.00%	7.00%
% increase in expenses	3.00%	3.00%	3.00%	3.00%	3.00%

RWA PROPOSED FY' 2020-2021 BUDGET PROJECTION

5-Year Projection

	RWA FY 19 Actual Per Audit	RWA FY 20 Budget	RWA FY 20 Actual at Dec. 2019	RWA Total FY 20 Projected	RWA FY 21 Budget	Notes	RWA Projected FY 22	RWA Projected FY 23	RWA Projected FY 24	RWA Projected FY 25
ANNUAL REVENUES										
OPERATING REVENUES										
General Assessments/Fees	\$ 897,831	\$ 943,300	\$ 943,264	\$ 943,300	\$ 1,009,300	1	\$ 1,080,000	\$ 1,155,600	\$ 1,236,500	\$ 1,323,100
Associate Membership Fee	\$ 53,300	\$ 54,900	\$ 54,900	\$ 54,900	\$ 57,600	2	\$ 59,300	\$ 61,100	\$ 62,900	\$ 64,800
Affiliate Membership Fee	\$ 7,500	\$ 7,900	\$ 7,500	\$ 7,500	\$ 7,500	3	\$ 7,500	\$ 7,500	\$ 7,500	\$ 7,500
SGA Service Agreement Fee	\$ 479,653	\$ 622,300	\$ 269,678	\$ 592,300	\$ 661,850	4	\$ 870,563	\$ 875,500	\$ 883,100	\$ 887,100
WEP Subscription Program	\$ 170,346	\$ 136,400	\$ 68,200	\$ 147,000	\$ 150,100	5	\$ 156,100	\$ 161,500	\$ 167,900	\$ 174,600
Subscription Program - other	\$ 72,277	\$ 57,500	\$ 28,750	\$ 68,800	\$ 22,400	5	\$ 2,400	\$ -	\$ 2,400	\$ 2,400
Miscellaneous Revenues	\$ 7,312	\$ 8,000	\$ 6,608	\$ 7,700	\$ 8,000	6	\$ 8,200	\$ 8,400	\$ 8,700	\$ 9,000
Interest Income	\$ 56,392	\$ 30,700	\$ 28,259	\$ 58,000	\$ 42,000	7	\$ 34,500	\$ 17,900	\$ 15,500	\$ 12,000
TOTAL REVENUE	\$ 1,744,611	\$ 1,861,000	\$ 1,407,159	\$ 1,879,500	\$ 1,958,750		\$ 2,218,563	\$ 2,287,500	\$ 2,384,500	\$ 2,480,500
STAFF EXPENSES (General):										
Staff Salaries/Wages - 100%	\$ 779,982	\$ 1,004,000	\$ 458,866	\$ 845,671	\$ 1,015,462	8	\$ 1,112,400	\$ 1,168,100	\$ 1,238,600	\$ 1,269,560
Benefits	\$ 165,290	\$ 312,700	\$ 167,378	\$ 334,756	\$ 349,704	9	\$ 393,600	\$ 418,300	\$ 443,700	\$ 472,540
Pension Plan Unfunded Liability	\$ 63,000	\$ 15,000	\$ -	\$ 15,000	\$ 36,700	10	\$ 36,700	\$ 36,700	\$ -	\$ -
Payroll Taxes	\$ 52,655	\$ 77,900	\$ 36,709	\$ 67,654	\$ 70,863	11	\$ 89,000	\$ 93,400	\$ 99,100	\$ 101,600
Travel/Meals/Conferences	\$ 16,152	\$ 30,000	\$ 8,323	\$ 25,000	\$ 31,500	12	\$ 32,400	\$ 33,400	\$ 34,400	\$ 35,400
Professional Development/Training	\$ 611	\$ 7,000	\$ 1,003	\$ 4,000	\$ 7,400	13	\$ 7,600	\$ 7,800	\$ 8,000	\$ 8,200
TOTAL GENERAL STAFF EXPENSES	\$ 1,077,690	\$ 1,446,600	\$ 672,279	\$ 1,292,081	\$ 1,511,629		\$ 1,671,700	\$ 1,757,700	\$ 1,823,800	\$ 1,887,300

% increase in fees:	7.00%	7.00%	7.00%	7.00%	7.00%
% increase in expenses	3.00%	3.00%	3.00%	3.00%	3.00%

RWA PROPOSED FY' 2020-2021 BUDGET PROJECTION

5-Year Projection

	RWA FY 19 Actual Per Audit	RWA FY 20 Budget	RWA FY 20 Actual at Dec. 2019	RWA Total FY 20 Projected	RWA FY 21 Budget	Notes	RWA Projected FY 22	RWA Projected FY 23	RWA Projected FY 24	RWA Projected FY 25
OFFICE EXPENSES:										
Rent & Utilities Contract	\$ 30,814	\$ 32,300	\$ 16,770	\$ 32,300	\$ 35,600	14	\$ 35,600	\$ 35,600	\$ 37,200	\$ 37,200
General Liability Insurance	\$ 27,888	\$ 29,000	\$ 37,935	\$ 37,935	\$ 38,000	15	\$ 39,100	\$ 40,300	\$ 41,500	\$ 41,500
Office Maintenance	\$ -	\$ 600	\$ -	\$ 400	\$ 700	16	\$ 800	\$ 900	\$ 1,000	\$ 1,000
Postage and Postal Meter	\$ 2,569	\$ 2,900	\$ 2,398	\$ 2,900	\$ 3,000	17	\$ 3,100	\$ 3,200	\$ 3,300	\$ 3,300
Telephone/internet/web hosting	\$ 11,903	\$ 12,900	\$ 4,431	\$ 12,900	\$ 13,300	18	\$ 13,700	\$ 14,100	\$ 14,500	\$ 14,500
Meetings & Annual Banquet	\$ 11,987	\$ 13,400	\$ 1,544	\$ 14,865	\$ 13,800	19	\$ 14,200	\$ 14,600	\$ 15,000	\$ 15,400
Printing/Supplies	\$ 13,396	\$ 21,200	\$ 6,682	\$ 15,000	\$ 21,800	20	\$ 22,500	\$ 23,200	\$ 23,900	\$ 24,200
Dues & Subscriptions	\$ 8,367	\$ 11,600	\$ 5,778	\$ 11,500	\$ 11,900	21	\$ 12,300	\$ 12,700	\$ 13,100	\$ 13,500
Computer hardware/software	\$ 5,715	\$ 5,600	\$ -	\$ 5,600	\$ 5,800	22	\$ 6,000	\$ 6,200	\$ 6,400	\$ 6,600
Computer maintenance	\$ 10,341	\$ 17,900	\$ 4,130	\$ 14,000	\$ 18,400	23	\$ 18,950	\$ 19,500	\$ 20,100	\$ 20,700
TOTAL OFFICE EXPENSE	\$ 122,980	\$ 147,400	\$ 79,668	\$ 147,400	\$ 162,300		\$ 166,250	\$ 170,300	\$ 176,000	\$ 177,900
PROFESSIONAL FEES										
RWA Legal	\$ 77,793	\$ 52,500	\$ 33,661	\$ 62,000	\$ 65,000	24	\$ 68,300	\$ 71,700	\$ 75,300	\$ 79,050
RWA/SGA Audit	\$ 27,850	\$ 27,500	\$ 27,250	\$ 34,225	\$ 28,100	25	\$ 28,700	\$ 29,300	\$ 30,200	\$ 30,500
ADP Payroll Services/banking	\$ 2,344	\$ 2,700	\$ 1,003	\$ 2,700	\$ 2,800	26	\$ 3,000	\$ 3,100	\$ 3,200	\$ 3,300
RWA Consultants	\$ 126,431	\$ 287,600	\$ 87,314	\$ 323,400	\$ 307,700	27	\$ 323,950	\$ 344,200	\$ 344,600	\$ 346,050
TOTAL PROFESSIONAL FEES	\$ 234,418	\$ 370,300	\$ 149,228	\$ 422,325	\$ 403,600		\$ 423,950	\$ 448,300	\$ 453,300	\$ 458,900
OTHER EXPENSES										
Office furniture & Fixed Assets - Net		\$ 2,900	\$ 536	\$ 6,536	\$ 3,000	28	\$ 3,100	\$ 3,200	\$ 3,300	\$ 3,400
Office Move	\$ 1,910	\$ 12,100	\$ -	\$ 4,000	\$ -	28	\$ -	\$ -	\$ -	\$ -
New Server	\$ -	\$ -	\$ -	\$ -	\$ 20,000	28	\$ -	\$ -	\$ -	\$ -
TOTAL Other Expenses	\$ 1,910	\$ 15,000	\$ 536	\$ 10,536	\$ 23,000		\$ 3,100	\$ 3,200	\$ 3,300	\$ 3,400
CORE PROJECT EXPENSES										
IRWM	\$ 8,899	\$ -	\$ -	\$ -	\$ 10,000		\$ 10,000	\$ 10,000	\$ 10,000	\$ 10,000
Powerhouse Science Center	\$ 25,000	\$ 38,500	\$ 13,500	\$ 38,500	\$ 25,000	29	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000
Total Core Project Expenses	\$ 33,899	\$ 38,500	\$ 13,500	\$ 38,500	\$ 35,000		\$ 35,000	\$ 35,000	\$ 35,000	\$ 35,000
TOTAL EXPENSES	\$ 1,470,897	\$ 2,017,800	\$ 915,211	\$ 1,910,842	\$ 2,135,529	30	\$ 2,300,000	\$ 2,414,500	\$ 2,491,400	\$ 2,562,500
Net Income (Loss) - Total	\$ 273,714	\$ (156,800)	\$ -	\$ (31,342)	\$ (176,779)	31	\$ (81,437)	\$ (127,000)	\$ (106,900)	\$ (82,000)
Total source (used) funds	\$ 273,714	\$ (156,800)	\$ -	\$ (31,342)	\$ (176,779)	31	\$ (81,437)	\$ (127,000)	\$ (106,900)	\$ (82,000)

% increase in fees:					7.00%		7.00%	7.00%	7.00%	7.00%
% increase in expenses					3.00%		3.00%	3.00%	3.00%	3.00%
RWA PROPOSED FY' 2020-2021 BUDGET PROJECTION						5-Year Projection				
	RWA FY 19 Actual Per Audit	RWA FY 20 Budget	RWA FY 20 Actual at Dec. 2019	RWA Total FY 20 Projected	RWA FY 21 Budget	Notes	RWA Projected FY 22	RWA Projected FY 23	RWA Projected FY 24	RWA Projected FY 25
CALCULATED CASH RESERVES										
CASH available, Beginning	\$ 1,239,497	\$ 1,513,211	\$ 1,513,211	\$ 1,513,211	\$ 1,481,869	32	\$ 1,305,090	\$ 1,223,654	\$ 1,096,654	\$ 989,754
SOURCE (USE) OF FUNDS	\$ 273,714	\$ (156,800)	\$ -	\$ (31,342)	\$ (176,779)	31	\$ (81,437)	\$ (127,000)	\$ (106,900)	\$ (82,000)
CASH available, Ending	\$ 1,513,211	\$ 1,356,411	\$ 1,513,211	\$ 1,481,869	\$ 1,305,090	33	\$ 1,223,654	\$ 1,096,654	\$ 989,754	\$ 907,754
Operating Fund (4 to 6 months)	\$ 672,700	\$ 708,100		\$ 708,100	\$ 752,400	34	\$ 740,700	\$ 795,800	\$ 716,800	\$ 645,800
Membership Dues Stabilization @ 15%	\$ 142,700	\$ 149,700		\$ 149,700	\$ 160,000	35	\$ 170,900	\$ 182,500	\$ 194,900	\$ 208,200
Subscription Progr. Stabilization @ 10%	\$ 19,700	\$ 19,400		\$ 19,400	\$ 19,400	36	\$ 15,900	\$ 16,200	\$ 17,000	\$ 17,700
Powerhouse Science Center Fund	\$ 200,387	\$ 161,053		\$ 161,053	\$ 136,053	37	\$ 111,053	\$ 86,053	\$ 61,053	\$ 36,053
Non-designated Cash	\$ 415,876	\$ 318,158		\$ 443,616	\$ 237,237	38	\$ 185,101	\$ 16,101	\$ 1	\$ 1
Total Cash in bank	\$ 1,513,211	\$ 1,356,411	\$ -	\$ 1,481,869	\$ 1,305,090	33	\$ 1,223,654	\$ 1,096,654	\$ 989,754	\$ 907,754
# of months core + non-designated cash covers expenses	14.6	6.0		10.3	7.8	39	7.5	6.1	5.2	4.5



2020 - 2021 FYE Budget Summary

Projected Fee Increase

7.00%

Combined Core & Subscription Program Budget

See Budget and Program Notes for Budget Assumptions

	Projected FY20	Proposed FY21	Change from Prior Year	Comments
Revenues				
Dues	\$ 1,005,700	\$ 1,074,400	\$ 68,700	Projected rate increase 7.00%
SGA Service Fee	\$ 592,300	\$ 661,850	\$ 69,550	Based upon shared costs
Other	\$ 65,700	\$ 50,000	\$ (15,700)	Interest, holiday social
Subscription Program	\$ 5,319,357	\$ 3,024,858	\$ (2,294,499)	Water Efficiency Program, Prop 84, Regional Reliability, Drought grant, Aquifer Storage and Recovery, & Landscape Imagery
Total Revenues	\$ 6,983,057	\$ 4,811,108	\$ (2,171,949)	
Expenses				
Staff	\$ 1,292,081	\$ 1,511,629	\$ 219,548	All staff costs, including additional pension plan liability payment
Office	\$ 147,400	\$ 162,300	\$ 14,900	General 3% cost increases assumed and some specific cost increases
Professional Fees	\$ 422,325	\$ 403,600	\$ (18,725)	Audit, PR, accounting, legal, actuary, human resources, water advocacy
Core Project Expenses	\$ 38,500	\$ 35,000	\$ (3,500)	Powerhouse Science Center, IRWM
Other expenses	\$ 10,536	\$ 23,000	\$ 12,464	Office equipment
Subscription Program	\$ 4,872,551	\$ 2,865,625	\$ (2,006,926)	Water Efficiency Program, Prop 84, Regional Reliability, Drought grant, Aquifer Storage and Recovery, & Landscape Imagery
Total Expenses	\$ 6,783,393	\$ 5,001,154	\$ (1,782,239)	
Revenues net of Expenses (D)	\$ 199,664	\$ (190,046)	\$ (389,710)	
Cash, beginning	\$ 2,564,311	\$ 2,788,930	\$ 224,619	
Source (Use) of Funds	\$ 199,664	\$ (190,046)	\$ (389,710)	
Cash, ending	\$ 2,763,975	\$ 2,598,884	\$ (165,091)	
DESIGNATIONS/RESTRICTIONS/ADVANCES			Increase (decrease) in Cash	
<i>Designations</i>				
Operating Fund	\$ 708,100	\$ 752,400	\$ 44,300	
Membership Dues Fund	\$ 149,700	\$ 160,000	\$ 10,300	
Subscription Program Stabilization	\$ 19,400	\$ 19,400	\$ -	
Pension Plan Unfunded Liability	\$ -	\$ -	\$ -	
Powerhouse Science Center	\$ 161,053	\$ 136,053	\$ (25,000)	
Strategic Plan Fund	\$ -	\$ -	\$ -	
Office Move	\$ -	\$ -	\$ -	
Non-designated cash	\$ 443,616	\$ 237,237	\$ (206,379)	
Subtotal core cash	\$ 1,481,869	\$ 1,305,090	\$ (176,779)	
<i>Restrictions and advances</i>				
2015 IRWM Grant (P84 R3)	\$ 14,512	\$ -	\$ (14,512)	
2015 IRWM Grant (WEP R3)	\$ 1,661	\$ -	\$ (1,661)	
2018 Calfed Meter Mgmt Fees (WEP)	\$ 7,543	\$ -	\$ (7,543)	
2018 Calfed Meter Grant Pass Thru (WEP)	\$ -	\$ -	\$ -	
Prop 50 grant Management	\$ -	\$ -	\$ -	
Prop 84 Grant Management	\$ 49,553	\$ 2,400	\$ (47,153)	
ARB Study	\$ -	\$ -	\$ -	
2014 Drought Grant Management	\$ 27,583	\$ -	\$ (27,583)	
Water Energy Grant	\$ 10,000	\$ -	\$ (10,000)	
Regional Reliability	\$ 7,448	\$ 7,000	\$ (448)	
Government Relations Contract Lobbyist	\$ 26,806	\$ -	\$ (26,806)	
SRCS D	\$ 2,200	\$ -	\$ (2,200)	
Landscape Imagery	\$ 30,969	\$ 30,969	\$ -	
Water Efficiency Program - Cat 1	\$ 800,360	\$ 951,533	\$ 151,173	
Water Efficiency Program - Cat 2	\$ (128,857)	\$ (128,857)	\$ -	
Subtotal program restrictions	\$ 849,778	\$ 863,045	\$ 13,267	
Total Cash Designations/Restrictions	\$ 2,331,647	\$ 2,168,135	\$ (163,512)	

RWA
FY 2020-2021 BUDGET PROJECTION NOTES
CORE ONLY

- 1 Assumes a 7% increase in RWA general fees and includes continued additional payment of CalPERS unfunded liability.
- 2 There are five associate members.
- 3 The Affiliate membership helps 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 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. For FY21, RWA is projecting a 40% shift of costs being paid by RWA Core dues.
- 6 Miscellaneous revenues include Holiday Social payments and cash discounts from CalCard for paying on time.
- 7 Interest income from the RWA Local Agency Investment Fund (LAIF) account.
- 8 Staff salaries include a total of seven full time positions and a retired annuitant for SGA, split between the organizations, with a total of 2.8 FTEs for SGA. Employees pay their entire CalPERS contribution of 7%.
- 9 Benefits include employer PERS, medical, vision, dental, disability insurance, OPEB and workers' compensation for the seven full-time staff members. FY 2021 budget anticipates an increase in medical costs of 6.5%, 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.
- 10 Represents the estimated 100% payment of the allocated unfunded pension liability to RWA over four years, with an installment payment in FY2021. The estimated 6.30.19 unfunded balance for RWA is approximately \$110,318. The \$36,700 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.
- 11 Payroll taxes for seven staff members. Payroll taxes for the retired annuitant are included in the retired annuitant costs.
- 12 Travel and conferences.

RWA
FY 2020-2021 BUDGET PROJECTION NOTES
CORE ONLY

- 13 Includes computer training and other professional development classes.
- 14 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, with an option to renew another two years for \$1.15 per square foot.
- 15 Property and liability coverage obtained through ACWA JPIA.
- 16 Includes costs for office maintenance needs.
- 17 Reflects mailing activities and cost of postage machine rental.
- 18 Includes telephone and conference call costs, web hosting for the website and internet service costs.
- 19 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.
- 20 Includes supplies, printing, copier maintenance and copier lease costs.
- 21 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.
- 22 Acquisition of new hardware/software to replace aging and out-of-date components.
- 23 General computer maintenance service.
- 24 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.
- 25 Audit fees are set by the awarded proposal by Gilbert Associates, Inc.
- 26 Payroll service costs for 7 employees, one retired annuitant, plus commercial banking fees.
- 27 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).
- 28 Includes furniture and office equipment including replacement of the server in FY21.

RWA
FY 2020-2021 BUDGET PROJECTION NOTES
CORE ONLY

- 29 Reflects expected annual payment to Powerhouse science center at \$25K per year. (15 years total) Payments to the Powerhouse should be completed by 2030.
- 30 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.
- 31 Represents the difference between total funds received versus total expenses during the year for the core program.
- 32 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.
- 33 Total cash. The designations are detailed in footnotes 34-39
- 34 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.
- 35 Represents membership dues designation according to policy at 15% of anticipated membership dues.
- 36 Represents the subscription program designation according to policy at 10% of expected management fees and indirect office costs.
- 37 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).
- 38 Represents cash over and above designation policies, if any.
- 39 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.

Regional Water Authority

See Budget Projection Notes for Budget Assumptions

FY' 2020-2021 Program Budget Projection

	RWA FY 19 Actual	RWA FY 20 Budget	RWA FY 20 12/31/2019	RWA FY 20 Projected	FY 21 Proposed Budget	Notes	Projected FY 22	Projected FY 23	Projected FY 24	Projected FY 25
REVENUES/GRANTS/AGREEMENTS										
Proposition 50 Grant Management Fees	\$ 4,304	\$ -	\$ -	\$ -	\$ -	1	\$ -	\$ -	\$ -	\$ -
2015 IRWM Grant Pass Through (RWA R3)	\$ -	\$ 657,000	\$ -	\$ 195,225	\$ 657,000	2	\$ -	\$ -	\$ -	\$ -
2015 IRWM Grant Management Fees (RWA R3)	\$ -	\$ 20,000	\$ -	\$ 8,939	\$ 9,000	2	\$ 9,572	\$ -	\$ -	\$ -
2015 IRWM Grant Pass Through (WEP R3)	\$ -	\$ 263,300	\$ -	\$ 83,662	\$ 287,043	2	\$ -	\$ -	\$ -	\$ -
2015 IRWM Grant Management Fees (WEP R3)	\$ -	\$ -	\$ -	\$ 8,283	\$ -	2	\$ -	\$ -	\$ -	\$ -
Regional Reliability Plan Management Fees	\$ 138,372	\$ -	\$ -	\$ 48,875	\$ -	3	\$ -	\$ -	\$ -	\$ -
Regional Water Bank Phase 1	\$ -	\$ 500,000	\$ 426,000	\$ 500,000	\$ -	3	\$ -	\$ -	\$ -	\$ -
2014 Drought Grant Management Fees	\$ 1,899	\$ 10,000	\$ -	\$ 11,776	\$ 1,886	4	\$ 500	\$ 400	\$ 200	\$ -
2014 Drought Grant Reimbursements from DWR	\$ 546,478	\$ 1,007,500	\$ -	\$ 113,864	\$ 532,250	5	\$ 1,039,075	\$ -	\$ -	\$ -
2014 Water Energy Grant Management Fees	\$ 23,150	\$ -	\$ -	\$ -	\$ -	6	\$ -	\$ -	\$ -	\$ -
2014 Water Energy Grant Reimbursements DWR	\$ -	\$ -	\$ -	\$ -	\$ -	7	\$ -	\$ -	\$ -	\$ -
Direct Install Program	\$ 188,451	\$ -	\$ -	\$ -	\$ -	8	\$ -	\$ -	\$ -	\$ -
Proposition 84 Grant Management	\$ 18,925	\$ -	\$ -	\$ -	\$ -	9	\$ 400	\$ 300	\$ -	\$ -
Proposition 84 Reimbursements from DWR	\$ 2,670,399	\$ 494,100	\$ -	\$ 3,324,917	\$ 59,046	10	\$ -	\$ -	\$ -	\$ -
American River Basin (ARB Plan of Study)	\$ 12,110	\$ -	\$ -	\$ -	\$ -	11	\$ -	\$ -	\$ -	\$ -
Aquifer Storage and Recovery (ASR)	\$ -	\$ 50,000	\$ 49,500	\$ 60,000	\$ 5,960	12	\$ -	\$ -	\$ -	\$ -
Labor Compliance Revenues	\$ 1,600	\$ -	\$ -	\$ -	\$ 5,000	13	\$ -	\$ -	\$ -	\$ -
Landscape Imagery Project	\$ 116,090	\$ -	\$ 150	\$ 150	\$ -	14	\$ -	\$ -	\$ -	\$ -
Land IQ Analysis	\$ -	\$ -	\$ -	\$ -	\$ 44,500	32	\$ -	\$ -	\$ -	\$ -
USBR Interties	\$ -	\$ 4,500	\$ 12,790	\$ 12,790	\$ -	29	\$ -	\$ -	\$ -	\$ -
Government Relations Contract Lobbyist Fees	\$ 73,000	\$ -	\$ -	\$ -	\$ -	15	\$ -	\$ -	\$ -	\$ -
2018 Calfed Meter Grant Pass Through (WEP)	\$ 2,868	\$ 747,000	\$ 5,205	\$ 279,000	\$ 468,000	16	\$ -	\$ -	\$ -	\$ -
2018 Calfed Meter Grant Management Fees (WEP)	\$ -	\$ -	\$ -	\$ -	\$ -	17	\$ -	\$ -	\$ -	\$ -
Prop 1 IRWM Grant Application	\$ -	\$ -	\$ 20,795	\$ 24,960	\$ -	34	\$ -	\$ -	\$ -	\$ -
Rachio Controller Program	\$ -	\$ -	\$ -	\$ -	\$ 150,000	33	\$ -	\$ -	\$ -	\$ -
Water Efficiency Program Admin. Fees (Cat.1)	\$ 494,966	\$ 452,000	\$ 446,916	\$ 446,916	\$ 455,173	18	\$ 456,000	\$ 456,000	\$ 456,000	\$ 456,000
Water Efficiency Grant Revenues (Cat. 2)	\$ 387,483	\$ 200,000	\$ 66,966	\$ 200,000	\$ 350,000	19	\$ 350,000	\$ 350,000	\$ 350,000	\$ 350,000
Water Efficiency Program Admin. Fees (Cat. 2)	\$ 11,549	\$ -	\$ -	\$ -	\$ -	20	\$ -	\$ -	\$ -	\$ -
TOTAL PROGRAM REVENUE	\$ 4,691,644	\$ 4,405,400	\$ 1,028,322	\$ 5,319,357	\$ 3,024,858	21	\$ 1,855,547	\$ 806,700	\$ 806,200	\$ 806,000
PROGRAM EXPENSES										
Proposition 50 Grant Management	\$ 4,304	\$ -	\$ -	\$ -	\$ -	1	\$ -	\$ -	\$ -	\$ -
2015 IRWM Grant Pass Through (RWA R3)	\$ -	\$ 657,000	\$ -	\$ 195,225	\$ 657,000	2	\$ -	\$ -	\$ -	\$ -
2015 IRWM Grant Management (RWA R3)	\$ -	\$ -	\$ -	\$ 8,939	\$ 20,000	2	\$ 19,572	\$ -	\$ -	\$ -
2015 IRWM Grant Pass Through (WEP R3)	\$ 162,900	\$ 262,300	\$ -	\$ 83,662	\$ 287,043	2	\$ -	\$ -	\$ -	\$ -
2015 IRWM Grant Manage Expenses (WEP R3)	\$ 23,150	\$ -	\$ -	\$ 8,283	\$ -	2	\$ -	\$ -	\$ -	\$ -
Regional Reliability Plan Direct Expenses	\$ 138,372	\$ -	\$ -	\$ 27,875	\$ -	3	\$ -	\$ -	\$ -	\$ -
Regional Water Bank Phase 1	\$ -	\$ 500,000	\$ 82,070	\$ 300,000	\$ 221,000	3	\$ -	\$ -	\$ -	\$ -
2014 Drought Grant Management	\$ 25,835	\$ -	\$ -	\$ 11,776	\$ 1,886	4	\$ -	\$ -	\$ -	\$ -
2014 Drought Grant Disbursements from DWR	\$ 522,542	\$ 1,007,500	\$ -	\$ 113,864	\$ 532,250	5	\$ 1,039,075	\$ -	\$ -	\$ -
2014 Water Energy Grant Management	\$ -	\$ -	\$ -	\$ -	\$ -	6	\$ -	\$ -	\$ -	\$ -
2014 Water Energy Grant Reimbursements DWR	\$ -	\$ -	\$ -	\$ -	\$ -	7	\$ -	\$ -	\$ -	\$ -

Regional Water Authority

See Budget Projection Notes for Budget Assumptions

FY' 2020-2021 Program Budget Projection

	RWA FY 19	RWA FY 20	RWA FY 20	RWA FY 20	FY 21 Proposed	Notes	Projected FY 22	Projected FY 23	Projected FY 24	Projected FY 25
Direct Install	\$ 188,451	\$ -	\$ -	\$ -	\$ -	8	\$ -	\$ -	\$ -	\$ -
Proposition 84 implementation Grant Management	\$ 18,925	\$ -	\$ -	\$ -	\$ -	9	\$ -	\$ -	\$ -	\$ -
Proposition 84 payments to Member Agencies	\$ 2,507,500	\$ 494,100	\$ -	\$ 3,324,917	\$ 59,046	10	\$ -	\$ -	\$ -	\$ -
American River Basin (ARB Plan of Study)	\$ 12,395	\$ -	\$ -	\$ -	\$ -	11	\$ -	\$ -	\$ -	\$ -
Aquifer Storage and Recovery (ASR)	\$ -	\$ 50,000	\$ 3,483	\$ 54,000	\$ -	12	\$ -	\$ -	\$ -	\$ -
Labor Compliance Expenses	\$ 1,600	\$ -	\$ -	\$ -	\$ 5,000	13	\$ -	\$ -	\$ -	\$ -
Landscape Imagery Project	\$ 84,892	\$ -	\$ 229	\$ -	\$ -	14	\$ -	\$ -	\$ -	\$ -
Land IQ Analysis	\$ -	\$ -	\$ -	\$ 35,000	\$ 19,500	32	\$ -	\$ -	\$ -	\$ -
Government Relations Contract Lobbyist & Fees	\$ 73,000	\$ -	\$ -	\$ -	\$ -	15	\$ -	\$ -	\$ -	\$ -
2018 Calfed Meter Grant Pass Through (WEP)	\$ -	\$ 747,000	\$ -	\$ 279,000	\$ 468,000	16	\$ -	\$ -	\$ -	\$ -
2018 Calfed Meter Grant Management Fees (WEP)	\$ 2,868	\$ -	\$ -	\$ -	\$ -	17	\$ -	\$ -	\$ -	\$ -
Rachio Controllor Program	\$ -	\$ -	\$ -	\$ 60,000	\$ 90,000	33	\$ -	\$ -	\$ -	\$ -
Water Efficiency Program Admin. (Cat.1)	\$ 299,201	\$ 203,700	\$ 104,336	\$ 170,010	\$ 154,900	18	\$ 138,265	\$ 120,688	\$ 102,142	\$ 82,603
Water Efficiency Grant Payments (Cat. 2)	\$ 389,023	\$ 200,000	\$ 66,966	\$ 200,000	\$ 350,000	19	\$ 350,000	\$ 350,000	\$ 350,000	\$ 350,000
Staffing and Office Program Management	\$ 182,532	\$ 193,900	\$ 97,432	\$ 190,845	\$ 172,500	20	\$ 158,500	\$ 161,500	\$ 170,300	\$ 177,000
TOTAL PROGRAM EXPENSES	\$ 4,637,490	\$ 4,315,500	\$ 354,516	\$ 5,063,396	\$ 3,038,125		\$ 1,705,412	\$ 632,188	\$ 622,442	\$ 609,603
Net Income (Loss)	\$ 54,154	\$ 89,900	\$ 673,806	\$ 255,961	\$ (13,267)	21	\$ 150,135	\$ 174,512	\$ 183,758	\$ 196,397

Regional Water Authority

See Budget Projection Notes for Budget Assumptions

FY' 2020-2021 Program Budget Projection

	RWA FY 19	RWA FY 20	RWA FY 20	RWA FY 20	FY 21 Proposed	Notes	Projected FY 22	Projected FY 23	Projected FY 24	Projected FY 25
CASH RESERVES										
Beginning reserves	\$ 1,239,173	\$ 708,072	\$ 708,072	\$ 1,051,100	\$ 1,307,061	22	\$ 1,293,794	\$ 1,443,929	\$ 1,618,441	\$ 1,802,199
SOURCE (USE) OF FUNDS	\$ 23,241	\$ 89,000	\$ 673,806	\$ 255,961	\$ (13,267)	21	\$ 150,135	\$ 174,512	\$ 183,758	\$ 196,397
Transfer from CORE for Reliability	\$ -	\$ 60,000	\$ -	\$ -	\$ -	30	\$ -	\$ -	\$ -	\$ -
ADVANCE ADJUSTMENTS	\$ (211,314)	\$ -	\$ -	\$ -	\$ -	23	\$ -	\$ -	\$ -	\$ -
CASH RESERVES, Ending	\$ 1,051,100	\$ 857,072	\$ 1,381,878	\$ 1,307,061	\$ 1,293,794	24	\$ 1,443,929	\$ 1,618,441	\$ 1,802,199	\$ 1,998,596
Subscription Program Designations/Advanced Revenues										
Water Efficiency Program - Category 1	\$ 626,300	\$ 800,360	\$ -	\$ 800,360	\$ 951,533	25	\$ 1,114,203	\$ 1,288,227	\$ 1,474,343	\$ 1,673,337
Water Efficiency Program - Category 2	\$ (128,257)	\$ (128,857)	\$ -	\$ (128,857)	\$ (128,857)	25	\$ (128,857)	\$ (128,857)	\$ (128,857)	\$ (128,857)
Subtotal - Designations	\$ 498,043	\$ 671,503	\$ -	\$ 671,503	\$ 822,676	24	\$ 985,346	\$ 1,159,370	\$ 1,345,486	\$ 1,544,480
Advanced Revenues (recognized as income when expenses are incurred)										
2015 IRWM Grant Prop 84 (RWA R3)	\$ 18,412	\$ 33,504	\$ -	\$ 14,512			\$ -	\$ -	\$ -	\$ -
2015 IRWM Grant (WEP R3)	\$ 1,661	\$ -	\$ -	\$ 1,661	\$ -		\$ -	\$ -	\$ -	\$ -
2018 Calfed Meter Grant Management Fees (WEP)	\$ 7,543	\$ -	\$ -	\$ 7,543	\$ -		\$ -	\$ -	\$ -	\$ -
2018 Calfed Meter Grant Pass Through (WEP)	\$ -	\$ -	\$ -	\$ -	\$ -		\$ -	\$ -	\$ -	\$ -
Government Relations Contract Lobbyist	\$ 26,806	\$ 26,806	\$ -	\$ -	\$ -		\$ -	\$ -	\$ -	\$ -
Prop 84 Grant Management	\$ 49,553	\$ 40,848	\$ -	\$ 49,553	\$ 2,400		\$ 2,400	\$ 2,400	\$ -	\$ -
ARB Study	\$ (12,019)	\$ -	\$ -	\$ -	\$ -	27	\$ -	\$ -	\$ -	\$ -
Prop 50 Grant Management	\$ -	\$ 790	\$ -	\$ -	\$ -		\$ -	\$ -	\$ -	\$ -
2014 Drought Management	\$ 27,583	\$ 22,252	\$ -	\$ 27,583	\$ -		\$ -	\$ -	\$ -	\$ -
Direct Install	\$ 11,549	\$ -	\$ -	\$ 10,000	\$ -	31	\$ -	\$ -	\$ -	\$ -
Regional Reliability Plan	\$ 7,000	\$ 66	\$ -	\$ 7,448	\$ 7,000	26, 27	\$ -	\$ -	\$ -	\$ -
SRCS D	\$ 1,082	\$ 2,200	\$ -	\$ -	\$ -		\$ -	\$ -	\$ -	\$ -
Landscape Imagery	\$ 31,198	\$ 3	\$ -	\$ 30,969	\$ 30,969		\$ -	\$ -	\$ -	\$ -
Land IQ Analysis 2020	\$ -	\$ -	\$ -	\$ -	\$ -		\$ -	\$ -	\$ -	\$ -
USBR Interties	\$ -	\$ -	\$ -	\$ -	\$ -	29	\$ -	\$ -	\$ -	\$ -
Subtotal - Advances	\$ 170,368	\$ 126,469	\$ -	\$ 149,269	\$ 40,369	28	\$ 2,400	\$ 2,400	\$ -	\$ -
Total	\$ 668,411	\$ 797,972	\$ -	\$ 820,772	\$ 863,045		\$ 987,746	\$ 1,161,770	\$ 1,345,486	\$ 1,544,480

RWA PROGRAM
FY 2020-2021 BUDGET PROJECTION NOTES

- 1 The American River Basin Integrated Regional Water Management Plan, developed jointly by the Regional Water Authority (RWA) and the Freeport Regional Water Authority (FRWA) in June 2006, was among seven projects recommended for funding statewide in a two-step grant process through Proposition 50. The \$25 million grant helped fund key elements of the plan, including a suite of 14 infrastructure projects. The grant concluded in FY17, but there are ongoing reporting requirements to the state 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 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.
- 3 The Regional Reliability Plan is a subscription project launched in FY17. Funding for the project include \$50k from the IRWM designation, fees collected from project participants, reimbursement from a Drought Contingency Planning Grant awarded to Placer County Water Agency in FY16, and reimbursement from a Prop 1 Planning Grant awarded to RWA in FY17. Expenses are to fund consultant support to develop the plan, which will include an update to the RWA Integrated Regional Water Management Plan. For FY20 the project is transitioning to the Regional Water Bank, Phase 1.
- 4 This 2014 Drought grant application was entered into by 12 agencies to help the region maintain water supply when drought conditions persist. The grant was awarded to RWA. (see note 6)
- 5 RWA received a \$9.765 million award from Department of Water Resources (DWR) 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.
- 6 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 in the service areas of Sacramento, West Sacramento, Sacramento Suburban Water District (SSWD) and California American (CalAm). Fees were collected up front from participating agencies to fund contractor activities while awaiting reimbursement from the grant; which were then later returned back to the agencies.

- 7 The 2014 Water Energy grant reimbursements from DWR and disbursements to member agencies.
- 8 The Direct Install Program is being managed by RWA on behalf of the City of Sacramento and was completed in FY19.
- 9 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.
- 10 The Proposition 84 grant reimbursements from DWR and disbursements to member agencies.
- 11 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.
- 12 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.
- 13 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.
- 14 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.
- 15 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.
- 16 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 through March 31, 2020.

- 17 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.
- 18 Anticipated revenues and direct costs for the program from the Water Efficiency (WEP) Program for Category I. WEP budget still under development.
- 19 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.
- 20 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.
- 21 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.
- 22 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.
- 23 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.
- 24 Represents the remaining net cash amounts reserved for subscription programs to fulfill future program obligations.
- 25 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.
- 26 Reflects DWR grant fees that had been previously included in IRWM revenues in error in FY18. Now reflected as a designation for remaining balance at FY18 for regional water reliability plan.
- 27 Reflects budget amendment of \$60,000 from Undesignated Cash to the Regional Reliability Plan
- 28 Advances are not considered revenue from an accounting perspective. However, as expenses are incurred for these program, the cash advances are used and affect cash balances. The balances represent remaining unspent cash for each of the programs.

- 29 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.
- 30 See notes 26 and 27.
- 31 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.
- 32 Land IQ Analysis project includes 5 participating agencies to cover the cost of their portion of analyzing aerial imagery based landscape water budgets to evaluate current and future legislative and regulatory proposals related to water efficiency. Each agency cost is \$8500 for a total of \$42,500, plus \$2000 that all agencies will contribute towards training, and an additional \$10,000 in training being paid for by WEP for a total project cost of \$54,500 to be complete in FY21.
- 33 In partnership with Bay Area Water Supply & Conservation Agency, Rachio will assist with the implementation of RWA's Regional Smart Controller Water Program for all member agencies. Funds will be collected from agencies in advance and then returned upon reimbursement from DWR grant in FY21.
- 34 On November 4, 2014, California voters approved Proposition 1, the Water Quality, Supply, and Infrastructure Improvement Act of 2014. Proposition 1 authorized \$510 million in Integrated Regional Water Management (IRWM) funding. Funds are allocated to 12 hydrologic region-based Funding Areas including the Sacramento Region. This project is solely for the application phase which will be completed by RWA staff with no associated consulting costs.

RWA 2019-2020 Fee Schedule

RWA Annual Dues - Updated Connections

Fee increase:

7.00%

Agency	Type	2019-2020 Annual Dues (A)	Proposed RWA 2020-2021 Annual Dues using updated Connections (B)
California American Water	Large	\$ 74,049	\$ 79,232
Carmichael Water District	Medium	\$ 24,793	\$ 26,197
Citrus Heights Water District	Medium	\$ 42,209	\$ 44,659
City of Folsom	Medium	\$ 44,870	\$ 49,258
City of Lincoln	Medium	\$ 39,451	\$ 42,500
City of Roseville	Large	\$ 74,049	\$ 79,232
City of Sacramento/Dept. of Utilities	Large	\$ 74,049	\$ 79,232
City of West Sacramento	Medium	\$ 32,277	\$ 34,552
City of Yuba City	Medium	\$ 39,862	\$ 42,948
Del Paso Manor Water District	Small	\$ 6,386	\$ 6,512
El Dorado Irrigation District	Large	\$ 74,049	\$ 79,232
Elk Grove Water District	Medium	\$ 26,771	\$ 28,573
Fair Oaks Water District	Medium	\$ 29,746	\$ 31,900
Golden State Water Company	Medium	\$ 36,106	\$ 38,212
Orange Vale Water Company	Small	\$ 9,493	\$ 10,158
Placer County Water Agency	Large	\$ 74,049	\$ 79,232
Rancho Murrieta CSD	Small	\$ 9,415	\$ 9,817
Rio Linda/Elverta Water District	Small	\$ 9,493	\$ 10,158
Sacramento County Water Agency	Large	\$ 74,049	\$ 79,232
Sacramento Suburban Water District	Large	\$ 74,049	\$ 79,232
San Juan Water District	Large	\$ 74,049	\$ 79,232
TOTALS		\$ 943,265	\$ 1,009,302

RWA Associate Members	2019-20 Annual Dues	2020-21 Annual Dues
El Dorado County Water Agency	\$ 5,562	\$ 5,840
Placer County	\$ 13,802	\$ 14,492
Sacramento Area Flood Control Agency	\$ 7,931	\$ 8,328
Sacramento Municipal Utilities District	\$ 13,802	\$ 14,492
SRCS	\$ 13,802	\$ 14,492
ASSOCIATE MEMBER TOTALS	\$ 54,899	\$ 57,644

Notes:

- (1) Retail connection are used to scale the agency size. Information derived 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.

**In the event that an agency does not report or information is skewed, the overall average percentage increase will be applied.*



Regional Water Authority
BUILDING ALLIANCES IN NORTHERN CALIFORNIA



Regional Water Authority

Fiscal Year 2020-21 Budget Overview

March 25, 2020

Overview

- Budget Projections
- Membership & Dues
- Revised Budget Projections
- Budget Savings
- Budget Outlook

Budget Projections

Budget Result	FY20	FY21
Core Program	(\$156,800)	(\$142,300)
Subscription Program	\$89,900	\$117,165
Combined Total	(\$66,900)	(\$25,135)

FY20 Core Budget deficit was offset mostly by depletion of the **Strategic Plan Fund (\$50k)** and **Non-designated cash (\$98k)**.

FY21 Core Budget deficit is to be offset by reduction of Operating Fund designation 4.5 months or higher increase in dues (already at 18%).





Membership & Dues

RWA MEMBERSHIP – 21 Members

- FY20 budget increased dues by 5%
- FY21 projected dues increase at 18%
- FY21 estimated dues increase at 10%

ASSOCIATE MEMBERSHIP – 5 Members

- FY20 Associate Dues – 3% increase
- FY21 estimated Associate Dues – 5% increase

AFFILIATE MEMBERSHIP – 10 Members

- FY20 Affiliate Dues - \$750
- FY21 Affiliate Dues - \$750



Revised Budget Projections

Budget Result	FY20	FY21
Core Program	(\$156,800)	(\$142,300)
Subscription Program	\$89,900	\$117,165
Combined Total	(\$66,900)	(\$25,135)

FY20 Core Budget deficit of (\$156,800) was offset mostly by depletion of the **Strategic Plan Fund (\$50k)** and **Non-designated cash (\$98k)**.

FY21 Core Budget deficit of (\$142,300) will be offset by FY19 **Non-designated cash balance (\$95k higher per audit)** and **FY20 Revenue Projections Increase (\$50k)** better than expected (project revenue & interest income).





Budget Savings

FY21 Potential Budget Savings:

- Staffing cost savings = \$70,000
- Advancement of Strategic Plan Expense = \$20,000

Total Savings = \$90,000

FY21 Additional Expenditures:

- Unfunded PERS liability = \$22,000
- Shift in WEP to 50% = \$21,000
- Server Replacement = \$11,000 (RWA share)
- Increase in Professional Services = \$36,000

Total Additional Expenditures = \$90,000



Budget Outlook

- FY21 Budget benefits from FY19 and FY20 years
- Future expenditures have been adjusted as of FY21
- FY22 going forward will be dependent upon increase in revenues to balance the budget
- Delayed increases in dues may result in higher increases in the out years
- Budget results may not always be achieved



Questions and Discussion

April 22, 2020

AGENDA ITEM 5: 2020 GROUNDWATER SUBSTITUTION TRANSFER

BACKGROUND:

In 2020, six RWA member agencies and contracting entities (Sacramento Suburban Water District, Fair Oaks Water District, Carmichael Water District, City of Sacramento, Sacramento County Water Agency and Golden State Water Company), desire to participate in a regionally-coordinated groundwater substitution transfer. SSWD is serving as the manager of funds received from the transfer on behalf of the participating agencies and as the manager of contractors hired to support the transfer. The agencies have requested assistance from RWA to assist with completing some of the technical components of the transfer.

RWA staff has developed an agreement with SSWD to receive compensation for time spent in support of the transfer. RWA will invoice SSWD for actual time incurred on the project on a monthly basis. The estimated not-to-exceed budget is \$31,195. A copy of the agreement is included in the packet.

STAFF RECOMMENDATION:

Discussion: Rob Swartz, Manager of Technical Services

Action: Approve 2020 Regional Groundwater Substitution Transfer Program Staffing Support Agreement

2020 Regional Groundwater Substitution Transfer Program Staffing Support Agreement

THIS AGREEMENT is made and entered as of March 1, 2020, by and between the Regional Water Authority (“RWA”) and Sacramento Suburban Water District (“SSWD”).

Under RWA’s October 8, 2013 Amended and Restated Joint Exercise of Powers Agreement (“JPA Agreement”). RWA’s goals include to “[f]acilitate . . . action on matters of regional priority and interest” and its powers including “[m]aking and enter[ing] into contracts” and “[e]xercising jointly the common powers of its Members in . . . planning and implementing ways and means to provide reasonable and financially-feasible projects, programs and cooperative operations activities for Members.” In addition, the JPA Agreement’s section 7.a.12 states that RWA can exercise the powers of a community services district if not in conflict with the JPA Agreement under the Community Services District Law (Government Code § 61000 et seq.) That law states, in pertinent part, “A district may contract with any local agency . . . for the provision by or to the district of any facilities, services, or programs authorized by this division, within or without the district . . .” (Government Code § 61070.)

In 2020, a number of RWA member agencies and contracting entities (the “Partners”) desire to participate in a regionally-coordinated groundwater substitution transfer (the “Transfer”). SSWD is serving as the manager of funds received as a result of the Transfer on behalf of the Partners and as the Partners’ manager of contractors and consultants hired to support the Transfer. The Partners have requested assistance from RWA to assist with completing certain technical components of the Transfer. In support of this effort, RWA and SSWD agree as follows:

1. **Scope of Work.** RWA will provide technical support in support of the Transfer, including:
 - A. Provide general support to Partners, including facilitation of Transfer-related coordination meetings.
 - B. Update baseline groundwater usage for each of the Partners.
 - C. Ensure that all Partner wells and associated information have been added to the Department of Water Resources’ (“DWR”) Water Transfer Information Management System as required for Transfers.
 - D. Develop a Regional Monitoring and Mitigation Plan for the Partners as required for transfers.
 - E. Conduct monthly groundwater level monitoring in the Partners’ relevant wells before and after the Transfer and weekly groundwater level monitoring during the Transfer.
 - F. Develop, maintain, and submit required reporting spreadsheets for the duration of the Transfer.
 - G. Assist in preparing the final report on the Transfer required by DWR.

2. **Budget.** SSWD shall pay RWA for its services based on the time RWA’s employees expend in working on the Transfer, and RWA’s associated costs, up to a not-to-exceed amount of \$26,445 for a three-month (July 1 through September 30) Transfer window. If a five-month (July 1 through November 30) Transfer window is necessary, the not-to-exceed amount will be \$31,195. RWA’s detailed budget estimate is included as Exhibit 1 to this Agreement. Exhibit 1 is an estimate and not a binding statement of RWA’s work or charges. RWA will not exceed the stated not-to-exceed amounts without prior consultation with and approval by SSWD.

3. **Invoices and Payment.** RWA shall invoice SSWD for actual time worked, and costs incurred, in working on the Transfer no more frequently than on a monthly basis. SSWD shall pay RWA’s charges on a net-30 day basis, unless SSWD disputes some or all of those charges. SSWD’s obligation to pay those charges is not dependent on the success of the Transfer or the receipt of payment for the Transfer by SSWD or any of the other Partners. If SSWD disputes a portion of RWA’s charges, SSWD will pay the undisputed portion as indicated above. In relation to any disputed portion of RWA’s charges, RWA and SSWD will consult one another as rapidly as possible to attempt to resolve the dispute. If the dispute cannot be resolved within 90 days, RWA and SSWD will submit the matter to binding arbitration before a mutually acceptable arbitrator, who need not be an attorney. If RWA and SSWD cannot agree on an arbitrator, either may petition the Sacramento County Superior Court to appoint an arbitrator under Code of Civil Procedure section 1281.6.

4. **Term.** This Agreement will remain in effect until the later of the date that all obligations under this Agreement have been satisfied or the date that all obligations associated with the Transfer have been satisfied.

5. **Withdrawal.** SSWD may withdraw from this Agreement effective upon 10 days' notice to RWA, provided that, SSWD will pay RWA for all services RWA rendered, and all costs RWA incurred, under this Agreement prior to the effective date of SSWD's withdrawal.

6. **General Terms**

6.1. **Information and Expertise.** RWA can rely on information provided by SSWD or one of the other Partners in working on the Transfer. SSWD will provide to RWA, as promptly as possible, any information that RWA reasonably requests to support RWA's work on the Transfer. RWA will reasonably exercise its professional expertise and judgment in performing work on the Transfer.

6.2. **RWA's Role In Transfer.** RWA's role in the Transfer is to provide professional support for SSWD's and the other Partners' planning and implementation of the Transfer. RWA makes no guarantees about the success of the Transfer or the acceptance of its work by DWR, the Bureau of Reclamation or any other third party who may consider that work. For itself and the other Partners, SSWD acknowledges that: (A) they will make their own decisions concerning the planning and implementation of the Transfer; and (B) they will obtain or assure compliance with all regulatory requirements for the Transfer, including without limitation obtaining any necessary coverage under the California Environmental Quality Act (Public Resources Code § 21000 et seq.), and any necessary approvals from the State Water Resources Control Board.

6.3. **Applicable Law.** All work and activities under this Agreement will comply with the applicable state, federal and other laws. RWA and SSWD, for itself and the other Partners, acknowledge that: (A) RWA and SSWD are both public agencies that are subject to California laws concerning the open nature of their operations, including without limitation the Public Records Act (Government Code § 6250 et seq.); and (B) as a result of these laws' application, documents prepared or exchanged under this Agreement may be subject to disclosure to members of the public.

6.4. **Complete Agreement and Amendments.** This Agreement is the sole, complete and exclusive statement of RWA's and SSWD's terms of agreement concerning this Agreement's subject matter. This Agreement may be amended from time to time only with the written agreement of both SSWD and RWA.

RWA and SSWD execute this Agreement as of the date first written above.

Regional Water Authority

Sacramento Suburban Water District

By
James Peifer
Executive Director

By
Dan York
General Manager

Date

Date

2020 Regional Groundwater Substitution Transfer Program

Exhibit 1 - Budget

Estimate for July 1 through September 30 Transfer

Task	Staff	Rate	Hours	Total
Transfer Coordination Meetings	R. Swartz	\$ 200	24	\$ 4,800
Update Baseline Groundwater Usage	R. Swartz	\$ 200	12	\$ 2,400
Update CASGEM/WTIMS	R. Swartz	\$ 200	24	\$ 4,800
Update Monitoring and Mitigation Plan	R. Swartz	\$ 200	8	\$ 1,600
	M. Garcia	\$ 105	8	\$ 840
Monthly/Weekly Well Monitoring	M. Garcia	\$ 105	45	\$ 4,725
Develop/Maintain Reporting Spreadsheets	R. Swartz	\$ 200	24	\$ 4,800
Final Report Assistance	R. Swartz	\$ 200	4	\$ 800
	M. Garcia	\$ 105	16	\$ 1,680
				\$ 26,445

Estimate for July 1 through November 30 Transfer

Task	Staff	Rate	Hours	Total
Transfer Coordination Meetings	R. Swartz	\$ 200	24	\$ 4,800
Update Baseline Groundwater Usage	R. Swartz	\$ 200	12	\$ 2,400
Update CASGEM/WTIMS	R. Swartz	\$ 200	24	\$ 4,800
Update Monitoring and Mitigation Plan	R. Swartz	\$ 200	8	\$ 1,600
	M. Garcia	\$ 105	8	\$ 840
Monthly/Weekly Well Monitoring	M. Garcia	\$ 105	75	\$ 7,875
Develop/Maintain Reporting Spreadsheets	R. Swartz	\$ 200	32	\$ 6,400
Final Report Assistance	R. Swartz	\$ 200	4	\$ 800
	M. Garcia	\$ 105	16	\$ 1,680
				\$ 31,195

April 22, 2020

AGENDA ITEM 6: SACRAMENTO CENTRAL GROUNDWATER AUTHORITY

BACKGROUND:

The Sacramento Central Groundwater Authority is considering how to staff the SCGA in the future, including requesting the RWA staff the organization. A committee of the Chair and Vice Chairs of the RWA, SGA and SCGA has been formed to facilitate discussions between the three organizations.

The purpose of this item is to update the Executive Committee on the progress of the discussions and to receive input on proposal to have the RWA staff the SCGA.

STAFF RECOMMENDATION:

Discussion: Jim Peifer, Executive Director

April 22, 2020

AGENDA ITEM 7: FEDERAL AFFAIRS AD HOC COMMITTEE REPORT

BACKGROUND:

The Federal Affairs Ad Hoc Committee met on April 15, 2020 to discuss the potential for a Federal infrastructure stimulus bill in response to the COVID-19 crisis. There are no concrete proposals for an infrastructure stimulus bill that we are aware of, but there are indications that a bill may be developed by Congress.

In anticipation of a bill, Ad Hoc Committee Chair Bigley and Vice Chair Sanger had sent out a call for projects that might aid the region in the creation of jobs and could be started soon after receiving federal funding. The Ad Hoc committee would like direction from the Executive Committee on how to structure a regional ask.

1. How should we be organizing and packaging the region's infrastructure ask? Options providing the top 10 projects, top 20 projects, of the whole list. Who should understand the ask:
 - a. Congressional and state audiences?
 - b. Other regional efforts?
2. Is there any specific guidance to RWA staff in terms of the type and level of engagement with respect to preparing and advocating for potential post-COVID stimulus funding?
3. What report outs would the RWA Executive Committee like to see with respect to the full RWA Board?
4. After the RWA infrastructure list is deemed complete. What, if any deliverables are expected of this effort? Note that the RWA Federal Affairs Ad Hoc Committee will likely generate a companion white paper and, if we look for a strong advocacy effort, collateral pieces using volunteer labor and resources.

A copy of the project list is included.

RECOMMENDATION:

Information and Discussion: Sean Bigley, Federal Affairs Ad Hoc Committee Chair and Jim Peifer, Executive Director

Top 10 Job Creating Projects																																								
Agency Priority (1,2,3,4)	Agency Name (Individual or Partnership) (Name of all agencies involved)	Project Name	Brief Description (Narrative)	Total Cost of Project	Federal/State funding needed	Local share amount	Source of local share funding (rate revenue, connection fees, other funding sources)	Federal Agency or program source of funding (if known, if not known, leave blank)	State Agency or program source of funding (if known, if not known, leave blank)	Is the project ready for construction now, in 90 days, 180 days, 270 days or in 1 year? (Answer: 0, 90, 180, 270, 365)	How much can be spent within:				Environmental (NEPA/CEQA) and permitting complete? (Y/N)	If N, when will it be completed/status?	Construction start date	Construction finish date	Please describe what can be accomplished in the project in the first 100 days, if fully funded. (Narrative)	Known stakeholder support (Federal, State and local)	Project benefits: Does the project provide benefits to the Federal Government? (Y/N)	Project benefits: Does the project provide benefits to the State of CA? (Y/N)	Project benefits: Does the project provide benefits to disadvantaged communities? (Y/N)	Project benefits: Does the project provide benefits to disadvantaged communities? (Y/N)	If "Yes" in Columns Y - Y, describe those benefits (Narrative)	Additional Project Benefits (place "X" in all that apply)								Other local or regional benefits that will stimulate economy of create jobs? (Narrative)	Other Information (Narrative)	Estimated jobs created (FTE's) (Formula driven, no entry)	Project contact (name, title, phone number and email)			
											90 days	180 days	270 days	1 year												Water Supply	Water Quality	Wastewater	Recycled Water	Water Security	Storm water	Flood	Water Treatment							
1	Regional San	South County Ag Water Recycling & Conjunctive Use Program	The South County Ag Program will provide up to 50,000 AFY of recycled water for agricultural irrigation, groundwater storage, conjunctive use and ecosystem enhancements.	\$375,000,000	\$50,000,000	\$50,000,000	rate and fees - approximately \$50 million	Awarded \$4.2 million from USBR through Title V/F	California Water Commission WSP awarded \$280.5 million	365 days				\$35,000,000	Yes - CEQA No - NEP	NEPA - 2022	1/1/22	Jul-24	Begin Basis of Design	Broad support from state & federal agencies, elected officials, farmers, local water purveyors, Farm Bureau, NGOs.	Y	Y	Y	Y	The Program increases water supply reliability through increased groundwater storage and conjunctive use, while also providing ecosystem enhancements and climate resilience.	X	X	X	X							Program has completed Feasibility Study and has completed Programmatic EIR under CEQA. The Program has been authorized by USBR and Congress under WFIN Act.	4,076.09	Terrie Mitchell, Manager of Legislative & Regulatory Affairs 916-876-6092 mitchell@scacwater.com		
1	PCWA	Ophi Water Treatment Plant	Construction of a water treatment plant to serve the west Placer County region, including four cities and unincorporated areas of the county.	\$95,000,000	\$47,500,000	\$47,500,000	Rate Revenue			90	\$500,000	\$4,000,000	\$10,000,000	\$30,000,000	Y		8/1/20	12/31/22	Bidding of project and award of construction contract.	Cities of Roseville and Lincoln and Nevada Irrigation District.	Y	Y	Y	N	This project relieves reliance on Folsom Reservoir when levels drop in dry years.	X										This project is ready to commence, but needs funding. It will create many jobs based upon size and diversity of construction trades and materials used.	1,032.61	Brent Smith, Director of Technical Services, (916) 823-4848, bsmith@pcwa.net		
1	Regional Partners (TRB)	Regional residential meter replacement/upgrade	The proposed project will replace/upgrade the region's existing meters to smart meter technology and to utilize shared infrastructure for a more cost efficient regional meter asset management program.	\$50,000,000	\$ 30,000,000	\$ 20,000,000.00	Connection fees			0	\$ 400,000	\$ 3,000,000	\$ 6,000,000	\$ 10,000,000	N/A	N/A	5/1/20	3/1/22	Project Construction will have begun	Regional Meter Program Study is already underway for the Project	Y	Y	Y	N	This project is ready to commence and will provide both immediate economic stimulus and will create jobs. Additionally it will assist with water efficiency and water loss efforts. This project also promotes regional collaboration.	X											This project is ready to commence and will provide both immediate economic stimulus and will create jobs. Additionally it will assist with water efficiency and water loss efforts. This project also promotes regional collaboration.	543.48	David Gordon, Director of Operations, 916-730-8452, dgordon@trwb.org	
2	El Dorado Irrigation District	Folsom Lake Intake Improvements	The Folsom Lake Intake Improvements Project delivers District water supplies available at Folsom Lake to the El Dorado Hills Water Treatment Plant and is critical to service reliability for the El Dorado Hills service area. This rehabilitation project will provide reliable pumping capacity by constructing four new submersible pumps and casings with temperature control capability.	\$42,728,828	\$21,364,914	\$21,364,914	Water rates, FCC's, \$4.3M USBR Federal Cost Share	USBR Federal Cost Share for TCD		0	5	25	50	90	Y		7/1/20	8/1/21	Construction of project can proceed	USBR	Y	Y	N	N	Maintain water supply reliability, Folsom Lake cold water pool management	X	X											This project is ready to commence and will provide both immediate economic stimulus and will create jobs.	464.45	Jon Money, Senior Engineer, 510-642-4026, moneyj@eid.org
1	California American Water	Fruitridge Backyard Mains	The proposed project is to relocate water mains from the backyards to the front of the property. As part of this project, saddles will be placed on the new mains and water meters and service lines will be installed at the front of the properties.	\$35,500,000	\$30,500,000	\$5,000,000	Rates			90	\$500,000	\$3,000,000	\$5,500,000	\$8,000,000	Categorically Exempt		7/1/20	7/1/24	Construction will commence on the pipeless in the streets.	Local support by the County, Local Groundwater Authority, and State support by the Division of Drinking Water and PUC (assumed at this point, will request from each entity if necessary)	Y	Y	Y	Y	This project is ready to commence and will provide an immediate economic stimulus to the local skilled and unskilled work force, that live in the disadvantaged community. Metering will enable the residents to have a better understanding of their water use and the associated costs and the benefits of water conservation thereby helping the region meet its conservation goals. This project will significantly decrease the amount of lost water and it associated energy and environmental impacts. Wages paid will benefit State and local Governments.	X	X										This project will have a significant longer term impact on the local and regional economy. In addition, the project will greatly improve the resiliency of the local water system and assist the system operator in the efficient operation of the system and provide for better management of water use in conformance with State water conservation objectives.	385.87	Walter Sadler, Manager Project Delivery, 916-568-4213, walter.sadler@camwater.com	
1b	City of Roseville	Water Mains Replacement - Comprehensive Project	Project will replace approximately 55,200 linear feet of aging water distribution mains and construct new cross connections in distribution lines. These pipelines and associated hydrants and facilities have been identified for replacement due to flow capacity limitations, maintenance history and age. Included in this project is the resurfacing and rehabilitation roadways. Approximate cost for road rehab and resurfacing totals \$8.2 million.	\$35,351,000	\$17,675,500	\$17,675,500	Rate revenue/State Gas Tax/Highway User Tax Funding			180	\$20,302,830	\$19,651,830	\$19,651,830		CEQA Catf Class 2		10/1/20	10/1/21	Completion of approximately 30% of the water mains rehabilitation construction	Local support of City Council	Yes	Yes	No	No	Will provide economic stimulus by creating jobs	X													Sean Bigley, Assistant Environmental Utilities Director (916) 774-5512 sbigley@roscville.ca.us	
1	Regional San (in collaboration with City of Sacramento)	Expansion of Recycled Water Projects in the City of Sacramento	Regional San to continue to expand recycled water opportunities with SCWA and City of Sacramento through the SPA CoGen project and expansion of conveyance. The most possible water supply would increase conjunctive use and provide up to 1,700 AFY of recycled water for irrigation of urban landscapes, parks and golf courses.	\$35,000,000	\$17,500,000	\$17,500,000	Rates			365 days				\$4,000,000	Y		7/1/21	7/1/22	Final design activities will commence.	Local support from Regional San Board, City Council, Schools, Parks, Golf Courses	Y	Y	Y	Y	The Program increases water supply reliability through recycled water delivery and conjunctive use.	X	X											This project is ready to commence and will provide both immediate economic stimulus and will create jobs.	380.43	Terrie Mitchell, Manager of Legislative & Regulatory Affairs 916-876-6092 mitchell@scacwater.com
	City of Lincoln	WWTRF Expansion Phase 1	Expand WWTRF capacity by 1.2mgd with addition of Oxidation Ditch and related components. Next expansion will include addition of a Clarifier and related components for additional 0.8mgd of capacity. WWTRF is nearing facility capacity and additional capacity is needed to facilitate future development. Currently the City has 23,130 EDUs obligated with only 28,000 EDU plant capacity. The obligated EDUs are a mix of existing City and County connections, pre-paid developer and County connections and County reserved connections. The addition of the oxidation ditch will provide for an additional 6,046 EDUs with the Phase 1 expansion project.	\$28,804,050	\$14,402,025	\$14,402,025	Bond Financing and Connection Fees			Now	\$1,440,203	\$5,760,810	\$7,201,013	\$14,402,025	Y		Jun-20	Dec-22	The project is already out to bid and can begin construction within the first 100 days.	Local support of City Council and development community.	Y	Y	N	N	The project will provide job creation for both consultant and construction industry. Also, compliance with NPDES permit.													Ray Leffrich, Public Works Director/City Engineer, 916-434-2451, ray.leffrich@colincalco.gov		
1a	City of Roseville	West Side Tank and Pump Station	The proposed project is to build two 6 million gallon pre-stressed water tanks, with a pump station facility and a crew building to serve the water demands of west Roseville.	\$28,500,000	\$14,250,000	\$14,250,000	Connection fees			90	\$3,562,500	\$3,562,500	\$3,562,500	\$3,562,500	Evaluated in the Amoruso Ranch Specific Plan EIR (SCH No. 2008032115), available here.		7/1/20	7/1/22	Construction will commence on the tanks and pump stations.	Local support of City Council and development community.	Yes	Yes	No	No	This project is ready to commence and will provide both immediate economic stimulus and will create jobs.	X	X												Sean Bigley, Assistant EU Director, 916-605-9780, sbigley@roscville.ca.us	
7	El Dorado Irrigation District	Sly Park Interline	Replacement of the Sly Park Interline, a key component of supply reliability in times of drought and during emergencies. It provides water delivery flexibility between Jenkinson Reservoir and Forebay supplies. The Interline includes approximately 3.4 miles of 22" 90" steel waterline built under emergency conditions just after the 2015-17 drought. The unlined pipeline has corroded significantly, resulting in numerous leaks and is currently out of service.	\$25,000,000	\$12,500,000	\$12,500,000	Water rates			365					N	May-21	5/1/21	9/1/22	Design and environmental studies		N	Y	Y	N	Maintain water supply reliability, drought resiliency, increase hydroelectric generation, reduce pumping	X													Patrick Wilson, Senior Engineer, 916-642-4079, pawilson@eid.org	
				\$750,884,878	\$355,692,439	\$230,192,439																															8,161.79			

Project ID	Project Name	Project Description	Start Date	End Date	Phase	Priority	Owner	Manager	Team Lead	Team Members	Status	Progress %	Next Steps	Risks	Dependencies	Notes
001	Project Alpha	Development of a new software module for the existing system.	2023-01-15	2023-03-31	Development	High	John Doe	Jane Smith	Mike Johnson	Alice Brown, Bob White	On Track	85%	Final testing and deployment preparation.	Minor bugs identified during testing.	None	Project Alpha is on track for completion by the end of the quarter.
002	Project Beta	Implementation of a new database system to improve data storage and retrieval.	2023-02-01	2023-04-30	Implementation	Medium	Emily White	David Green	Chris Black	Frank Blue, Grace Yellow	Delayed	60%	Addressing data migration issues and performance tuning.	Performance issues during migration.	Project Alpha	Project Beta is currently behind schedule due to data migration complexities.
003	Project Gamma	Research and development of a new AI-powered analytics tool.	2023-03-01	2023-06-30	Research	High	Michael Brown	Sarah Black	Tom Green	Uma White, Victor Blue	On Track	40%	Prototyping and initial user testing.	Need for additional data sources.	None	Project Gamma is progressing well with initial prototypes.
004	Project Delta	Upgrade of the company's internal network infrastructure.	2023-04-01	2023-07-31	Upgrade	Medium	Laura White	Kevin Black	Nancy Green	Paul Blue, Rachel Yellow	On Track	70%	Hardware installation and network configuration.	Hardware delivery delays.	Project Beta	Project Delta is on track, with hardware delivery slightly delayed.
005	Project Epsilon	Marketing campaign for the new product launch.	2023-05-01	2023-08-31	Marketing	High	Robert Brown	Michelle Black	James Green	Karen White, Leo Blue	On Track	90%	Creative development and media buying.	Competitor activity in the market.	None	Project Epsilon is well advanced, with creative assets ready.
006	Project Zeta	Legal review and compliance for the new data privacy policy.	2023-06-01	2023-09-30	Legal	Medium	Amanda White	Benjamin Black	Chloe Green	Daniel Blue, Evelyn Yellow	On Track	50%	Policy drafting and stakeholder consultation.	Stakeholder feedback on policy changes.	Project Gamma	Project Zeta is progressing, with policy drafting underway.
007	Project Eta	HR initiative to improve employee onboarding process.	2023-07-01	2023-10-31	HR	Low	Gregory Brown	Hannah Black	Ian Green	Jessica White, Kyle Blue	On Track	30%	Process mapping and tool selection.	Need for cross-departmental collaboration.	None	Project Eta is in the early stages of process mapping.
008	Project Theta	IT support desk optimization and ticketing system upgrade.	2023-08-01	2023-11-30	IT Support	Medium	Mia White	Noah Black	Oliver Green	Peter Blue, Quinn Yellow	On Track	20%	Vendor selection and system integration.	Integration challenges with existing systems.	Project Delta	Project Theta is starting, with vendor selection in progress.
009	Project Iota	Customer service training program for the sales team.	2023-09-01	2023-12-31	Training	Low	Rachel Brown	Samuel Black	Tina Green	Umar White, Victoria Blue	On Track	10%	Content development and pilot sessions.	Need for consistent messaging across all channels.	None	Project Iota is in the content development phase.
010	Project Kappa	Annual financial audit and reporting process review.	2023-10-01	2024-01-31	Finance	High	William White	Xavier Black	Yara Green	Zoe Blue, Adam Yellow	On Track	0%	Scope definition and team assignment.	Complexity of financial data and reporting requirements.	Project Epsilon	Project Kappa is just beginning, with scope definition underway.

April 22, 2020

AGENDA ITEM 8: LEGISLATIVE/REGULATORY UPDATE

BACKGROUND:

The Legislature remains on recess until May 4th. The state budget situation is expected to be significantly negatively impacted by the COVID-19 crisis. The full scope of the budget situation will not be known for several months. Typically taxes would have been due April 15th, that date was delayed until July 15th. This delay combined with yet to be known expenditures has created great uncertainty about both state revenues and expenses for the upcoming fiscal year. The scope of changes to the budget will not become clear for several months and it is most likely that there will be on-going focus on the budget situation through August until the Legislature is constitutionally required to recess and possibly beyond. As a result of this budget uncertainty the Legislature is taking a conservative approach to legislation and the costs associated with it. For example, the Senate Pro Temp has specifically asked Senators to dramatically reduce their bill packages. There is a sentiment that only bills that address impacts from COVID-19, wildfire, or economic stimulus will move forward this legislative session. It is not clear exactly how bills will be determined to address those categories. However it seems unlikely that there will be bills related to water efficiency or water quality moving forward this year. For example SB 1280 related to at-risk water systems which RWA took a watch on last month has been dropped. With all of that said there will be a handful of bills that will move forward. Staff is bring the following bills for the Executive Committee as they have a high probability of moving forward:

[AB 2887 \(Bonta\)](#) Would prohibit a water supplier from terminating service to residential or small commercial operation for nonpayment for the first 3 billing cycles following a state of emergency or major disaster for those affected by the emergency or disaster. Would require a notice in the first 3 billing cycles to those affected that the customer may apply for an amortization agreement or other extension, to pay the unpaid balance within a reasonable period of time, not to exceed 12 months.

[SB 950 \(Jackson\)](#) Makes several changes to administrative requirements under the California Environmental Quality Act (CEQA).

From a regulatory standpoint regulations that were already in process prior to the COVID crisis appear to be moving forward. The areas of particular interest for RWA will be related to safe drinking water, Hexavalent Chromium MCL, and water efficiency. Additionally the Governors executive order prohibiting water shut-offs directed the Water Board to develop best practices and guidelines. The executive order does not provide regulatory authority behind those best practices and guidelines. However, staff will be following the evolution and future steps out of the development of those best practices and guidelines.

STAFF RECOMMENDATION:

April 22, 2020

Action: Adopt Positions on Legislation

Presentation: Ryan Ojakian, Legislative and Regulatory Affairs Manager

April 22, 2020

**AGENDA ITEM 9: POLICY PRINCIPLES – COVID-19 RELIEF AND RECOVERY:
GUIDING PRINCIPLES TO SECURE OUR WATER FUTURE – US WATER
ALLIANCE**

BACKGROUND:

It appears that it will be far more likely that support to address water system funding, the ability of residential customers to pay for water, and the potential for economic stimulus through moving water infrastructure projects will come at the federal level.

The US Water Alliance has put together a set of principles on the provision of water for this Federal debate. A copy of those full principles is included in this packet <https://docs.google.com/forms/d/e/1FAIpQLSfBFxgFpNNxqQpdODymqQIC8nxjGVm64Of3EIVY7D4MQsLuRg/viewform>

These principles appear to support both the short and long term financial needs of water systems and their customers as well as highlighting the ability of investments in water infrastructure to support economic recovery.

STAFF RECOMMENDATION:

Discussion: Ryan Ojakian, Legislative and Regulatory Affairs Manager

Action: Provide direction to the Executive Director to sign onto the US Water Alliance Guiding Principles

COVID-19 Relief and Recovery: Guiding Principles to Secure Our Water Future

Water is the lifeblood of our communities and our economy. We know water is playing an essential role in our health and well-being during the public health crisis brought about by the global COVID-19 pandemic. Clean, affordable, and accessible water service is fundamental to public health and thriving communities. Modern treatment processes are intended to ensure all viruses, including COVID-19, stay out of the water supply. Water and wastewater systems are one of the greatest public health achievements in this country and cannot be taken for granted. The challenges facing water systems in a time of crisis will affect communities differently—those already in the midst of ongoing economic, environmental, and public health challenges may be hardest hit.

During this moment of crisis, we offer four principles that knit together enduring water issues critical at this time: who has access to it, who manages it, how it is paid for, and how all communities are kept safe and healthy. We see both challenges and solutions worthy of our collective attention right now. There is responsibility at every level of government—local, state, and federal—to make sure everyone has access to water. It is critical that the systems delivering this essential resource are strong enough to endure economic challenges in the short and long term, meeting the needs of all communities along the way.

Water connects us all. This is an important moment for the United States to commit to a future where everyone can count on reliable and safe water service—now and for future generations.

Read the principles below and the list of 221 diverse organizations that endorse these principles. Join the others by adding your organization's name at the bottom of this form.

*** Required**

Principle 1: Ensure water is reliable and affordable for all

Our shared well-being depends on everyone having access to quality, affordable housing, healthcare, food, and water and sewer service. Yet growing income inequality in the United States puts more people at risk of being unable to afford these essentials. The COVID-19 pandemic is bringing the challenge of water affordability sharply into focus. Water utilities depend on rates for system revenues, and shutoffs are commonly used to enforce bill payment. In response to the pandemic, water utilities are proactively suspending shutoffs and restoring service to people. Other economic impacts are also reducing utility revenues, which may mean rate increases are necessary over time to meet the costs of providing service. That, in turn, will worsen the affordability problem.

During this public health emergency, there should be a national moratorium on shutoffs and restoration of water service to households that have lost access. State and federal assistance should be provided to families to help pay water bills and to water utilities to offset the economic losses associated with free or below-cost service provision during the crisis.

In the longer term, there should be a commitment at every level of government to ensure access to a basic level of water and sewer service for all, regardless of income. While there are assistance programs for other utilities, such as the Low-Income Home Energy Assistance Program (commonly known as LIHEAP), there is no equivalent for water. And, while water assistance programs can help, rate structures designed to ensure affordability are also needed. We must work together as a nation—with co-investment by water providers and local, state, and federal government—to ensure that everyone has safe and reliable water service.

Principle 2: Strengthen water utilities of all sizes

Water utilities are anchor institutions in their communities, providing an essential public health service. Water and wastewater professionals are among the nation's critical infrastructure workforce who remain on the job—potentially putting their health at risk—during this pandemic. Maintaining safe water for cleaning and handwashing and maintaining wastewater treatment to prevent disease

spread are critical tools in the fight against COVID-19. As the nation continues to grapple with the increasingly devastating effects from COVID-19, water utilities are serving their customers, protecting public health, and safeguarding their workforce.

Simultaneously, water utilities are experiencing sudden drops in revenue as economic activity precipitously declines. Tourism and convention activities are canceled, sports arenas are closed, hotels and schools are empty, and restaurants and bars are deserted. In addition to dropping revenues, water utilities are also incurring new, additional costs to staff critical operations during the pandemic. While water utilities of all sizes are struggling, small water systems are likely to need extra support since they have fewer customers capable of paying their bills and fewer workers to rely on when others fall ill. Small water systems may fail entirely without emergency action.

Any emergency relief and recovery dollars must include resources to keep water utilities strong and go directly to the agencies operating the water systems. Funding for affected water utilities is critical to help offset lost revenue, the costs associated with moratoriums on shutoffs, and the essential public health protections being put in place by water utilities through their emergency response. All utility personnel who are classified as essential workers should be eligible for state and federal emergency support and health protections. Grant or low-interest loan funding must be made available to help utility operations at a time when revenues are dropping dramatically. A portion of funds made available should be dedicated to water systems facing the greatest public health risk. Wherever possible, funding support for water utilities should come through established programs like the State Revolving Loan Funds, WIFIA, Community Development Block Grants, and USDA Rural Water programs.

Principle 3: Close the water access gap

COVID-19 has made it clear that there is no public health without clean water for all. If one person or community does not have clean water, the health and well-being of everyone else is at risk. Curbing COVID-19's spread requires people to increase handwashing, personal hygiene, and cleaning standards. But for the more than two million Americans who lack running water, indoor plumbing, or wastewater services in their homes and communities, these seemingly simple measures are out of reach. Many of those without access to water infrastructure live in rural and tribal areas, or are part of high-risk groups for COVID-19 including the elderly, disabled, homebound, people with preexisting conditions, and the homeless.

The Federal Emergency Management Agency and the US Army Corps of Engineers should partner to close the water access gap using existing natural disaster response protocols, prioritizing disadvantaged communities where local capacity may be limited. These agencies should also partner with states and municipalities to provide water deliveries and set up hand-washing stations for people without water immediately. These emergency measures should be supplemented with longer-term solutions to close the water access gap.

Principle 4: Fuel economic recovery by investing in water systems

To weather this global pandemic, we need immediate and sustained intervention to protect people's health and well-being. But we must also begin planning for an economic recovery that leaves our communities and economy stronger and more resilient. If water infrastructure fails, it creates a domino effect across the economy and threatens our environment and public health. One-fifth of the US economy—agriculture, healthcare, manufacturing, and electricity—would grind to a halt without a reliable and clean supply of water. Yet, we have chronically underinvested in water for too long. As a result, a water main breaks every two minutes in the United States. The American Society of Civil Engineers estimates the country must spend at least \$1.2 trillion over the next 20 years on our drinking water and wastewater systems.

One of the smartest ways to jumpstart economic recovery is investing in our nation's water and wastewater infrastructure. Closing the water infrastructure investment gap would create more than 1.5 million American jobs, more than the entire employed workforce in 20 states. It would generate

over \$260 billion in economic activity annually, which exceeds the gross domestic product generated by 28 states. Major investment in water systems is a smart and sustainable way to bring our economy back and build up communities so they can all thrive.

Signed by

Agua Sana Wua

Albuquerque Bernalillo County Water Utility Authority

Alexandria Renew Enterprises

Alliance for the Great Lakes

Alliance for Water Efficiency

Alliance of Indiana Rural Water

American Public Health Association

American Public Works Association

American Rainwater Catchment Systems Association

American Rivers

American Society of Civil Engineers

American Society of Plumbing Engineers

American Water

American Water Chemicals

American Water Works Association

Aspen Institute Energy and Environment Program

Association for Farmers Rights Defense

Association of Boards of Certification

Association of Idaho Cities

Association of Metropolitan Water Agencies

Atlanta Department of Watershed Management

Atlantic County Utilities Authority

Audubon California

Bay Area Council

Black & Veatch

blueW

Boston Water and Sewer Commission

Brown and Caldwell

Buckman Direct Diversion Water Treatment Facility

Buffalo Sewer Authority

California Association of Sanitation Agencies

California Coastkeeper Alliance

California Institute of Environmental Design & Management (CIEDM)

California League of Conservation Voters

California Municipal Utilities Association

Carollo Engineers

Cascade Water Alliance

Center for Community Progress

Center for Neighborhood Technology

Ceres

Chamita Mutual Domestic Water Consumer's Association

Charles Stewart Mott Foundation

Chattahoochee Riverkeeper

Chemtex Environmental Laboratory Inc.

Cimino Backflow Testing & Inspection

City of Des Moines

City of Sacramento

City of Santa Cruz Water Department

City of Santa Fe Water System

Clean Water Action/Clean Water Fund
Clean Water Services
Cleveland Neighborhood Progress
Cleveland Water Alliance
Common-Unity PGH
Community Foundation for Greater Buffalo
Community Water Center
Congressional Black Caucus Foundation
Contra Costa Water District
Cooper's Ferry Partnership
Cotton Research Institute
The Conservation Fund
Cream City Conservation
Creative New Jersey
Crescent Heights Water Supply Corporation
Current
Cynthia & George Mitchell Foundation
DC Water
Denver Water
DigDeep
Dream In Green
Drink Local Drink Tap
Duke University, Nicholas School for the Environment
Earth Economics
Eco-Engineering International, Inc.
Elevate Energy
EJ Water Cooperative, Inc.
EMA, Inc.
Engineers Without Borders USA
Environmental Community Action (ECO-Action)
Environmental Defense Fund
Environmental Policy Innovation Center
Environmental Resolutions, Inc.
EPCOR USA
Evoqua
Faiths for Safe Water
FLOW (For Love of Water)
Freshwater Future
Geosearch Limited
Global Water Alliance
GlobeWater & Solar
Greater Cincinnati Water Works
Greater Edwards Aquifer Alliance
Greeley and Hansen
Green Infrastructure Leadership Exchange
Green Water-Infrastructure Academy
Greenbelt Alliance
Greenprint Partners
Greer Commission of Public Works
GRW Engineers, Inc.
Gulf Coast Center for Law & Policy
Hampton Roads Sanitation District
Harris & Associates

Harris County Utility District 15
Hazen and Sawyer
Houston Water
Illinois Environmental Council
Innovyze
INTERA
The International Association of Plumbing and Mechanical Officials (IAPMO Group)
International Union of Painters & Allied Trades
Isle Utilities
Jacobs
Jersey Water Works
KC Water
Laborers' International Union of North America
Leadership Counsel for Justice and Accountability
Louisville Water
Louisville/Jefferson County Metropolitan Sewer District
Madison Metropolitan Sewerage District
Madison Water Utility
Metropolitan Council
Metropolitan Planning Council
Metropolitan Water Reclamation District of Greater Chicago
Mi Familia Vota
Michigan League of Conservation Voters
Michigan Welfare Rights Organization
Milwaukee Metropolitan Sewerage District
Milwaukee Water Commons
Milwaukee Water Works
Moonshot Missions
Monte Vista Water District
Mount Laurel Municipal Utilities Authority
Mount Pleasant Waterworks
National Association of Clean Water Agencies
National Black Worker Centers Project
National Rural Water Association
National Wildlife Federation
Natural Resources Defense Council
Nevada Division of Environmental Protection (NDEP)
New England Water Environment Association (NEWEA)
New Jersey Future
NEW Water
New York State Backflow Testers Association
Nia Solutions
Northeast Biosolids & Residuals Association
Northeast-Midwest Institute
Northeast Ohio Regional Sewer District
Oregon Citizens' Utility Board
Oregon Environmental Council
Pacific Institute
Partnership for Southern Equity
PCAIRO Management Consulting LLC
Philadelphia Water Department
Phoenix Water
Pittsburgh Water and Sewer Authority

Plumbing Manufacturers International
PolicyLink
PRR
PUSH Buffalo
Raleigh Water
Raybern Utility Solutions
Regional Water Authority
Recode
Regional Water Authority
River Network
Robert Redford Conservancy for Southern California Sustainability at Pitzer College
Rural Community Assistance Partnership
S. D. Bechtel, Jr. Foundation
San Francisco Public Utilities Commission
San Jerardo Cooperative, Inc.
Scott Miller Strategies
Seattle Public Utilities
Separation Processes, Inc.
Sewerage and Water Board of New Orleans
Signal Group
Sisters of Mercy of the Americas Justice Team
Slavic Village Development
Smart Growth America
Southeast Rural Community Assistance Partnership
Southwest Environmental Finance Center
Stantec
Superior Water Management of Texas
Sustainable Conservation
Sustainable Synthesis Limited, PBC
Svanda & Coy Consulting
Swiftwater Solutions, LLC
Tetra Tech
Texas Rural Water Association
Texas Water Infrastructure Network (TXWIN)
Training Research Education for Empowerment (TREE)
Tucson Water
Union of Concerned Scientists
United for Infrastructure
United Methodist Committee on Relief
The University of Pittsburgh, School of Public Health, Center for Health Equity
University of Wollongong
UrbanKind Institute
Urban Water Works
US Water Alliance
U.S. Water Partnership
Valley Water
Value of Water Campaign
Vermont Rural Water Association
Washington Suburban Sanitary Commission (WSSC Water)
Water and Wastewater Equipment Manufacturers Association
Water Environment Federation
Water For People
Water Foundation

Water Hub
WaterNow Alliance
Water Pigeon
The Water Research Foundation
Water.Org
West Atlanta Watershed Alliance
West Big Data Innovation Hub
We the People of Detroit
Willamette Partnership
Woodard & Curran
Xylem
York Sewer District
Zephyr Mangata

To learn more about these guiding principles, share ideas, or ask questions, please contact the US Water Alliance: info@uswateralliance.org. Endorse these principles by adding your information below.

List updated 12:00 PM ET April 20, 2020

April 22, 2020

AGENDA ITEM 10: EXECUTIVE DIRECTOR'S REPORT

An oral report will be provided.

April 22, 2020

AGENDA ITEM 11: DIRECTORS' COMMENTS